

# **Stranmillis University College**

A College of Queen's University Belfast.

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2023**

**ADVISORS**

**Principal and Chief Executive:** Professor J Heggarty

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

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

**Solicitors:** Carson McDowell  
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4 Murray Street  
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**Bankers:** Danske Bank  
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BT1 6JS

**Principal Address:** Stranmillis University College  
Stranmillis Road  
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**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
Mr E Jardine CB, MSc, BSc	1 August 2014  1 January 2022	31 December 2021  31 December 2025	Vice-Chair of the Governing Body,  Chair of the Governing Body	Up to 31 March 2023 -Member of the HR and Remuneration Committee; Member of the Education Committee. Observer from 1 April 2023.  From 1 April 2023 – Member of the Finance & General Purposes Committee and Observer at Education Committee and HR & Remuneration Committee
Mrs H Miller MBA BA PGDE PG Dip Law SFHEA	1 September 2019	31 August 2027	Member, Vice-Chair of Governing Body from 26 April 2022	Member of Audit and Risk Assurance Committee and Member of the HR & Remuneration Committee with effect from 1 April 2023
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	30 June 2023	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 and Education Committee
Dr A Brown BEd, MSSc, PhD, FCIEA, FCoIT, FRSA	4 November 2014	3 November 2026	Academic Staff Representative	None
Mr D Feely BSc, MA	1 April 2021	31 March 2025	Support Staff Representative	None
Mr N McCarter BEd (Hons)	1 June 2022	31 May 2023	Student Representative	Observer at Education Committee
Mr Matthew Cupples BEd (Hons)	1 June 2023	31 May 2024	Student Representative	Observer Education Committee
Mr P Weil MA Fellow RTS	1 September 2019	31 August 2027	Member	Member of Finance and General Purposes Committee (Chair from 1 April 2023) Member of the HR and Remuneration Committee
Professor D S Jones BSc BA PhD DSc FREng FIAE FIMMM FRSC	1 September 2019	28 February 2023	Member	Member of Audit and Risk Assurance Committee
Ms M Corrigan BA MBA PGCE PGDip	1 September 2019	31 August 2027	Member	Member of Education Committee up to 31 March 2023  Member of Audit and Risk Assurance Committee from 1 April 2023
Dr L Boyce BEM BA BSc CMCIPD MCMi MSSC PhD PMDip	1 July 2020	30 June 2024	Member	Member of HR and Remuneration Committee (Chair from 11 October 2022) Member of the Finance and General Purposes Committee
Dr M Bennett PhD MEd DASE PGCE BA	1 July 2020	30 June 2024	Member	Chair of the Education Committee
Mr Aaron Diver LLB	1 April 2023	31 March 2027	Member	Member of the HR and Remuneration Committee and the Finance and General Purposes Committee
Mrs Paula Leitch BA, D.A.S.E., MEd, PQH (NI)	1 April 2023	31 March 2027	Member	Member of the Education Committee
Mrs Kim Scott MSc BEd (Hons)	1 April 2023	31 March 2027	Member	Member of the Education Committee
Mr Robert Drennan MBE, BA(Hons), MSt, MSc	1 April 2023	31 March 2027	Member	Member of the Finance and General Purposes Committee
Mr Sam Snodden FCA	1 April 2023	31 March 2027	Member	Member of the Audit and Risk Assurance Committee (Chair from 1 July 2023)
Ms Una Nic Eoin	1 April 2023	31 March 2027	Member	Member of the Audit and Risk Assurance Committee
Mrs Wilma Fee BA, MBA	1 April 2023	31 March 2027	Member	Member of the Education Committee

## 1 REPORT OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2023

### Introduction

- 1.1 The Governing Body is pleased to present its report and the accounts of Stranmillis University College for the year ended 31 July 2023.
- 1.2 Stranmillis University College is a Higher Education Institution, which was 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 in Early Childhood Studies, a BSc in Health, Physical Activity and Sport, a Postgraduate Certificate in Early Years Education (PGCE), a number of Foundation Degrees in collaboration with the Further Education sector and a range of courses at Master's level. All of the University 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.
- 1.4 Over the years, the University College has also developed an international strategy and currently works with a number of overseas partners. This Strategy was updated in 2022-23. 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 both the 2014 and 2021 Research Excellence Framework (REF). The University College continues to strengthen its research profile and, in particular, the work of the Centre for Research into Educational Underachievement (CREU) which focuses largely on diversity and inclusion.
- 1.5 The Stranmillis University College's mission is: 'to transform the lives of children, young people and communities, through excellence in teaching, research and scholarship.'

Its vision is: 'to be a leading institution with a reputation for excellence in the field of teacher education and related professions; driving innovative professional practice that will:

- Shape education;
- Unlock potential;
- Connect locally and globally; and
- Build better futures.

- 1.6 The following core values underpin the culture and behaviours within the University College and support the University College in meeting its aims and objectives, providing the foundation for achieving the University College's mission:

**STDENTS** at the centre - we place our students at the centre of our planning and our future.

**TTEAMWORKING** - we value working with others and the benefits that collaboration brings.

**RESPECT** for everyone - we promote social responsibility and respect by listening to and valuing all within and without our University College community.

**AMBITION** for our students, our staff, our collaborators and our community - we are ambitious for our students, our staff, our University College, our partners and the wider community (including children and young people) as we strive to achieve outstanding outcomes for all.

**NURTURING** our students, our staff and our environment - we seek to value, encourage and develop all of our students and staff as well as our own physical environment and the world around us.

- 1.7 Staff are very aware of the values and understand what is expected from them. How all staff live the values is embedded into every aspect of University College life.
- 1.8 The University College has pursued its mission during 2022-23 through the following aims and objectives:

**1. Aim: To deliver outstanding student experiences by**

- 1.1. Ensuring that all undergraduate (UG), postgraduate (PG), continuing professional development (CPD) and lifelong learning (LLL) programmes meet student and sector needs.
- 1.2. The delivery of outstanding in-person and digital teaching and learning shaped by research and scholarship.
- 1.3. Recruiting high calibre students on core programmes including those currently underrepresented in Higher Education.
- 1.4. Providing high-quality, timely services which support student welfare and wellbeing and enabling students to achieve their full potential on their programmes, including of study.
- 1.5. Achieving high undergraduate and postgraduate retention and success rates and high post-graduation progression rates.

**2. Aim: To be an employer of choice by:**

- 2.1. Recruiting and retaining high calibre staff.
- 2.2. Investing in the development of staff, including growing leadership capacity within teams.
- 2.3. Maintaining a safe and attractive work (and study) environment for the University College community which promotes wellbeing.

**3. Aim: To be financially and environmentally sustainable by:**

- 3.1. Increasing income including from the following sources:
  - fee-paying students outside of the Maximum Aggregate Student Number (MASN) quota including in-person, blended and remote delivery of programmes;
  - Hospitality, Accommodation and Conferencing Services (HACS) and use of the campus physical resources;
  - research and scholarship; and
  - additional public and private sector projects and partnerships.
- 3.2. Developing and sustaining a high-quality learning and working environment, including digital infrastructure and outdoor facilities.
- 3.3. Continuing to meet the requirements of the University College's Management Statement / Financial Memorandum (or any replacement agreement).
- 3.4. Continuing to operate an effective system of corporate governance, risk management and internal control and ensuring effective University College management.

**4. Aim: To impact wider society by:**

- 4.1. Developing and nurturing effective local, national and international partnerships.
- 4.2. Focusing research and scholarship to shape teaching, inform policy and change practice.
- 4.3. Promoting and delivering Continuing Professional Development (CPD) and Lifelong Learning (LLL).
- 4.4. Championing the use of technology to enhancing outcomes in education.

- 1.9 The University College was created as an incorporated institution by virtue of the Colleges of Education (NI) Order 2005 which received parliamentary approval on 19<sup>th</sup> July 2005. The Order was effective from 1 October 2005. 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. The latter is to be superseded during 2023-24 by a new Partnership Agreement with DfE.
- 1.10 The University College is recognised as an Established Provider. This means that, in the judgement of DfE, 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 and is significant in the continuing development of the University College. It is also 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.
- 1.11 The University College continues to operate against a very challenging backdrop and, as such, the progress and achievements as outlined in this report and accounts are all the more noteworthy. In October 2022, the University College celebrated its 100<sup>th</sup> anniversary – a milestone to be proud of and which was duly celebrated.

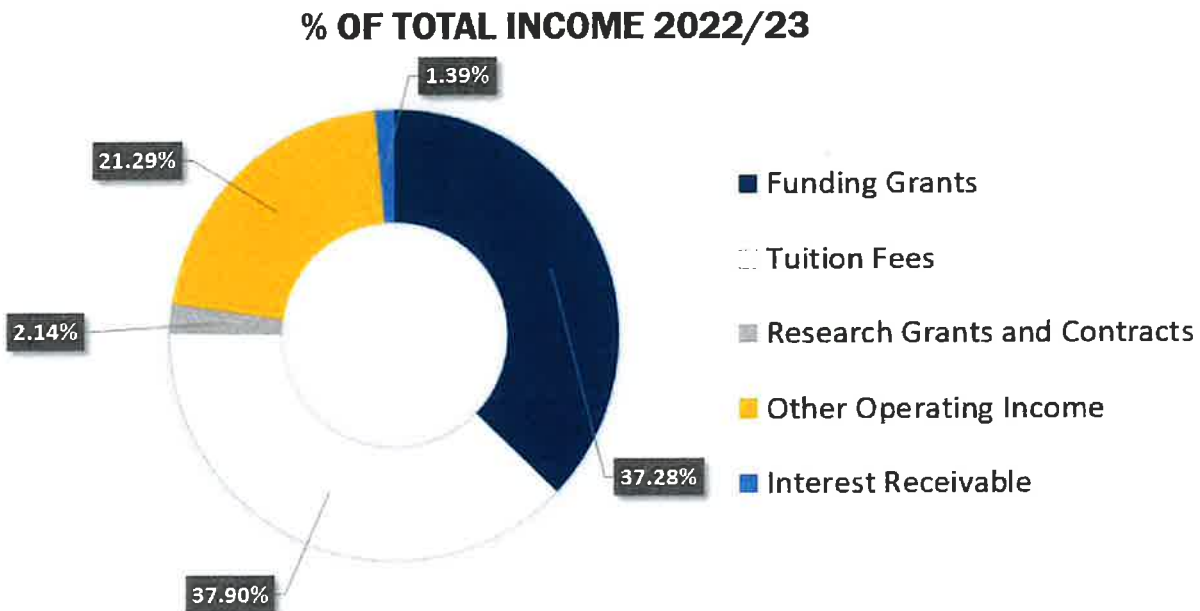
**Financial Results for the Year**

- 1.12 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.
- 1.13 The University College’s Income, Expenditure and Results for the year to 31 July 2023 are summarised below:

	2023 £'000	2022 £'000
Total Income	13,863	13,010
Total Expenditure Before Exceptional Item	(13,917)	(13,875)
Exceptional Item – Partial Reversal of Prior Impairment	-	560
Total Expenditure After Exceptional Item	<u>(13,917)</u>	<u>(13,315)</u>
Operating Deficit	<u>(54)</u>	<u>(305)</u>
Actuarial Gain in respect of NILGOSC pension scheme	928	8,606
Total Comprehensive Income	<u>874</u>	<u>8,301</u>

**Income**

- 1.14 Total Income for the year was £13,863k representing an increase of £853k (6.6%) on the prior year. The main components of income, excluding deferred capital grant release income, are shown in the chart below.

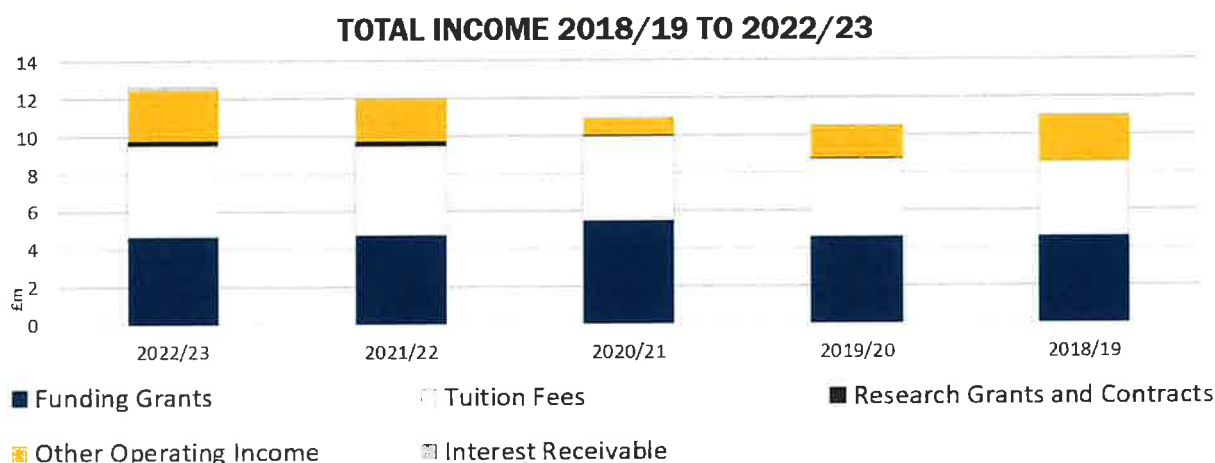




1.15 In interpreting income, readers should note that the Total Funding Grants of £5,923k (2022 - £5,760k) includes £1,202k (2022 - £990k) of Deferred Capital Grants Released, which relates to the matching depreciation charge both on the assets which were inherited by the University College on incorporation in 2005 or which have been grant funded since incorporation. 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 8.7% (2022 – 7.6%) of amounts recorded as Total Income in the year. Overall Research Funding received from the Sponsoring Department has fallen to £33k (2022 - £58k) which included an additional non-recurrent £5k allocation awarded during the current year. This reduction is as a result of the funding formula used to allocate research funding among the Northern Ireland research active Higher Education institutions. Despite doing well in the latest Research Excellence Framework (REF) exercise, the funding formula has resulted in a £30k, or 52%, reduction in Research Funding. Recurrent Grant funding received from the Sponsoring Department increased by £30k in the current year to £4,498k as a result of the overall Sponsor Department funding allocation, including the Research Funding, remaining unchanged. Diversity & Mutual Understanding (DMU) Income recognised in the year increased from £32k to £45k with International Awareness Income recognised in the year reducing from £68k to £43k due to these programmes returning to full activity levels and previously deferred income being utilised in the current year. No deferred income balances now remain.

Other Sponsoring Department Funded Grant Income of £51k (2022 - £82k) included £14k in the current year in relation to the completion of the Higher Education Transition Experience Initiative and a further £15k to assist in a Student Residential at the start of the Academic year. These programmes was designed to aid the transition in to Higher Education for new students following the pandemic. The University College availed of the SkillUp programme in the 2022-23 year which resulted in an additional £23k of income to assist in the development of future Masters level qualifications. The associated tuition fee income earned from this programme is included in the Tuition Fees section.

The chart below shows the trends in total income (excluding deferred capital grant release) over the last 5 years. The 2022-23 year represents the highest income earned in the last five years and shows a continued income recovery post pandemic.



1.16 Tuition Fee income of £4,798k increased by £52k in the year (2022 - increase of £289k) with full-time tuition fee income falling by 0.1% and part-time tuition fee income increasing by 7.2%. Total full-time equivalent student numbers have decreased to 1,012 (2022 - 1,043). Tuition Fee income contributed 34.6% (2022 – 36.5%) of Total Income.

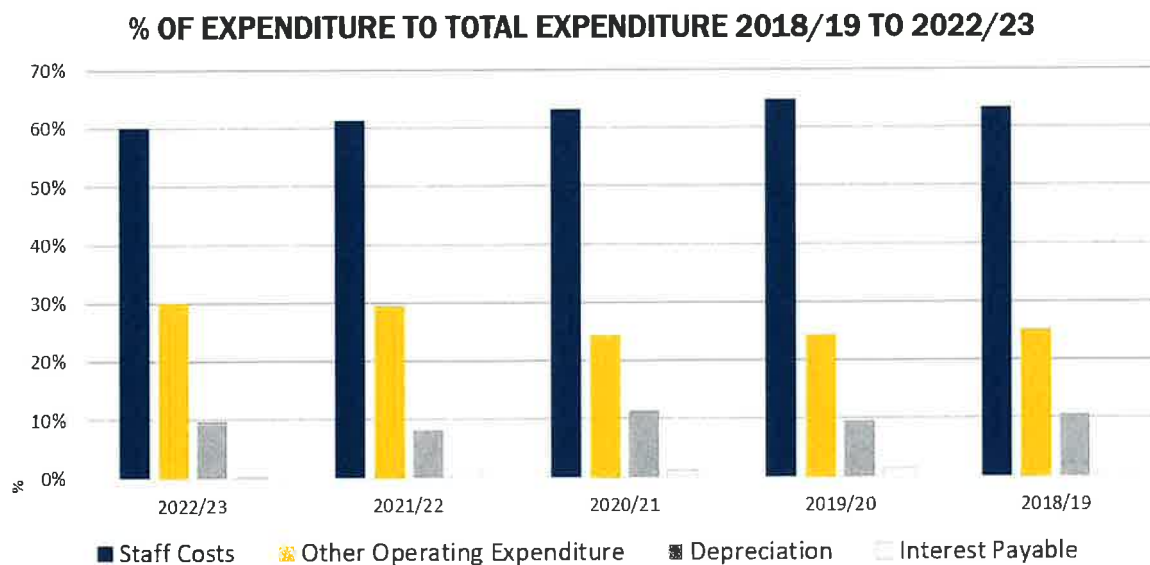
1.17 Overall Research Income has increased to £271k representing a £79k or 41% increase on the prior year. The number, scale and duration of research projects varies considerably over time. However, the University College has enjoyed good success in this area during the current financial year. For

example, in 2022-23, there were 23 projects generating income (2022 – 16 projects) with 7 of these projects each generating over £15k of income (2022 – 2 projects).

- 1.18 Overall, Halls of Residence, Catering, Conferencing and Facility Hire income, under the management of the Hospitality, Accommodation and Conferencing Services Department, contributed £2,471k or 17.8% of Total Income in the year (2022 - £2,021k or 15.5%), an increase of £450k or 22%. Facility Hire income recovered significantly from the impact of the Covid-19 pandemic during the year, increasing by £85k (81%) to £189k whilst Halls of Residence income increased by £186k (12%) to £1,674k and reflects largely full occupancy throughout the year. Catering income, including conference related catering income, also increased by £83k (75%) to £194k. These increases demonstrate the continuing positive trend of a sustained recovery of activities post pandemic.
- 1.19 Other Grant Income of £53k has been recognised in the current year (2022 - £59k). Sundry Other Income has decreased by £54k (24%) to £171k in the year (2022 - £225k).
- 1.20 Income of £3,142k or 22.7% (2022 – £2,504k or 19.2%) of Total Income in the year was derived from sources other than Sponsoring Department Funding Grants and Tuition Fees, an income increase of 25.5% over the year. 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

- 1.21 Total Expenditure for the year totalled £13,917k representing an increase of £41k (0.3%) on the prior year. The most significant element is Staff Costs which equates to 60% of Total Expenditure (2022 – 61%). The chart below shows the breakdown of total expenditure (excluding any Exceptional Items) over the last 5 years.



- 1.22 When the impact of the annual FRS102 NILGOSC pension scheme actuarial valuation is removed, Staff Costs increased by £581k or 7.9% on the prior year to £7,956k. This included an amount relating to the early implementation of part of the 2023-24 pay award, which was payable from 1 February 2023.
- 1.23 Other Operating Expenditure of £4,184k increased by £89k or 2.2% on the previous year (2022 increased by £983k and 31.6%).

The most significant increase in operating expenditure has been the increase in Refurbishment, Maintenance and cleaning costs to £451k (2022 – £365k). Costs in relation to the Hospitality, Accommodation and Conferencing Services have increased by £46k compared with the previous year as the conferencing business continues to return to the full service post pandemic. These costs also include the associated HACS energy costs which have decreased slightly compared to comparatively high costs incurred in the prior year.

Staff Training and Development costs have increased by £15k (38%) on the prior year as more training is being undertaken following the pandemic.

Following the pandemic the Sponsoring Department provided funding as part of the Higher Education Transition Experience Initiative funded project to aid the transition for students in to Higher Education. These costs were incurred in the previous year under the “Research and Funded Project” costs. However, the funding for this ended during the 2021-22 year with some costs being claimed in the 2022-23. As the project was so successful in previous years the University College made the decision to run a similar programme in 2022-23 from the University College’s own funds incurring costs of £18k.

As the University College celebrated its Centenary during the 2022-23 financial year costs of £67k (2022 - £2k) were incurred including a celebratory event – Times and Seasons.

Overall Research Project costs have dropped by £33k (55%) on the prior year to £28k. This is largely due to the make up of specific Research projects undertaken in the year with some projects being less non-staff cost intensive than others. Funded Project costs have also decreased by £55k (27%) on the prior year to £150k. This is due to the Higher Education Transition Experience Initiative project finishing during the prior year, as noted above, with no costs being incurred under this project in the current year. This expenditure also includes costs associated with the Diversity and Mutual Understanding, International Outreach DfE funded programmes along with the Erasmus and Turing international student exchange programmes.

Rates & Insurance costs have increased by £19k to £512k on the previous year largely as a result of increased Insurance costs in line with the general market. External Audit costs have increased by £5k to £20k due to a new requirement for the University College March figures to now be audited for consolidation into the accounts of the Sponsor Department for Review of Financial Processes purposes. Consolidation is required as a result of the University College’s NDPB status. As this was the first year of this requirement the opening balances from 2021 and 2022 were also required to be audited.

Purchase, Hire and Repair of Other Equipment costs have reduced to a more normal level of £25k following the purchase of replacement equipment for the Health, Physical Activity and Sport academic programme in the prior year.

Non HACS energy costs have fallen slightly by 2% and now stabilised, albeit at a higher level, following a significant increase in the prior year due to the ongoing cost of living situation and global factors.

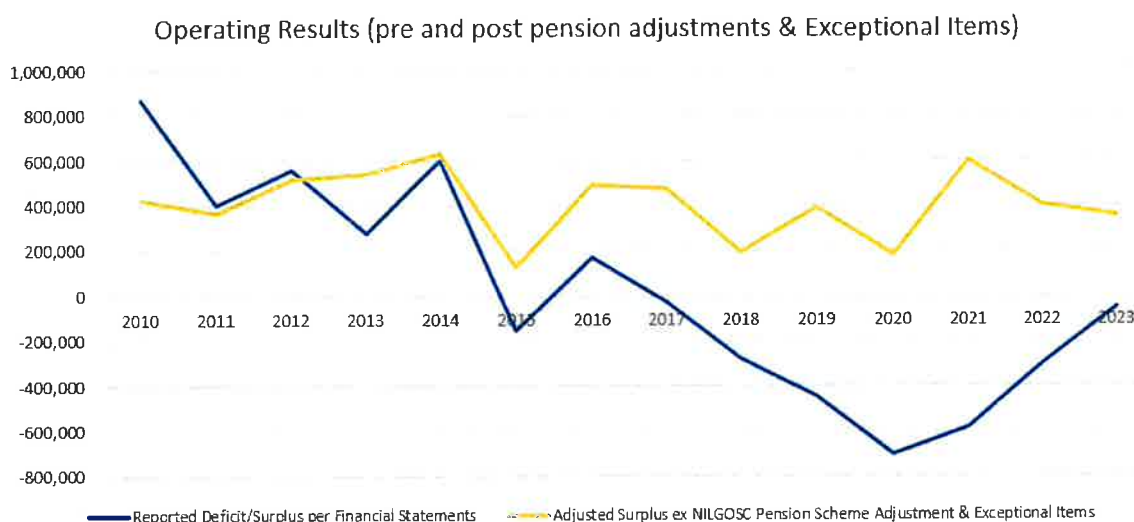
Expenditure has also decreased on IT Maintenance & Software costs by £13k, Library Costs by £12k, Sundry Course Costs by £19k, Advertising and Recruitment by £8k and Covid Related Costs by £14k for a variety of reasons including the return to more normal activity levels post pandemic.

- 1.24 Depreciation costs of £1,370k (2022 - £1,139k) increased by £231k or 20.3% largely due to significant capital expenditure during the year. Depreciation represented 9.8% (2022 – 8.2%) of Total Expenditure. These costs are substantially offset by the related Deferred Capital Grant income release of £1,202k (2022 - £990k) resulting in a net depreciation charge of £168k (2022 - £149k).

- 1.25 No Exceptional Items were recognised in the current year. An Exceptional Item of £560k was recognised in the prior year due to a partial reversal of a prior impairment adjustment in the value of the University College land.
- 1.26 Included within the Statement of Comprehensive Income and Expenditure is a charge of £407k (2022 - £1,267k) relating to the FRS102 accounting adjustment required as a result of annual actuarial valuation of the NILGOSC pension scheme.
- 1.27 Adjusting for the impact of the FRS102 NILGOSC pension scheme actuarial valuation charge and Exceptional Items, an operating surplus of £353k was achieved (2022 - £402k) as shown below:

	2023 £'000	2022 £'000
Reported Operating Deficit	(54)	(305)
NILGOSC actuarial valuation charges	407	1,267
Exceptional Item	-	(560)
Operating Surplus after adjustments	<u>353</u>	<u>402</u>

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 and Exceptional Items) generated over recent years compared with the reported financial deficit/surplus.



### Statement of Financial Position

- 1.28 Overall the Statement of Financial Position shows a Net Asset Position of £27,694k (2022 – £26,820k). The increase in Net Assets is largely as a result of the reduction in the NILGOSC Pension Scheme Liability from £521k in the previous year to nil in the current year. A pension scheme asset exists but has not been recognised by the University College in line with normal accounting practice. Despite funding further capital projects during the year, cash holdings and short-term deposits also remain strong at £5,679k (2022 - £5,530k). However, as noted above General Reserves have been strengthened by £353k (2022 - £962k) in the year to £27,694k (2022 - £26,820k) as shown below:

	2023 £'000	2022 £'000
Reported Operating Deficit	(54)	(305)
NILGOSC Actuarial charges	407	1,267
Increase in General Reserves	<u>353</u>	<u>962</u>

### Cash Flow

- 1.29 The Cash Flow Statement shows a net increase in cash of £149k (2022 – £202k) to £5,679k (2022 - £5,530k).

### Capital Investment

- 1.30 During the year the University College invested £1,285k in building works (2022 - £441k) and £469k in equipment (2022 - £569k). The most significant building capital investments during the year related to the completion of refurbishment works to the Boundary Wall and Entrance Gates and Minor Works programmes.

Capital investment in Equipment included £232k in relation Academic Department equipment upgrades, £165k in relation to Hospitality, Accommodation and Conferencing department and £61k in relation to IT equipment.

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.

- 1.31 In the current year, the University College received Sponsoring Department capital grants of £1,099k in relation to building works (2022 - £363k) and £420k in relation to equipment purchases (2022 - £509k).

### Future Developments

- 1.32 Over recent years, the University College has continued to receive more significant levels of recurring Sponsoring Department capital funding than was previously the case.
- 1.33 From 2023-24, it is expected that the availability of Sponsor Department capital funding will be much more challenging. For 2023-24, apart from some £365k which is available largely to complete projects already underway during 2022-23, and some £315k which has been secured, under the separate Invest to Save programme, to install more energy efficient lighting with the Halls of Residences, there is currently no capital funding available for new capital projects, however, additional funding may become available towards the end of the Sponsor Department year end of March 2024. As a NDPB, the University College is not permitted to use its own funds to progress capital works without Sponsor Department budget cover being in place.



- 1.34 The Governing Body remains committed to maintaining the financial solvency of the University College within the context of its long-term strategy and objectives.

**Prompt Payment**

- 1.35 The Late Payments of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998 requires the University College, 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%.
- 1.36 During the accounting period 1 August 2022 - 31 July 2023, the University College paid 97% of its invoices within 30 days (2022 - 94%). The University College incurred no interest charges in respect of late payment for this period.
- 1.37 The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2022 - 31 July 2023, the University College paid 79% of its invoices within 10 days (2022 - 81%).

**Principal Risks and Uncertainties**

- 1.38 Outlined in the Governance Statement in the table at paragraph 2.34, is a description of the principal risk factors identified during 2022-23 that may impact on the achievement of the corporate objectives as set out in the University College's Corporate Plan 2022 – 25. It should be noted that not all the identified risk factors are within the University College's control.
- 1.39 A key issue for the University College continues to be considerable budget constraints across NI Government Departments and consequential budget constraints in relation to Higher Education. These constraints continue to 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. Added to this, increasing energy costs, and high levels of inflation generally, are putting further pressure on budgets. In response, the University College continues to explore a range of measures in order to ensure that it is best placed for the future.
- 1.40 Notwithstanding these pressures, out of the 47 individual Key Performance Indicator (KPI) targets in 2022-23:
- 94% of the KPIs were either achieved (84% (76% in prior year)) or substantially achieved (11% (18% in prior year));
  - 2% are likely to be achieved with some delay (3% in prior year); and
  - 4% were not achieved (2 KPIs – relating to the results of the National Student Survey (NSS) and the average applicants per job vacancy).
- 1.41 As outlined in more detail in the Governance Statement, a Risk Register is maintained at the corporate level which is reviewed at meetings of the Governing Body and the Audit and Risk Assurance Committee. Departmental Risk Registers 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. This risk management approach is supported by the provision of risk management coaching and awareness raising as required. The Corporate Risk Register is published internally and staff are encouraged to review their Departmental Risk Register on a regular basis in line with the University College's Risk Management Policy, which includes information on the Governing Body's Risk Appetite. The Policy, including the Governing Body's Risk Appetite is reviewed annually and is published on the University College's website.

**Stakeholder Relationships**

- 1.42 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 Belfast, 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.
- 1.43 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 and hospitality, accommodation and conferencing business activities. 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**

- 1.44 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.
- 1.45 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.
- 1.46 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**

- 1.47 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.
- 1.48 Recognising the increasing diversity of our school population, the University College seeks to prepare its student teachers for diverse classrooms. The students undertake significant periods of school placement each year, as an integral part of their degree course, and this engagement further increases their knowledge of, and exposure to learning and teaching in diverse classrooms. Engagement in a range of professional modules i.e. Personal and Professional Learning, Learning in Diverse Classrooms, Diversity and Inclusion, further supports and reinforces student learning in the area of diversity. Engagement with a range of external cultural organisations further increases student knowledge and awareness.

- 1.49 In relation to research, the University College has carried out studies in recent years exploring the challenges facing newcomer children in Northern Ireland and the changes required in schools linked to increasingly multicultural classrooms. These studies have included one which addressed the mental health and wellbeing needs of newcomer children in Northern Ireland and identifying support that could be offered by schools here (Jones et al., 2018; McMullen et al., 2020), and another which examined the support for refugee children in Northern Ireland (McMullen et al., 2021).
- 1.50 The University College works in partnership with schools across the region with high levels of newcomer children, placing students for Primary Languages in Semester One, International Students, and BEd Primary and Post Primary students in multicultural settings.
- 1.51 In addition, BEd students regularly chose to carry out research dissertations exploring issues directly relevant to newcomer children and refugees and gathering data in schools.
- 1.52 In relation to curriculum, the University College covers comparative education, cultural and linguistic diversity, and addressing the needs of newcomer and refugee children in Education Studies.
- 1.53 Online training is provided for all staff on Equality and the University College will be introducing additional new training for staff in 2023-24.
- 1.54 Policies are screened to ensure that they are not impacting negatively against any of the nine protected groups.
- 1.55 Dignity at work training has been delivered this year to over 70 staff.
- 1.56 University College decision-making is underpinned by ensuring equality and promoting diversity. All papers prepared for the Governing Body for example, take account of and set out any equality and diversity implications, where appropriate. Annual reports on Equality and Diversity are also reported annually to the HR and Remuneration Committee and Annual Returns are also submitted to the Equality Commission in Northern Ireland.
- 1.57 The University College is also required to produce an annual Widening Participation report for the Sponsor Department. The Widening Access and Participation Plan (WAPP) for the University College has two Strategic Objectives and these focus on the areas of Aspiration and Access, and Entry, Retention, and Employability. In order to achieve these Strategic Objectives, we work in partnership with corporate and academic teams, partner schools and key stakeholders to plan and design, organise, host, implement and evaluate an appropriate series of interventions. The focus of these interventions being to attract students from under-represented groups such as those from lower MDM Quintiles, disabled persons, and care experienced young people.

### **Disability**

- 1.58 Recent years have seen significant alterations to help make the University College 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 ongoing to upgrade street lighting on campus. The University College will ensure that every effort is made to meet the support needs of its key stakeholders.
- 1.59 Following advice from the Equality Commission, the University College conducted an Audit of Disability Access arrangements using the 'Every Customer Counts' Accessible Business Checklist. This indicated that the University College has made good progress in ensuring the campus is accessible to all. In addition to the University College's Disability Action Plan, a number of further actions have been proposed and these have been considered in the context of an audit of inequalities, which was undertaken in 2022-23. The recommendations from the Audit will be incorporated into the University College Disability Action Plan.



- 1.60 The University College makes every effort to make reasonable adjustments during the staff recruitment process and on commencing employment. The University College also makes every effort to ensure that staff who become disabled in the course of their employment are facilitated to stay in employment by offering reasonable adjustments and any other support which has been identified.
- 1.61 The University College ensures that staff are provided with Disability Awareness Training.
- 1.62 The University College is committed to promoting diversity through achieving Chartermark standards which set out the organisation's commitment in this respect. The University College is registered as a 'Disability Confident Employer', a Scheme which supports Employers to make the most of the talents that people with a disability can bring to the workplace. In addition, the University College has signed up to the Equality commission Mental Health Charter and is planning to develop a Mental Health Charter for staff and students.

### **Investing for the Future**

- 1.63 During 2022-23, the University College has continued to invest on campus developments, resources and facilities which are helping to create and maintain a high-quality teaching and learning environment, including the non-built environment that embraces the principles of sustainability. In May 2023, the University College presented its first draft of a new Environmental and Sustainability Policy, which will underpin the University College's Corporate Plan objective of being environmentally sustainable. The new Environmental and Sustainability policy will be launched in the 2023-24 academic year. In addition, the University College continues to explore opportunities for funding that will ensure it continues to invest in the future of the Institution.
- 1.64 Some of those investment projects, during 2022-23 such as the completion of boundary wall project, and the completion of the resurfacing of the campus roads and pathways are critical to maintaining the campus. These recently completed significant capital projects, provide examples of investing in the future of the University College. Further capital projects that were commenced in 2022-23 which will be completed in 2023-24 include the treatment of significant dry rot infestation in Main building. In addition, the upgrade of lighting in Halls, which will assist in reducing the University College's carbon emissions, will be undertaken in 2023-24 funded under the Invest to Save programme.
- 1.65 In conclusion, despite the difficult circumstances that continue to prevail, and the risks and uncertainties that exist, overall, during 2022-23, the University College has delivered a strong performance against its core business commitments; demonstrating its ongoing resilience, commitment to good governance and ultimately the delivery of a quality experience for students in a sustainable environment.

Edgar Jardine



Chairman

29<sup>th</sup> November 2023

## 2 GOVERNANCE STATEMENT

- 2.1 The Governing Body of Stranmillis University College has a two-fold role: first, to support the Principal / Chief Executive 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 for the University College, the Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which 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 2023 and up to the date of approval of the financial statements, and accords with guidance in the updated Orange Book, published by HM Treasury in 2023. The Risk Management Policy, including the Governing Body's Risk Appetite Statement, is reviewed annually. A further review of the latter was undertaken in 2022-23, the outcome of which was considered and approved by the Governing Body in September 2023.
- 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 Higher Education Code of Governance, published by the Committee of University Chairs (CUC) in 2020.
- 2.5 The University College continues to substantially comply 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 2022-23 was reported to the Governing Body in September 2023. Actions identified during the 2020 Review under Element 2 of the Code, 'to compare University College practice against the Higher Education Senior Staff Remuneration Code (published in June 2018 by the CUC) and to undertake a 'Review/Audit of Inequalities' were taken forward during 2022-23.

A Review of Staff Appraisal Policy and Procedures, identified in the November 2021 Review also took place in 2022-23.

### **Governing Body Effectiveness**

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

As reported previously, a review of academic governance arrangements in the University College was undertaken by an ad-hoc Committee of the Governing Body in 2019 and the recommendations from that review have been implemented.

There was an annual review of the remit of the Governing Body and its Committees in 2022-23, as well as a Review of the Governing Body and Committee Core Work Programme and Code of Conduct. Other Governance Documents are also regularly reviewed in accordance with agreed review dates.

The Audit and Risk Assurance Committee conducts an annual review of its effectiveness. The National Audit Office Checklist and the CUC Code of Practice for Audit and Risk Committees have been used to assess performance and to identify areas to further strengthen the Committee's effectiveness.

Results are reported to the Sponsoring Department. In 2022-23, the Committee invited a Chair from the Further Education sector to provide an external / independent perspective on the operation of the Committee. The review identified a number of actions that will further enhance the way the Committee operates.

Consideration is also given to the Induction and Training/Development of Governors on an annual basis. A significant amount of Training/Development was undertaken during 2022-23, along with a comprehensive induction session for the seven new Governors who joined the Governing Body from 1 April 2023. A further Training/Development needs analysis has been undertaken for 2023-24.

Furthermore, during the latter end of 2021-22, the Governing Body completed a comprehensive review of its effectiveness, which entailed an element of external input. A small number of actions to further strengthen its effectiveness were agreed and are being taken forward. A further review of the Governing Body's effectiveness which will again involve independent input is planned for June 2024.

### **Composition of the Governing Body**

- 2.6 The agreed membership of the Governing Body is 17, although this varied during 2022-23 due to terms of office of a number of Members which had come to an end. Following a recruitment exercise, apart from a short spell when 18 Members were in place, the numbers reverted to the agreed level as at 1 July 2023. From this date, membership has and continues to comprise:
- Thirteen 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 The Governing Body has established a Scheme of Delegation which was updated and approved in November 2022 and is published on the University College's website. This Scheme sets out how decisions are made, either through the Governing Body itself, through its Committee structure, or through a structure of delegations to the Principal who is also the Chief Executive and Accounting Officer for the University College. It also sets out how material decisions taken under that delegated decision-making structure are reported back to the Governing Body. While retaining overall responsibility, the Principal and Chief Executive, as Designated Accounting Officer for the University College has also, through a Corporate Scheme of Delegation, 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's Operating Framework 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, which is reviewed every two years or earlier if required. 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.

### Governing Body Meetings and Attendance

2.10 During 2022-23, the Governing Body met on 4 occasions. All meetings were quorate. Attendance at meetings was as follows:

Date	Number of Members	Number Attended
27 September 2022	14	13
29 November 2022	14	13
28 March 2023	13	11
27 June 2023	18	13

### University College Attendees

Attendance at meetings by University College Staff was in accordance with the Governing Body's Operating Framework. The Secretary to the Governing Body also attended meetings to provide secretarial services. In this respect, the Secretary to the Governing Body consulted with the Chair regarding the Agenda and any relevant issues before each meeting.

2.11 A comprehensive range of business was considered by the Governing Body during 2022-23, 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 a comprehensive Quality Assurance Report, which informed the signing of the annual Assurance Statement for the Department and the Annual Statement of Compliance with the Concordat to Support Research Integrity;
- The results of the University College's performance in the 2021 National Students' Survey;
- Governor Development and Training;
- Approval of the Annual Business Plan for 2022-23 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;
- Approval of proportionate opportunities for Governing Body and staff engagement;
- The format and presentation of Governing Body / Committee papers;
- The University College's Annual Report for 2021-22;
- Corporate Risks, including a review of the Risk Management Policy and Risk Appetite;
- 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 2022-23. (This was considered in November 2023 in advance of the signing of the Accounts);
- The Students' Union Financial Statements for 2021-22;
- Human Resource matters, including Fair Employment/Equality Monitoring, Recruitment and Promotion and Senior Staffing arrangements;
- An updated International Strategy;
- Centenary events updates; and
- A Policies and Procedures on Personal Relationships, Absence Management and Staff Appraisal,

2.12 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. Furthermore, the Governing Body reviewed its Operating Framework and the membership and Terms of Reference of the following Committees during 2022-23:

- Education Committee;
- HR and Remuneration Committee;
- Finance and General Purposes Committee;
- Audit and Risk Assurance Committee.

2.13 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, and the Chair of the Governing Body also attends as an Observer at the Education and HR and Remuneration Committee.



## Operation of Governing Body Committees

### *Education Committee*

2.14 During 2022-23, the Education Committee, comprising four Members met on 3 occasions. All meetings were quorate and attendance was as follows:

Date	Number of Members in Attendance out of 4
25 October 2022	4
7 March 2023	4
6 June 2023	3

### **University College Attendees**

Attendance at meetings by University College Staff was in accordance with the Committee's Terms of Reference. The Secretary to the Governing Body also attended meetings to provide secretarial services. In this respect, the Secretary to the Governing Body consulted with the Chair regarding the Agenda and any relevant issues before each meeting.

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

- Summary outputs in Scholarship and Research;
- Research Funding;
- The Annual Statement of Compliance with the Concordat to Support Research Integrity;
- Updates on the work of the Centre for Research in Educational Underachievement;
- Updates on University College's proposal to introduce a Taught Doctorate in Professional Practice in consultation with Queen's University Belfast (QUB);
- Undergraduate and postgraduate recruitment;
- International Mobility and staff mobility;
- An updated International Strategy;
- Widening Participation;
- Updates on Professional and Intergenerational Learning, Lifelong Learning and Continuing Professional Development (CPD) short programmes;
- Graduate Outcomes Survey results for the 2019-20 academic year;
- Updates on the National Student Survey;
- Timetabling and examinations;
- Support Hub statistics;
- Degree Enhancement;
- Engagement with Stakeholders;
- Information on student complaints, academic appeals, academic offences and disciplinary issues;
- Student Recruitment;
- Postgraduate skill up developments;
- Quality assurance reports; and
- Occupational health provision and counselling services.

2.15 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***

2.16 The HR and Remuneration Committee met on 3 occasions during the year. On all occasions the Committee was quorate. Attendance at meetings was as follows:

<b>Date</b>	<b>Number of Members in Attendance out of 4</b>
11 October 2022	4
14 March 2023	4
16 May 2023	4

**University College Attendees**

Attendance at meetings by University College Staff was in accordance with the Committee's Terms of Reference. The Secretary to the Governing Body also attended meetings to provide secretarial services. In this respect, the Secretary to the Governing Body consulted with the Chair regarding the Agenda and any relevant issues before each meeting.

2.17 During the year the Committee considered:

- A range of staffing and other matters;
- The Staff Development end of year report for 2021-22;
- The recommendations emerging from the Internal Audit Review of HR: Management of Staff Absence and Performance during the Pandemic;
- A scoping exercise to identify best practice with regard to Equality, with particular emphasis on disability;
- A Policy and Procedure on 'Acting Up';
- A proposal for the remuneration of all staff, including senior staff, with regard to benchmarking data and best practice;
- A Trade Union recognition request;
- Pay awards for staff, including uplifts for senior staff;
- Alternative routes to Professorship;
- A Terms of Reference for the review of Support Services; and Staff Appraisal Policy and Procedures, including a draft Policy;
- Performance reports and key objectives and targets for Senior Management;
- A Fair Employment / Equality Monitoring report;
- Updates on recruitment;
- An Update on the development of a general Facilities Agreement;
- An update on the development of an Academic Promotion Policy;
- Updates on the plans to conduct a Staff Survey which was launched in 2022-23; and
- Governor Training and Development.

2.18 At each meeting during the year, a comprehensive report was also 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*

- 2.19 During 2022-23, the Finance and General Purposes Committee met on 4 occasions in line with its Terms of Reference. One Special meeting was also held. On all occasions the Committee was quorate. Attendance at meetings was as follows:

<b>Date</b>	<b>Number of Members in Attendance out of 4 (5 from 16 May 2023)</b>
6 September 2022	4
15 November 2022	4
14 February 2023	4
16 May 2023	5
13 June 2023	4

#### **University College Attendees**

Attendance at meetings by University College Staff was in accordance with the Committee's Terms of Reference. The Secretary to the Governing Body also attended meetings to provide secretarial services. In this respect, the Secretary to the Governing Body consulted with the Chair regarding the Agenda and any relevant issues before each meeting.

- 2.20 During the year the Committee considered:

- Comprehensive Finance Reports, including Management Accounts, at each meeting;
- Draft Financial Statements and Audit Findings for 2021-22;
- The University College Annual Report 2021-22;
- Comprehensive Estates and Procurement Reports;
- Digital and Technical Services Reports;
- Hospitality, Accommodation and Conferencing Services Reports, including Halls pricing;
- Comprehensive Health and Safety Reports;
- A draft Governing Body Scheme of Delegation;
- A Terms of Reference for the Capital Panel;
- The draft Budget for 2023-24;
- Proposals in respect to the Henry Garrett Building; and
- A draft Environmental and Sustainability Policy.

- 2.21 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***

2.22 The Audit and Risk Assurance Committee, held 4 meetings during the year. On all occasions the Committee was quorate. Attendance at meetings was as follows:

<b>Date</b>	<b>Number of Members in Attendance out of 3 (2 from 3 March 2023 and 5 from 20 June 2023)</b>
23 November 2022	2
9 February 2023	2
21 March 2023	2
20 June 2023	3

**University College and Other Attendees**

Attendance at meetings by University College and other Attendees was in accordance with the Committee's Terms of Reference. The Secretary to the Governing Body also attended meetings to provide secretarial services. In this respect, the Secretary consulted with the Chair regarding the Agenda and any relevant issues before each meeting.

2.23 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).

2.24 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 2021-22, follow-up reports and reports on progress against the 2022-23 Audit Plan;
- The approval of the Internal Audit Plan for 2022-23 and a draft Internal Audit Plan for 2023-24;
- The Internal Audit Recommendations Monitoring Schedule;
- The Corporate Risk Register;
- The draft Primary Financial Statements and Audit Findings 2021-22;
- The External Audit Strategy for 2021-22 and 2022-23;
- The Annual Fraud Report;
- The mid-year assurance report to DfE in respect of the 2022-23 DfE financial year;
- A Whistleblowing (Raising Concerns) Report;
- Compliance with the updated CUC HE Code of Governance 2020;
- Reports in relation to Direct Award Contracts;
- Prompt payment statistics for the period 2021-22 and the statistics for 2022-23, which were considered by the Committee in November 2023;
- A Report on Freedom of Information Requests during 2021-22 and those in respect to 2022-2023 which were considered by the Committee in November 2023;
- A report on Lessons Learned from Post Project Evaluations during 2021-22. A report in respect of the 2023-24 year was considered in November 2023; and
- A Report on Business Continuity Planning, including lessons learned from testing.

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

<b>Subject Area</b>	<b>Nature of Audit</b>
Core Financial Controls – Payroll, Travel and Subsistence	Assurance
IT Systems – Security of Physical IT Assets	Assurance
Governance Structure and Reporting	Assurance
Community Engagement and Widening Participation	Assurance
Registry and Student Recruitment	Assurance
Income Generation	Follow-up
Student Support and Wellbeing	Follow-up
Marketing and Communications Strategy	Follow-up
HR: Management of Staff Absence and Performance during the Pandemic	Follow-up
Core Financial Controls – Payroll, Travel and Subsistence	Follow-up

2.26 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 2022-23 academic year.

2.27 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 2022-23, 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**

2.28 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 2022-23, and External Audit on two occasions, before the start of the main meetings of the Committee.

#### **Meeting with the Accounting Officer**

2.29 The annual meeting between the Chair of the Committee and the Accounting Officer took place on 9 June 2023. The purpose of the meeting was to provide an opportunity for mutual reflection on a range of matters, for example, to seek the Accounting Officer's views on the Internal and External Audit contracts during 2022-23, the standard of information provided to the Committee, the current risk management process and how it is being adhered to, recorded and followed up and the skill set of the Committee.

**Review of Effectiveness**

- 2.30 The Committee undertook its annual Effectiveness Review with the independent assistance of the Chair of the SERC Governing Body. The CUC Code of Practice for Audit and Risk Committees was used as a reference point for benchmarking purposes. This had also been used in 2021-22, with the National Audit Checklist being used prior to this.

The Committee focused on the eight key elements of the CUC Code and evidence of current compliance. The Committee concluded, that while it is substantially compliant with the CUC Code, there are a number of areas, as follows, that would further strengthen the Committee's effectiveness:

- Where a Member is unable to attend a meeting, the papers will be issued to the Member, seeking written comments in advance for consideration at the meeting.
  - Where specialist / legal advice is required in relation to the activities of the Principal, the Governing Body Operating Framework should be amended to include an alternative mechanism for seeking such advice i.e. the Secretary should consult with the Chair of the Governing Body.
  - It was also suggested that, to gain 'added value' from the Internal Auditors, they could include in their reporting, benchmarking and best practice reports from across the sector.
- 2.31 The Committee's opinion is that it 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**

- 2.32 The Principal as Chief Executive and Accounting Officer 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 University 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.
- **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**

- 2.33 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 and the Chair. 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.

**University College Risk Profile and Residual Assessment of Corporate Risks**

- 2.34 The Governing Body and its Committees, considered risks facing the University College at all meetings during 2022-23. 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 2022-23:

<b>Risk No. &amp; Residual Status</b>	<b>Summary of Risk Statements</b>
1	Failure to recruit to full-time MASN resulting in reduced student numbers and delivery inefficiencies.
2	Failure to agree a break-even or better 2022-23 University College budget, particularly in light of the inflationary and energy cost pressures, and to put in place plans to address these pressures, which could impact on the long term sustainability of the University College and be at variance with the requirements of the Financial Memorandum in place with DfE.
3	Failure to provide a suitable physical environment to facilitate effective teaching, learning, working and onsite living accommodation resulting in reduced income generation and reputational damage.
4	Failure to adequately manage, plan and have the available resources (staff, IT etc.) in place to deliver teaching, learning and assessment and all other essential campus services due to illness including the ongoing risk of COVID-19 impact may lead to potential reputational damage.
5	Failure to successfully secure research income which will negatively impact on the sustainability of the Research Office.
6	Failure to have adequate arrangements in place to manage and monitor the operational progress of DfE funded capital projects that facilitate the timely identification of potential project delays and/or significant spend variances with the resultant challenges for the management of the associated DfE provided capital funding. The late identification and reporting of project delays and/or spend variances can mean that a) projects cannot progress as planned, b) projects cannot be completed within the expected timeframes, c) DfE capital funding allocations cannot be fully utilised and/or d) reputational damage arises.
7	Failure to generate sufficient income to maintain the financial viability of the University, including the impact of post pandemic behaviour, which could lead to a reduction in the income generating capacity of HACS.



**Data Security**

- 2.35 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. As reported previously, 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 have also been lodged with the Public Records office for Northern Ireland (PRONI) for safekeeping because of their historical significance. The Digital and Technical Services Manager is a member of the NI Public Sector Cyber Security Working Group who are currently working on creating an overarching Cyber Security Strategy, which will facilitate implementation of comprehensive security arrangements across the University College and other public sector organisations. Data security remains a priority with multi-factor authentication enhanced, encryption and track and trace applications applied to mobile devices, penetration testing and vulnerability scans purchased annually, with subsequent remedial actions applied and biennial Internal Audits completed satisfactorily. The University College also holds 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.

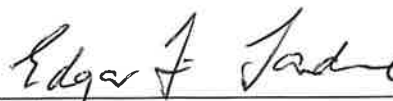
**Conclusion**

- 2.36 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 2022-23 programme of Internal Audit reviews.
- 2.37 Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University College, who have responsibility for the development and maintenance of the internal control framework, and by the external audit opinion on the annual financial statements and associated Audit Findings report provided by the External Auditors.
- 2.38 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  
29<sup>th</sup> November 2023

Edgar Jardine

Chairman  
29<sup>th</sup> November 2023

### **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:

Edgar Jardine



Chairman  
29<sup>th</sup> November 2023



## **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 and Expenditure, Statement of Changes in Reserves, Statement of Financial Position, the Cashflow Statement for the financial year ended 31 July 2023 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 University College as at 31 July 2023 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 University 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 University 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 University College during the year ended 31 July 2023 have been applied for the purpose for which they were received; and
- Income during the year ended 31 July 2023 has been applied in accordance with the University 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 University 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 inconsistent with our knowledge of the University 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 University 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 University College or to cease operations, or has no realistic alternative but to do so.

Those Governing Body is responsible for overseeing the University 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](http://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 University 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. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulations. 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:

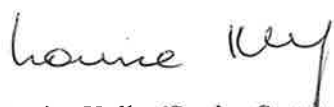
- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal 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 University College's Governors as a body, in accordance with the Financial Memorandum. Our audit work has been undertaken so that we might state to the University 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 University College and the University 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

29<sup>th</sup> November 2023

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**For the Year Ended 31 July 2023**

		2023	2022
		£	£
<b>Income</b>	NOTE		
Funding Grants	(2)	5,922,831	5,759,737
Tuition Fees	(3)	4,798,292	4,746,690
Research Grants and Contracts	(5)	271,407	192,467
Other Operating Income	(6)	2,694,728	2,304,478
Interest Receivable		175,719	6,903
<b>Total Income</b>		<u>13,862,977</u>	<u>13,010,275</u>
<b>Expenditure</b>			
Staff Costs	(7) & (8)	8,355,051	8,513,618
Other Operating Expenditure	(10)	4,183,924	4,094,563
Depreciation	(13)	1,369,984	1,139,399
Interest Payable		8,000	128,000
<b>Total Expenditure Before Exceptional Item</b>		<u>13,916,959</u>	<u>13,875,580</u>
Exceptional Item – Partial reversal of prior impairment	(11)	-	(560,000)
<b>Total Expenditure After Exceptional Item</b>		<u>13,916,959</u>	<u>13,315,580</u>
<b>Operating Deficit Before Tax</b>		<u>(53,982)</u>	<u>(305,305)</u>
Taxation		-	-
<b>Operating Deficit After Tax</b>		<u>(53,982)</u>	<u>(305,305)</u>
Actuarial gain in respect of pension scheme	(20)	928,000	8,606,000
<b>Total Comprehensive Income for the Year</b>	(20)	<u>874,018</u>	<u>8,300,695</u>

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

**STATEMENT OF CHANGES IN RESERVES**

		2023	<i>Restated</i> 2022
		£	£
<b>Reconciliation</b>			
Opening Reserves	(20)	26,819,786	18,519,091
Total Comprehensive Income for the year		874,018	8,300,695
Closing Reserves	(20)	<u>27,693,804</u>	<u>26,819,786</u>

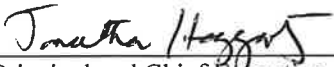
The notes on pages 39 to 55 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 July 2023**


	Note	2023 £	<i>Restated</i> 2022 £
Fixed Assets	(13)	41,304,328	40,920,396
<b>Total Fixed Assets</b>		<b><u>41,304,328</u></b>	<b><u>40,920,396</u></b>
Trade and Other Receivables	(14)	863,129	964,109
Cash and Cash Equivalents	(15)	5,678,994	5,529,759
<b>Total Current Assets</b>		<b><u>6,542,123</u></b>	<b><u>6,493,868</u></b>
Creditors – Amounts Due Within One Year	(16)	(2,566,379)	(2,691,775)
<b>Net Current Assets</b>		<b><u>3,975,744</u></b>	<b><u>3,802,093</u></b>
<b>Total Assets less Current Liabilities</b>		<b><u>45,280,072</u></b>	<b><u>44,722,489</u></b>
Creditors – Amounts Due After One Year	(17)	(17,586,268)	(17,381,703)
Provisions for Liabilities and Charges	(19)	-	(521,000)
<b>NET ASSETS</b>		<b><u>27,693,804</u></b>	<b><u>26,819,786</u></b>
General Reserves	(20)	27,693,804	27,340,786
Pension Reserve	(20)	-	(521,000)
<b>TOTAL FUNDS</b>		<b><u>27,693,804</u></b>	<b><u>26,819,786</u></b>

The financial statements were approved by the Governing Body on 29<sup>th</sup> November 2023 and were signed on its behalf by:

Professor Jonathan Heggarty

  
Principal and Chief Executive  
29<sup>th</sup> November 2023

Edgar Jardine

  
Chairman  
29<sup>th</sup> November 2023

The notes on pages 39 to 55 form part of these financial statements.

**CASH FLOW STATEMENT**  
**For the Year Ended 31 July 2023**

	2023	2022
	£	£
Note		
Total Comprehensive Income	874,018	8,300,695
<b>Adjustments for Non-Cash Items</b>		
Partial Reversal of Prior Impairment	(11) -	(560,000)
Depreciation	(13) 1,369,984	1,139,399
Decrease/(Increase) in Debtors	(14) 100,980	(397,372)
(Decrease)/Increase in Creditors	(16) (237,003)	186,221
Decrease in Pension Provision	(19) (521,000)	(7,339,000)
<b>Adjustments for Investing or Financing Activities</b>		
Interest Receivable	(175,719)	(6,903)
Interest Payable	8,000	128,000
Capital Grant Income Released	(2) & (18) (1,202,382)	(990,478)
<b>Net Cash Inflow from Operating Activities</b>	<b><u>216,878</u></b>	<b><u>460,562</u></b>
<b>Cash Flows from Investing Activities</b>		
Interest Receivable	175,719	6,903
Payments Made to Acquire Fixed Assets	(13) (1,753,916)	(1,009,734)
<b>Cash Flows from Financing Activities</b>		
Interest Payable	(8,000)	(128,000)
Capital Grants Received	(18) 1,518,554	872,301
<b>Increase in Cash and Cash Equivalents</b>	<b><u>(15) 149,235</u></b>	<b><u>202,032</u></b>
Net Funds at 1 August	(15) 5,529,759	5,327,727
<b>Net Funds at 31 July</b>	<b><u>(15) 5,678,994</u></b>	<b><u>5,529,759</u></b>

The notes on pages 39 to 55 form part of these financial statements.



**NOTES TO THE ACCOUNTS**  
**For the year to 31 July 2023**

**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 capital 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.

**(c) Capital Grants**

Non-recurrent grants from the Sponsoring Department received in respect of the acquisition and refurbishment 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 1<sup>st</sup> April 2019. As far as the University College is aware, this rate will continue for the 2023 - 24 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 and Expenditure.

The NILGOSC Fund is valued every three years by an independent actuary. The latest valuation was carried out on 31 March 2022 by the Committee's Actuary, Aon Hewitt. The Employer contribution rate was 19.5% until March 2023. Following the results of the March 2022 valuation, the Employer's contribution rate dropped to 19% from April 2023 and will continue at this level for the following three years.

#### **(e) Tangible Fixed Assets**

##### **Land and Buildings**

Land and buildings inherited from the Sponsoring Department on incorporation in 2005 were stated in the Statement of Financial Position at valuation at that time (less any subsequent impairments) 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 estimated useful lives is undertaken 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 asset.

**(f) Maintenance of Premises**

The cost of routine repairs and 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. 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 22. The University College relies on information received from the NILGOSC 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. 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.

**2 FUNDING GRANTS**

	2023	2022
	£	£
Recurrent Grant	4,497,722	4,468,146
Widening Participation	50,634	50,634
Research Funding	33,193	58,301
Diversity and Mutual Understanding (DMU)	44,826	31,577
International Awareness	42,985	68,312
Other Sponsoring Department Funding Grants	51,089	82,225
Release of Deferred Capital Grants	1,202,382	990,478
Job Retention (Furlough) Scheme	-	10,064
	<u>5,922,831</u>	<u>5,759,737</u>

**3 TUITION FEES**

Variable tuition fees were introduced with effect from 1 August 2006. The rate for 2022-23 was set at £4,630 for full-time students (2022: £4,530).

	2023	2022
	£	£
Full-time Students	3,948,463	3,954,144
Part-time Students	849,829	792,546
Total Tuition Fees paid by/on behalf of Students	<u>4,798,292</u>	<u>4,746,690</u>

**4 NUMBER OF STUDENTS**

	2023	2022
	No.	No.
BEd	576	575
PGCE	15	15
BA (ECS)	160	177
BSC (HPA&S)	97	100
TOTAL – FULL TIME	<u>848</u>	<u>867</u>

The University College continued to offer a range of courses at Master's and Certificate level attracting 185 students (2022: 171 students). In addition, 152 students (2022: 164 students) undertook part-time undergraduate courses. This equated to 164 full time equivalent students (2022: 176 students) giving a total student population for the year of 1,012 (2022: 1,043 students).

**5 RESEARCH GRANTS AND CONTRACTS**

	2023	2022
	£	£
UK Based Charities	36,704	4,655
Other Grants and Contracts	234,703	187,812
	<u>271,407</u>	<u>192,467</u>

**6 OTHER OPERATING INCOME**

	2023	2022
	£	£
Residence and Catering Operations	2,172,104	1,829,343
Rents Receivable	110,303	87,450
Hire of Facilities	188,647	104,062
Other Grant Income	53,074	58,772
Sundry Other Income	170,600	224,851
	<u>2,694,728</u>	<u>2,304,478</u>

**7 STAFF COSTS**

	2023	2022
	£	£
Wages and Salaries	6,076,606	5,614,005
Social Security Costs	617,687	568,821
Pension Costs	1,261,758	1,191,792
Other Pension Costs (FRS102 related)	399,000	1,139,000
	<u>8,355,051</u>	<u>8,513,618</u>

**Staff Numbers**

	2023	2022
	No.	No.
Lecturing Staff	42	42
Support Staff	127	127
	<u>169</u>	<u>169</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, details of which can be reviewed on the Governance page of the University College website.

**8 ANALYSIS OF STAFF COSTS BY ACTIVITY**

	2023	2022
	£	£
Academic Departments	3,071,465	2,881,924
Academic Support Services	96,843	91,816
Other Support Services	651,769	583,522
Admin and Central Support Services	1,892,127	1,794,693
Premises	903,878	831,988
Catering and Residences	891,929	785,668
Other Income Generating Activities	448,040	405,007
Other Pension Costs (FRS102 related)	399,000	1,139,000
	<u>8,355,051</u>	<u>8,513,618</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 Directors, 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:

	2023 FTE No.	2023 £	2022 FTE No	2022 £
Salary	10.6	755,492	10.6	716,593
Pension contributions		165,672		159,298
Total Emoluments		<u>921,164</u>		<u>875,891</u>

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

	Professor J Heggarty 2023	Professor A Heaslett From 1 <sup>st</sup> August 2021 to 17 <sup>th</sup> September 2021	Professor J Heggarty From 20 <sup>th</sup> September 2021 to 31 <sup>st</sup> July 2022
Salary	109,474	21,086	88,623
Pension contributions	27,478	3,941	22,244
	<u>136,952</u>	<u>25,027</u>	<u>110,867</u>

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 3.8 times (2022: 3.8 times) the median pay of staff (2023: £28,929, 2022: £27,116), 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 4.0 times (2022: 3.9 times) the median total remuneration of staff (2023: £34,426, 2022: £32,404) 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**

	2023	2022
	£	£
Hospitality, Accommodation & Conferencing Services Operating Expenses	965,214	919,555
Course Consumables, Equipment & Field Trips	24,556	28,108
Purchase, Hire and Repair of Other Equipment	25,107	44,615
IT Maintenance & Software Costs	165,060	178,554
Library Costs	86,468	97,969
Energy Costs	636,996	646,453
Rates and Insurance	512,061	493,219
Refurbishment, Maintenance & Cleaning	450,902	364,615
Telephone	25,792	24,894
Sundry Course Costs	27,733	46,822
Postage, Printing & Stationery	52,662	39,577
Advertising and Recruitment	40,668	49,014
Validation Costs to QUB	439,464	438,445
External Examiner Costs	14,423	4,838
Internal Audit Services	21,384	22,097
Auditors Remuneration in respect of:		
- External Audit Services	19,740	14,400
- Other Audit Services	660	1,212
Other Professional Fees	17,056	18,606
Occupational Health Service	12,507	12,826
Staff Training and Development	55,468	40,122
Widening Participation & Bursary Costs	107,832	116,939
Student Induction Residential Costs	18,204	-
Research Projects	27,816	61,280
Funded Projects	150,345	205,322
Centenary Costs	66,531	1,780
Publications & Subscriptions	80,160	75,735
Travel Costs Including Student Placements	42,030	43,341
Covid-19 Related	-	13,952
Other	97,085	90,273
	4,183,924	4,094,563

**11 EXCEPTIONAL ITEM**

At 31 July 2017, a revaluation review was carried out on the carrying value of the University College Land by Land and Property Services. Upon review, it was determined that the carrying value held within the financial statements exceeded the current market value at that time by £11.73m resulting in an impairment charge.

A subsequent revaluation review was carried out by Land and Property Services at 31 July 2022. This resulted in the land increasing in value by £560k compared to the valuation carried out at 31 July 2017. This resulted in the impairment loss recognised in 2017 being partially reversed in the year to 31 July 2022 resulting in an Exceptional Item reducing the overall expenditure and an increase to the land asset carrying value.

No Exceptional Items have been recognised in the year ended 31 July 2023.

**12 TAXATION**

The University College did not incur any taxation liability during the period (2022: £Nil).

**13 FIXED ASSETS**

	Freehold Land and Buildings £	Equipment £	Vehicles £	Total £
<b>Cost:</b>				
At 1 August 2022	73,997,531	3,657,211	99,059	77,753,801
Additions	1,284,552	469,364	-	1,753,916
Disposals	-	-	-	-
At 31 July 2023	75,282,083	4,126,575	99,059	79,507,717
<b>Depreciation and Impairment:</b>				
At 1 August 2022	33,754,845	3,002,282	76,278	36,833,405
Charge for the year	1,020,504	343,626	5,854	1,369,984
Disposals	-	-	-	-
At 31 July 2023	34,775,349	3,345,908	82,132	38,203,389
<b>NBV 31 July 2023</b>	<b>40,506,734</b>	<b>780,667</b>	<b>16,927</b>	<b>41,304,328</b>
<b>NBV 31 July 2022</b>	<b>40,242,686</b>	<b>654,929</b>	<b>22,781</b>	<b>40,920,396</b>
Inherited	26,064,574	-	-	26,064,574
Financed by Capital Grant	11,414,483	698,334	7,356	12,120,173
Other	3,027,677	82,333	9,571	3,119,581
<b>NBV 31 July 2023</b>	<b>40,506,734</b>	<b>780,667</b>	<b>16,927</b>	<b>41,304,328</b>

The latest valuation of land and buildings was undertaken by Land and Property services at 31 July 2022. The land and buildings were assessed for valuation and determined that the overall carrying value of the buildings did not exceed the current market value and thus no impairment charge was identified. The review also included an assessment of the remaining useful lives of the University College buildings.

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 £37,479,057 (2022: £37,270,844), equipment of net book value of £698,334 (2022: £586,697) and vehicles with a net book value of £7,356 (2022: £11,036) 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.

**14 TRADE AND OTHER RECEIVABLES**

	2023	<i>Restated</i> 2022
	£	£
Debtors	91,890	178,112
Prepayments & Accrued Income	771,239	785,997
	<u>863,129</u>	<u>964,109</u>

**15 CASH AND CASH EQUIVALENTS & ANALYSIS OF CHANGES IN NET FUNDS**

	2022	Cashflow	2023
	£	£	£
Cash at Bank and in Hand	1,525,226	1,153,768	2,678,994
Short Term Deposits	4,004,533	(1,004,533)	3,000,000
	<u>5,529,759</u>	<u>149,235</u>	<u>5,678,994</u>

**16 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Trade Creditors	482,540	563,795
Accruals	536,624	684,989
Payments Received in Advance	47,332	40,062
Deferred Capital Grants – Land & Buildings	890,744	756,807
Deferred Capital Grants – Equipment	201,661	223,991
Deferred Capital Grants – Vehicles	3,679	3,679
Deferred Income	101,926	128,856
Social Security and Other Tax Payable	301,873	289,596
	<u>2,566,379</u>	<u>2,691,775</u>

**17 CREDITORS: AMOUNTS DUE AFTER ONE YEAR**

	2023	2022
	£	£
Deferred Capital Grants – Land & Buildings	17,085,918	17,011,640
Deferred Capital Grants – Equipment	496,673	362,706
Deferred Capital Grants – Vehicles	3,677	7,357
	<u>17,586,268</u>	<u>17,381,703</u>

**18 DEFERRED CAPITAL GRANTS**

	Land & Buildings £	Equipment £	Vehicles £	Total £
Balance as at 1 August 2022	17,768,449	586,696	11,035	18,366,180
Received / receivable in the year from the Sponsoring Department	1,098,957	419,597	-	1,518,554
Released to Statement of Comprehensive Income and Expenditure	(890,744)	(307,959)	(3,679)	(1,202,382)
Balance as at 31 July 2023	<u>17,976,662</u>	<u>698,334</u>	<u>7,356</u>	<u>18,682,352</u>

**Disclosed as:**

	2023	2022
	£	£
<b>Creditors: Amounts due within one year (Note 16)</b>		
Deferred Capital Grants – Land & Buildings	890,744	756,807
Deferred Capital Grants – Equipment	201,661	223,991
Deferred Capital Grants – Vehicles	3,679	3,679

**Creditors: Amounts due after one year (Note 17)**

Deferred Capital Grants – Land & Buildings	17,085,918	17,011,640
Deferred Capital Grants – Equipment	496,673	362,706
Deferred Capital Grants – Vehicles	3,677	7,357
	<u>18,682,352</u>	<u>18,366,180</u>

**19 PROVISIONS FOR LIABILITIES AND CHARGES**

	2023	2022
	£	£
Net Pension Liability	-	521,000
	<u>-</u>	<u>521,000</u>

**20 STATEMENT OF MOVEMENT IN RESERVES**

	Trust £	General £	Pension £	Total £
Balance as at 31 July 2021 as previously stated	2,029	26,120,275	(7,860,000)	18,262,304
Prior Year Adjustment – see below	-	256,787	-	256,787
Balance as at 31 July 2021 as restated	2,029	26,377,062	(7,860,000)	18,519,091
Retained Surplus	-	8,300,695	-	8,300,695
Actuarial Gain on Pension Liability	-	(8,606,000)	8,606,000	-
Pension Reserve Transfer	-	1,267,000	(1,267,000)	-
Balance as at 31 July 2022	2,029	27,338,757	(521,000)	26,819,786
Retained Surplus	(2,029)	876,047	-	874,018
Actuarial Gain on Pension Liability	-	(928,000)	928,000	-
Pension Reserve Transfer	-	407,000	(407,000)	-
Balance as at 31 July 2023	-	27,693,804	-	27,693,804

During the 2022-23 year, it was identified that a prior year adjustment of £256,787 to opening reserves, and the creation of a prepayment, was required relating to Land & Property Services rates charges. The previous incorrect treatment of rates, in which the rates bill received each March /April was treated as the rates charge for the related financial year to 31 July, dates back a considerable number of years. However, the annual rates charge recorded in the financial statements, during this period, has been substantially correct. As the adjustment could not specifically be attributed to the current or prior year, this adjustment has been recognised as an increase to the opening reserves, as identified above, with the creation of an equivalent prepayment and updated in the applicable Trade & Other Receivables note above.

**21 POST STATEMENT OF FINANCIAL POSITION EVENTS**

There were no material post Statement of Financial Position events.



## 22 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 £1,261,758 (2022: £1,191,792). FRS102 pension scheme adjustments in the year were as follows:

	2023	2022
	£	£
Interest Payable	8,000	128,000
Staff Costs	399,000	1,139,000
Total	407,000	1,267,000

### 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 2023 was £906,648 (2022: £879,743) of which employer's contributions totalled £643,550 (2022: £623,676) and employees' contributions totalled £263,098 (2022: £256,067). 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 2023 was £835,635 (2022: £768,526) of which employer's contributions totalled £618,208 (2022: £568,116) and employees' contributions totalled £217,427 (2022: £200,410).

The latest valuation was carried out on 31 March 2022 by the Committee's Actuary, Aon Hewitt. The Employer's contribution rate continued at 19.5% until March 2023. Following the results of the March 2022 valuation, the Employer's contribution rate then dropped to 19% from 1 April 2023 and will continue at this level for the following three years. 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 as 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 Statement of Financial Position before allowance for the 2022 Actuarial Valuation.

#### Financial Assumptions

There has been a change to the financial assumptions over the year. The discount rate has increased by 1.50%, the CPI inflation assumption has reduced by 0.10% and the salary increase assumption has reduced by 0.10%.

This has resulted in a more positive Statement of Financial Position than if the financial assumptions at the start of the period had been used. The impact of this change is recognised in Other Comprehensive Income.

### Demographic assumptions

There has been a change to the demographic assumptions at this accounting date to align them to the assumptions used in the 2022 actuarial valuation of the fund. These are best estimate assumptions based on the latest analysis of the fund's membership. In addition, the actuary, has updated the mortality projection model to CMI\_2022.

### Principal Actuarial Assumptions

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

	2023	2022
Pension Increase Rate	2.6%	2.7%
Salary Increase Rate	4.1%	4.2%
Discount Rate	5.0%	3.5%
Pension Accounts revaluation rate	2.6%	2.7%
CPI Inflation	2.6%	2.7%

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 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies, at age 65 in normal health, resulting from these mortality assumptions are summarised below:

	2023 Male years	2023 Female years	2022 Male years	2022 Female years
Current pensioners	21.7	24.5	21.8	25.0
Future pensioners	22.6	25.5	23.2	26.4

### The fair value of the assets in the scheme were:

	Assets at 31 July 2023 £'000	Assets at 31 July 2022 £'000
Equities	11,223	10,481
Government Bonds	4,893	6,234
Corporate Bonds	759	599
Property	2,721	3,349
Multi Asset Credit	3,401	3,458
Cash	1,622	1,906
Other	1,544	1,198
Total	<u>26,163</u>	<u>27,225</u>

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 2023 £'000	Year Ended 31 July 2022 £'000
Fair Value of Scheme Assets	26,163	27,225
Present Value of Scheme Liabilities	(23,912)	(27,746)
Unrecognised Asset	(2,251)	-
<b>Asset/(Liability) recognised on the Statement of Financial Position</b>	<b>-</b>	<b>(521)</b>

**Disclosed as:**

Liabilities	-	(521)
Assets	-	-
<b>Net Pension Liability</b>	<b>-</b>	<b>(521)</b>

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

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Current Service Cost	1,019	1,708
Net Interest Cost	8	128
Past Service Cost	-	-
Curtailments and Settlements	-	-
Closing Balance	1,027	1,836
<b>Actual Return on Plan Assets</b>	<b>(1,022)</b>	<b>(2,253)</b>

**Reconciliation of Defined Benefit Obligation:**

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Opening Defined Benefit Obligation	27,746	37,368
Current Service Cost	1,019	1,708
Past Service Costs	-	-
Interest Expense on Defined Benefit Obligation	960	630
Actuarial Gains on liabilities	(5,153)	(11,361)
Contributions by Members	218	200
Impact of Settlements and Curtailments	-	-
Net Benefits Paid	(878)	(799)
Closing Balance	23,912	27,746

**Reconciliation of Fair Value of Employers Assets:**

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Opening Fair Value of Employers Assets	27,225	29,508
Interest Income on Assets	952	502
Contributions by Members	218	200
Contributions by the Employer	620	569
Contributions in Respect of Unfunded Benefits	-	-
Remeasurement Losses on assets	(1,974)	(2,755)
Impact of Settlements and Curtailments	-	-
Estimated Unfunded Benefits Paid	-	-
Net Benefits Paid	(878)	(799)
Closing Balance	<u>26,163</u>	<u>27,225</u>

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

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Present Value of Employers Assets	26,163	27,225	29,508	25,207	23,311
Present Value of Defined Benefit Obligation	(23,912)	(27,746)	(37,368)	(36,450)	(31,254)
Unrecognised Asset	(2,251)	-	-	-	-
Deficit on the Scheme	-	(521)	(7,860)	(11,243)	(7,943)

The Statement of Financial Position is showing a net pension asset before consideration of a surplus restriction. No surplus has therefore been recognised in the financial statements.

**23 CAPITAL COMMITMENTS**

	2023 £	2022 £
Commitments Contracted at 31 July	188,297	699,298
	<u>188,297</u>	<u>699,298</u>

**24 CONTINGENT LIABILITY**

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

**25 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.

**26 OTHER FUNDS****Support Fund**

	2023	2022
Opening Balance	4,208	4,723
Sponsoring Department Grant - Recurrent	36,000	36,000
Sponsoring Department Grant – Non-Recurrent	34,000	25,000
Transferred from University College Trust	-	-
Disbursed to Students, Dyslexia Services and other costs	(67,564)	(61,515)
Balance unspent at 31 July	6,644	4,208
Amount returned to DfE	-	-
Closing Balance	6,644	4,208

In the 2022-23 financial year the Sponsoring Department allocated £36,000 (2022: £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 £34,000 (2022: £25,000) of non-recurrent support was made available to the University College during the financial year to further support students.

**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 2023 was £29,448 (2022: £29,337).

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