



Annual Report

For the Year Ended 31 July 2024

Company Information

The University is an exempt charity, a company limited by guarantee, registered in England and Wales.

Registration Number: 06033238;

Registered Office Address: Fusehill Street, Carlisle, Cumbria, CA1 2HH

The University's subsidiary company, UoC Trading, is a company limited by guarantee, registered in England and Wales.

Registration Number: 02809881;

Registered Office Address: University Of Cumbria, Bowerham Road, Lancaster, Lancashire, LA1 3JD

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Strategic Report

Foreword by the Chair of the Board of Directors

In my Foreword last year, I drew attention to the difficult external conditions that the University, along with other higher education institutions, was facing. In the 12 months since then, there have been well-publicised stories in the national media of universities forced into taking drastic action because of unanticipated financial pressures, particularly from changes in international markets.

Given this background, it is particularly welcome that the University of Cumbria in 2023/24 has produced both operating and accounting surpluses, and has once again increased its student numbers. This is testimony to responsible operating, and sound financial management at all levels, and I am grateful to everyone in the university who has contributed to this.

Because we have succeeded in keeping control of our overall finances, we were able in 2023/24 to continue to make progress with projects which will, we hope, greatly increase the contribution we can make to our region. Our intended new campus in Barrow, made possible thanks to support from the Barrow Town Deal and BAE Systems, is close to completion and should open its doors in 2025. The plans for the new Pears Cumbria School of Medicine, in partnership with Imperial and with generous philanthropic funding from the Pears Foundation, have moved forward at pace, and the first students should be enrolling in the 2025/26 academic year.

We were also able in May to reaffirm the Board's commitment to the project for the Citadels development in the centre of Carlisle, in partnership with the Borderlands Growth Deal and the Carlisle Town Deal. It is undoubtedly a complex and ambitious project, which would be impossible without strong and committed support from key local partners, notably Cumberland Council. However, we believe it would bring significant benefits to our home city and very much wish to make it happen.

The national landscape for higher education institutions remains a challenging one, and the full picture of the new government's policy agenda has not yet emerged. However, the University of Cumbria's strategy remains clear. We were created in 2007 to serve our region: its learners, employers and people. We try to do that imaginatively and responsively, looking at the evidence of what is wanted and needed. It is in the nature of our business that our courses are continually changing, in terms of their content, their length and their mode of delivery. We do not have significant reserves, accumulated over many years, so we have to stay highly focused on our own sustainability.

The messages we get from our key partners in the region show that they see the university as a valuable asset in supporting the growth and prosperity that we all want to promote. Because of this support, and our record in adapting our provision to meet changing demands, the Board looks forward with cautious confidence to the university's future.

Mr Martin Williams, Chair of the Board of Directors

Introduction by the Vice Chancellor

In many ways 2023/24 represented a positive and progressive year of meeting financial targets, growing our income (30% from 2017/18 to 2023/24) and strong performance for both Ofsted and graduate outcomes, despite the continued challenges of the student fee freeze, rising pension costs, inflationary pressures, and increased competition. Indeed, to have grown our degree apprenticeship provision to over two thousand students in a five-year period, achieved a positive Ofsted apprenticeship outcome, and to be rated top in the Northwest and top ten in the UK for work and further study, demonstrates the sustained hard work and contributions of many colleagues across our university. Importantly, it also demonstrates the investment our students are making in higher education is a sound one. My thanks and appreciation go out to all staff involved.

It was also positive to see some progress in improving against our 2022/23 NSS results, particularly in reducing the gap in our performance against the sector's, albeit much of the activity during the second half of 2024 has been focused on improving student outcomes for 2024/25 and beyond – with a strong emphasis on student and Students' Union engagement. This progress will become apparent from an external context once the outcomes already achieved, and those to come, flow through.

Our position and progress this year also serves to reinforce the importance of our medium to longer term planning and focus to ensure we continue to grow, improve outcomes, reduce operating costs and generate the financial capability needed to continually, as well as strategically, invest. Whilst we have grown, cash surplus levels of c.4% this year and similar next will not enable us to invest sufficiently in the 'here and now' and future.

We are well placed to achieve these aims, which is reflected in our baseline position, changes to senior roles, Annual Operating Plan for 2024/25 and continued and growing emphasis on place and demand-led new, up and re skilling portfolio developments. This includes plans in place in respect of degree apprenticeships, Health, Carlisle, Barrow, the Pears Cumbria School of Medicine and the joint research centre with Imperial (focused on population health). The latter three enabled through considerable external (Borderlands, Carlisle Town Deal and Barrow Town Deal) and philanthropic funding (from the Pears Foundation).

Throughout the year we furthered our growing anchor role in Cumbria, which we know provides us with long term demand for (scalable and exportable) higher level skills, opportunities and to contribute to productivity-gain innovation and place needs. This includes Barrow Rising and the transition of Cumbria LEP to Cumberland and Westmorland & Furness Councils under the banner of Enterprising Cumbria. The Cumbria Economic Growth Board (with University of Cumbria representation) has been established in tandem and tasked with supporting the development of Cumbria's Economic Strategy. As this progresses and in the context of government's focus on industry and skills, there will be many opportunities to inform and align to what results. The Deputy Vice Chancellor, Pro Vice Chancellors (Growth & Development and Research & Knowledge Exchange) and I have key roles to play in this, which will also require us to develop our approach to stakeholder engagement and relationship management.

In summary, a progressive year, which delivered improved outcomes for our students, despite the continued challenges facing higher education institutes. Hence, with little let up expected in 2024/25, our imperative is to maintain strategic focus, keep our students front and centre, our staff engaged and informed, whilst balancing immediate priorities with those of our future.

Professor Julie Mennell DL, Vice Chancellor

Strategic Review

The University's vision is to transform lives and livelihoods.

This vision is at the heart of our strategy and drives us in our mission to inspire and equip our graduates, communities and environment to thrive. It remains a constant for us, including during times of external change and uncertainty. Four years into our Towards 2030 Strategy – a period which has seen a global pandemic, significant political change and economic challenge - our strategic focus on positively impacting on our students, increasing higher education participation in our county, addressing higher-level skills and sector needs, co-creating and applying new knowledge and positively embracing our civic responsibilities has driven and continues to drive our ambitions, actions and successes.

As this review reflects on 2023/24 and looks ahead to 2024/25 under the key themes of our Strategy of Students and Graduates, People, Practices and Places, and Academic and Applied Research, it is evident that significant progress towards our objectives continues to be made and there is much to celebrate.

Students and Graduates

Our stated aim is to equip our graduates with the skills, confidence and attributes to realise their potential, to succeed in the workplace and careers and to be active global citizens. This aim is central to our approach to programme design, academic delivery, as reflected in the newly launched Learning, Teaching and Assessment plan, our employability plans and across all our interactions with our students. The University's top 10 ranking nationally for graduate employment and further study, and positioning as the highest ranked provider in the North-West under this key Graduate Outcomes survey measure, represents a considerable achievement for the University and its graduates.

With over 97% of our graduates in employment or further study, this success is reflective of our increasingly demand and skills led provision, aligning our academic portfolio and delivery methods to the needs of regional and national employers and providing opportunity for students. The size and shape of our current student population is evidence of the ongoing delivery of our strategic intention to grow and diversify, reflecting our role, locations and the needs of learners, employers and the economy.

Central to this theme is the experience of our students while they study with us. It was pleasing in 2023/24 to see considerable progress in the University's National Student Survey results, with improvements in scores across all themes and all but two of the specific questions. We respond to feedback via this mechanism or other routes seriously and with action and our focus in 2024/25 is on continued improvement. Underpinning this approach is the introduction of a new approach to surveying students as they complete modules, enabling rapid responses to any emerging issues and measurement of the success of our wide range of actions.

Academic and Applied Research

A central ambition under this strategic theme is addressing the workforce needs of our region's economy, including through building a sector leading reputation and standing for apprenticeships.

2023/24 saw considerable progress towards these ambitions in a number of ways. Our apprenticeship delivery across paramedicine, project management, radiography, forestry and in a range of other fields, has seen partnerships formed, developed and grown with key employers such as Sellafield Ltd, BAE Systems, multiple NHS Trusts, the Forestry Commission, Rolls Royce and the BBC. This year saw our highest apprenticeship intake to

date, with overall numbers growing to over 2,000 students on programmes which are centred on upskilling and reskilling and ensuring career progression.

The quality of this diverse and expanding apprenticeship provision was recognised by OFSTED during 2023/24, with the achievement of a “good” rating. Praise for the university’s provision included the ambitions, characteristics, and development of its apprentices; individualised support given by leaders and staff; and the high quality of facilities and resources benefitting learners. Together with our Teaching Excellence Framework “silver” award and our “good” OFSTED rating for initial teacher training, this success as one of the largest providers of apprentices in the higher education sector, is a considerable success.

2023/24 saw the expansion of part-time provision to students who are often combining their learning with their employment, with activity commencing under a Teaching and Learning Agreement with BAE in Barrow which involves the University in delivering a range of courses and programmes to BAE staff in project management and supply chain logistics.

Delivery in (and involving) Barrow will expand to Computer Science, Adult Nursing and Mechanical Engineering from 2025/26 onwards. These successes and plans reflect our long-standing and cross-disciplinary expertise in providing flexible and student and employer centric programmes, including to the NHS workforce and in schools. In the latter area, we have successfully expanded our Postgraduate Certificate in Education (Non-QTS), providing a fully-online and flexible programme focussed on enabling those already in employment in schools to develop their skills and progress in their careers.

The University provides these and a wide range of other opportunities to its circa 15,000 students across a diverse range of programme types, delivery modes and locations, with recent growth coming via employer-based provision and internationalisation, with a significant increase in international students compared to the prior year, across a variety of subjects. Seeking to build on the expansion of opportunities during this and previous years and to further develop plans across our on-campus undergraduate and postgraduate provision, where there have been falls in demand in particular portfolio areas, the University is actively reviewing and enhancing its underlying strategies.

Building on detailed analysis of skills and employer needs, student demand and other data sets, as part of a wider refresh of our T2030 Strategy we will be setting out our focus, priorities and approach to securing continued growth over the rest of the decade. As one of several recent Pro Vice Chancellor appointments, the University has welcomed a PVC Growth and Development to help lead key aspects of this work and to continue to develop our strong partnerships with employers and partners.

As we look ahead, the work before, during and after 2023/24 with Imperial College and a range of partners to create the Pears Cumbria School of Medicine (PCSM) is of wide-ranging significance, meeting ambitions across this and the other themes of our strategy. Enrolling its first students in 2025/26, Cumbria’s first medical school will provide graduate entry places for 58 students on a bespoke four year programme which has been designed to train doctors who will help to improve health outcomes in Cumbria and the North West.

Applying our experience in educating nurses, midwives, and other allied health professionals and Imperial’s world leading expertise in medical education the aim is to produce doctors who are embedded in their local community and ready to contribute to health services across the region and beyond. A key feature of the programme is its support for widening participation in medicine and the provision of aspiration in an area of the country that has traditionally had limited opportunities for medical education and research.

The establishment of the PCSM has also seen the launch of a Medical Research Hub at the University. Led by two professorial appointees, the Hub will provide opportunities for extensive interprofessional working, drawing on the expertise within the Institute of Health,

including across nursing and midwifery, digital health, sport, psychology and social work, and through external engagement and collaboration.

This new development is part of our wider drive to increase the breadth, quality and scale of our research and knowledge exchange activity. Led by our incoming PVC Research and Knowledge Exchange, we are increasingly working collaboratively for maximum impact and benefit in our region, with a notable example the partnership with Cumberland Council in the £4.8m National Institute for Health and Care Research (NIHR) Health Determinants Research Collaboration. This will see sustainable and research informed solutions to health needs of the Cumberland area, drawing on the University's considerable experience, including around health inequalities.

People, Practices and Place

Our People and Culture strategy was finalised in 2023/24 following extensive feedback with colleagues across the University. This strategy sets out our intent, which is supplemented by our existing work streams, to support the University to deliver its Towards 2030 ambitions and to ensure the continued delivery of a positive employment experience to our 1,000 strong workforce. Since the strategy launch in February 2024, we have updated our HR system to enable our management teams to have ready access to data to support effective people management, alongside a launch of our new Performance Review process, which is built around our values of Personal, Progressive, and Enthused.

We are a University for our region and as we develop our campuses, we have focus on providing the physical environment, digital infrastructure and geographical reach to deliver our strategic aims. This focus is driving two significant capital investment projects. Our new Barrow campus will open in 2025, and will provide learning, teaching and research space adjacent to BAE's Submarine Academy for Skills and Knowledge site. Supported by investment from the Ministry of Housing, Communities and Local Government via the BrilliantBarrow Town Deal, evidencing the strategic importance of the project regionally and nationally, and from BAE Systems, the campus will extend opportunities to local students, those in the workforce and applicants from further afield across a range of programme areas. Integral to shaping the capital build project has been the needs of a wide range of partners, employers and students in an area with significant skills shortages and projected employment growth into the long-term.

2023/24 has also seen the continued development of plans for our new flagship campus in Carlisle. With design work completed, the University is in the process of engaging a contractor for a £78.7m project which will see consolidation of campus space in the city and the construction of a purpose built, digitally enabled, campus in the heart of the city centre, focussed on long-lasting benefits for the city, wider region and individuals, including via the Carlisle Business Exchange. £50m of funding from the Borderlands Growth Deal and £5.2m from the Carlisle Town Fund has been secured and work is ongoing to develop the final shape of the financing and funding package which will enable the building work to commence in 2025 with delivery in 2027.

Reflecting these projects in Carlisle and Barrow, and aligning with our strategies, including those related to planned academic developments and sustainability, the University is finalising an updated Estates Strategy in 2024/25. This will include emphasis on the requirements at Lancaster, Ambleside and London and will lead to specific campus plans, ensuring the linkage between our space and our staff and student value proposition.

Alongside the physical estate, our work to enhance our digital assets and approaches is a key cross-cutting theme of our Strategy; a theme that impacts on and enhances all that we do and how we do it. During 2023/24, the University approved its first Digital Strategy, providing strategic direction for the digital transformation planned across teaching and learning, programme design, delivery methods and internal infrastructure and systems.

As outlined in the Financial Review below, the University has continued to invest in its physical and digital infrastructure during 2023/24, with £2.2m of capital investment and a further £0.6m of costs recorded as expenditure in the financial statements. In order to support ongoing, increased and accelerated investment in infrastructure to support the delivery of our strategy, the University's financial strategy has a focus on increased cash generation in 2024/25 and beyond.

For this purpose, and to ensure that the University continues to innovate and improve value for money for students, we are placing emphasis on "transformation" in our 2024/25 Annual Operating Plan. The University has appointed a Chief Transformation Officer who will drive and oversee a range of programmes and projects which challenge current practice in the light of technological advances, student and employer requirements, and innovation seen in and outside of the sector.

As a University situated in one of the largest National Parks in the UK – the Lake District – we recognise the importance of carbon reduction and sustainability. As we continue to invest and transform our operating models, we do so with emphasis on these aspects, including in the design of our new estate and enhancements to current facilities. We have placed a clear focus on sustainability in our curriculum in 2023/24, embedding content, learning outcomes and student attributes into our programmes and we have invested resource in 2024/25 to develop an Integrated Sustainability and Vision Plan (ISVP), involving students and University and Community stakeholder working groups.

Section 172 Statement – Stakeholder Interests

The content of this report, including our determination to improve the opportunities provided to and the experience of our students, demonstrates that the University and its Board of Directors have a clear focus on our public benefit duties and on our stakeholders. The Board of Directors formally confirm that they have had regard to their duties under Section 172 of the Companies Act, and, in working to deliver the University's charitable objects during 2023/24, the Directors have considered the interests of stakeholders.

The Board of Directors has ultimate oversight of and responsibility for the mission and strategic vision of the University, together with its long-term academic and business plans and key performance indicators. In doing so, the Board ensures that all strategies, plans and decisions have due regard to the interests of stakeholders, including students, staff and our communities, the impact on the environment and the long-term effects of current actions. Carbon reduction and sustainability are key objectives within the University's strategy and our reporting and monitoring in these areas continues to develop, including via the Streamlined Energy and Carbon Reporting which is presented in this Annual Report.

The propriety and regularity of decision making and use of resources are central to the University's policies, procedures and code of conduct, with the highest standards of business behaviour expected. In its operations, the University treats its customers and suppliers fairly, communicating clearly and, for example, monitoring the timeliness of the payment of invoices. Assurance over the control environment is obtained by the Audit and Risk Committee on behalf of the Board of Directors, with regular internal audits providing coverage over a range of areas.

The Board of Directors includes an elected staff member, providing direct representation as well as an input and feedback mechanism with the broader staff body. Similarly, a sabbatical officer from the Students' Union is appointed each year as a Director.

On behalf of the Board of Directors, the People, Performance and Culture Committee has oversight of the implementation of the People and Culture Strategy and monitors the

wellbeing and general welfare of students and staff through consideration of relevant data and reports.

Financial Review

Summary

The financial results for the 2023/24 year are summarised as follows:

	2023/24	2022/23
	£m	£m
Total Income	78.3	73.6
Staff Costs	48.0	46.8
Non-Staff Costs	30.2	27.1
Accounting Surplus / (Deficit)	0.1	-0.3
Non-Cash Accounting Adjustments	3.0	4.3
Cash Surplus (£m)	3.05	4.03
Cash Surplus (% of income)	4%	5%
Cash Balance	22.3	22.4

* The University focusses on its "cash surplus" level when planning and assessing its operating performance. This measure excludes the non-cash accounting adjustments that are required in the statutory accounts and it therefore gives a clearer indication of the levels of cash being generated for reinvestment

Review

The University's financial performance during 2023/24 continued the pattern across recent years of strong income growth and increasing diversification of revenues. During a sustained period of tuition and apprenticeship fee freezes, 30% growth over the last five years represents significant progress against our strategy. The year was not without challenges, especially from significant inflationary pressures and pension cost rises. The delivery of a cash surplus of 4% of income and an accounting surplus in this context was pleasing and, together with maintaining cash balances above £22m, provides a good platform to continue to build from in 2024/25.

Income

Overall income grew by £4.7m (6.4%) compared to 2022/23. This was driven by increased activity in a number of areas, including international student recruitment (+£1.2m), further growth in the fees from the ESFA and partners related to apprenticeship provision (+£1.3m) and an increase in grants from the Office for Students (+£1.1m) related to higher volumes of apprentices in healthcare subjects and funding to help support the development of new apprenticeship provision to meet regional skills needs.

Our project management delivery expanded further in 2023/24, accounting largely for the £0.4m increase in non-credit bearing activities. Together with funding to ensure the successful development and launch of the Pears Cumbria School of Medicine in 2025/26 and increased investment income, performance across the majority of income lines represented an improvement compared to 2023/24.

The main exception to this is within our full-time home on campus student category where intakes in 2023/24 were lower than the prior two years and income was £1.1m lower than the prior year. This related particularly to some aspects of healthcare and postgraduate teacher training which experienced national recruitment challenges. As highlighted elsewhere in the Strategic Review, alongside continuing to increase the diversity of our provision as we respond to employer demand and regional skills, there is a clear focus on increasing levels of on-campus full-time student numbers, including via activity at our new Barrow campus in 2025/26 and beyond.

Expenditure

The University's costs rose by £4.4m (6%) compared to 2022/23 which reflects the combination of increased investment to support growth in income, inflationary and pension cost pressures and action to reduce expenditure where student numbers had reduced.

Within staff costs, if the non-cash pension accounting adjustment is excluded, the year on year movement was just over 5%. This is primarily related to the full year impact of the national pay award from 1 April 2023 and, from April 2024, a 5 percentage point / 21% cost increase in employer contributions into the Teachers' Pension Scheme; on a full year basis in 2024/25, this increase will add £1m to the University's cost base. The University has been able to deliver growth in income without adding to the net overall staffing base and continues to ensure that its structures and resources are aligned to activity and student numbers. This approach led to some reductions in staff FTE in particular academic areas in 2023/24, utilising the £0.6m of restructuring related costs.

Other operating costs rose by £3.1m (15%), with the effects of inflation a continued factor. Utility costs rose by £0.9m (69%) reflecting the end of lower priced arrangements for gas and electricity which had been purchased before the steep rises in commodity costs. While headline inflation fell during 2023/24, the majority of the University's contracts were subject to the peak inflation figures of 2022/23 and this has seen cost rises across Institutes and Services. Budgets for the year were set accordingly and measures taken to offset rises wherever possible through controlling volumes and usage and via procurement approaches.

Alongside inflationary pressures, expenditure increased to ensure delivery of income growth, with increased overseas agent fees, support for the delivery of expanded project management delivery and via increased expenditure on marketing and recruitment, including with respect to new apprenticeship provision. Other operating costs also reflect a £0.6m increase in catering related expenditure, with this and the equivalent income, shown in the financial statements following a change in catering arrangements at the start of the year.

Accounting Adjustments

In its financial statements, the University has recorded a surplus for the year of £0.06m, after allowing for the accounting adjustments shown in the table above. The key adjustments were:

- Depreciation and impairment: depreciation is charged on the University's buildings and equipment, reflecting the annual usage of these assets, and a small impairment charge is included reflecting the valuer's view that some assets have reduced in value compared to the prior year (total -£5.3m)
- Release of deferred capital grants: when the University receives funds to support the purchase or construction of assets, the cash is used during the project but is only shown as income at the same rate as depreciation is charged (total +£1.9m)

- Pension provision movements: changes in the Local Government Pension Scheme accounting deficit which are explored further below (total +£0.5m)

Assets

Our overall cash balance at year-end at £22.3m represents 111 days cash liquidity, significantly ahead of our minimum threshold. 2023/24 saw net inflows from operations of £2.8m with this, together with investment income and capital grants, substantially covering the costs of capital works and the servicing of the University's borrowing.

£7.2m was invested in fixed assets during the year, with £5.0m related to fees for the Citadels and Barrow projects, the majority funded by capital grants, and the balance on a range of estates, IT and equipment projects. The valuer's update of land and buildings values as at 31 July 2024 saw a small reduction in value, from £130m to £129.5m primarily due to a change in classification of part of the Lancaster estate.

Trade and other receivables continue to be effectively managed and, at £9.4m, the balance was £0.3m below the 2022/23 figure. Within this category, we saw a small increase in outstanding payments related to our year-on-year growth in activity with commercial partners and a reduction in the amount of grant funding for the Citadels project due at the end of 2023/24 than was the case at the same point in 2022/23 given the profile of spend on this project.

Liabilities

The overall creditor balance of £45.6m is made up of several elements. Deferred capital grant balances rose in 2023/24, from £25.9m at 31 July 2023 to £27.1m, largely due to funding received for the Citadels and Barrow projects. These balances are recorded as "liabilities" on the balance sheet until they are released to income over the life of the assets.

The remaining £18.5m of liabilities includes payments to suppliers and other parties due in 2024/25, including those related to capital projects, (£7.5m), and cash received in advance of the University providing tuition or another service (£6.9m). The remaining creditor balance relates to two outstanding loans, with borrowing levels having reduced by £0.3m compared to 2022/23. At just over £4.1m, the University's loan balance and serving costs remain low compared to the wider higher education sector.

The Local Government Pension Scheme (LGPS) valuation showed a strengthening of the position, with a surplus of £34.7m reported by the scheme actuary. As in 2022/23, the University has not recorded this surplus in its financial statements given the requirements of the relevant accounting standards.

Future Prospects and Going Concern

The University has continued to grow its income and has maintained a reasonable level of cash generation despite significant cost pressures during the year. A cash balance of over £22m provides resources to meet immediate investment needs and to address short-term challenges.

As we look ahead, there are continued challenges for the higher education sector, not least from static fees from 2017 to 2025, volatility in international student recruitment and rising costs, especially from employer's national insurance and pension cost increases.

The University is not immune to these challenges and, through its risk management framework and its strategy and effective scenario planning, we are focussed on mitigating actions, maintaining financial sustainability and growing our capacity for investment. We also await the new Government's plans for higher education funding and policy.

Our approach in 2024/25 and beyond will continue to involve diversification of income streams, including via campus developments and a range of strategic partnerships and contracts, and responses in the availability and deployment of resources, including changes in our operating models and approaches. These and other transformative actions will increase the levels of cash generation for reinvestment, including across our digital and physical infrastructure, supporting the necessary further improvements in facilities, connectivity and the experience of our students.

While recognising risk and uncertainty, on the basis of the relatively strong cash position, growth in delivery of new and existing contracts with employers and the prospects across the range of student recruitment types, for the period ahead, the Directors continue to have confidence in the current and future financial position of the University.

In planning for the future, further income growth is expected, along with significant estate and infrastructure developments, supported by a range of external funding as well as internal cash generation, which will enable the University to further meet the needs of its regions, employers and students. This includes the development of new campuses in Carlisle and Barrow, projects that are working to a current budget of £94m in total, substantially supported by Government funding. The senior team continues to drive these and other opportunities forward, alongside careful management of risks and resources, with clear Board oversight.

Taking all this into account, while there continue to remain uncertainties in the operating environment, as set out more fully in the basis of preparation note to the financial statements, the Directors have prepared these financial statements on the going concern basis, confident of financial sustainability in the years ahead.

The Strategic Report is signed on behalf of the Board of Directors by:

Martin Williams

Mr Martin Williams, Chair of the Board of Directors



Professor Julie Mennell DL, Vice Chancellor and Chief Executive

17 Dec 2024

Directors' and Corporate Governance Report

The Directors' and Corporate Governance report and statement on internal control covers the period from 1 August 2023 to 31 July 2024, and up to the date of approval of the audited financial statements.

Governance

The following section explains how the composition and organisation of the University's governance structures supports the achievement of the University's objectives.

Background

The University is a company limited by guarantee and is an exempt charity under the terms of Charities Act 2011. The University's structure of governance is as laid out in its revised Articles of Association, as approved by the Privy Council on 5 February 2016. The Articles of Association require the University to have a Board of Directors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities and to support the achievement of its objectives.

The University is committed to exhibiting best practice in all aspects of corporate governance. Its Board of Directors acts in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The University has adopted the Committee of University Chairs (CUC) Higher Education Code of Governance and has also adopted a statement of primary responsibilities which is publicised on the University's web pages.

The University Board of Directors, which meets at least five times each year, is the University's governing body. It is responsible for approving the corporate strategy and associated plans and budgets, monitoring the performance of the University and its executive, determining major business decisions and policies and is responsible for the overall framework of governance and management. It is specifically required to determine the educational character and mission of the University and to set its strategic direction. The responsibilities of the Board of Directors are set out in detail on page 25.

The University's Board of Directors comprises persons who are appointed in accordance with its Articles of Association. During 2023/24 the Chair was Martin Williams and the Vice Chair was Peter Yates. The membership includes the Vice Chancellor, a student director, who is an elected official from the Students' Union and, via open elections, a staff director. A full list of members is at page 16.

In considering the composition of the University Board its Nominations Committee takes account of the skills and experience of current directors, requirements of the Board required for effective discharge of its duties, and the need to ensure an appropriate balance and mix of skills, expertise and experience as well as the diversity of the Board and its subcommittees. The Board currently has a good age profile and a reasonable gender balance; however it would benefit from broader ethnic diversity. The Nominations Committee seeks to address this at each recruitment opportunity, both in terms of Board Directors and in relation to Associate Directors, engaged for their specialist input to a particular Board Committee. Membership of the committees has been managed to ensure sufficient continuity alongside refreshing the membership as appropriate to ensure fresh challenge.

Subject to the overall responsibility of the University Board, the Academic Board has oversight of the academic affairs of the University and draws its members from staff and

students of the University. It is concerned with general issues relating to the teaching, professional and research work of the institution.

In order to ensure that the University's arrangements for corporate governance are adequate and effective, independent external effectiveness reviews are undertaken in line with the CUC Higher Education Code of Governance. An independent external effectiveness review was undertaken at the end of 2022/23 and reported to University Board in October 2023. The review had a focus on the operations and effectiveness of both the Board and its committees, alongside benchmarking the Board's operations against the Code of Governance. The review outcomes across the three key sections: enablers – process and structures; relationships and behaviours; and outcomes of effective governance, were positive, with it stated that there was a 'genuine, well understood and shared commitment by all to ensure effective governance'. No changes were required from the review; the recommendations to enhance effectiveness have been taken on board.

In addition to the independent effectiveness reviews, the Chair of the Board of Directors leads an annual review of University Board effectiveness, with one to one meetings with each director at its heart. In addition, the majority of the Committees of the Board undertake a review of their own effectiveness in the last meeting of the year, with the outcomes reported to University Board.

Information relating to the University's corporate governance arrangements is published on the University web-site, including details of each Director and Associate Director, to ensure transparency over the University's corporate governance arrangements. The University maintains a Register of Interests of Directors of the University Board, Associate Directors and the Vice Chancellor's Executive, which is available on the University web-site or by request via the University Secretary.

Oversight of statutory and regulatory requirements, to ensure that adequate and effective arrangements are in place, is delegated to sub-committees of University Board, as set out below.

Board Committees

The Board of Directors is served by six sub-committees which have the following roles:

Audit and Risk Committee (chaired by Emerita Professor Shirley Atkinson OBE) has responsibility for monitoring and reviewing the effectiveness of the University's systems of internal control, including risk management and financial controls, procedures, data and value for money. The Committee also has responsibility for oversight of compliance with the Office for Students' Ongoing Conditions of Registration, drawing assurance from a variety of inputs, including other University Board sub-committees, the internal and external auditors, and the executive.

The University's internal and external auditors attend the Committee and report on the systems of internal control and management's responses and implementation plans. Whilst senior executives attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee and the Committee also meets the internal and external auditors on their own for independent discussions.

The Committee will, whenever appropriate, provide explicit confirmation to the Board that necessary actions have been, or are being, taken to remedy any significant failings or weaknesses identified from their review of the effectiveness of internal control.

Finance and Resources Committee (chaired by Ian Looker) has responsibility for advising and recommending to the Board on financial, estates and IT matters. It recommends to the University Board the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets and overall performance against the

University's strategy. This work includes ensuring that arrangements for compliance with the Office for Students' Ongoing Conditions of Registration relating to financial matters are adequate and effective.

Academic Governance Committee (chaired by Pam Tatlow) provides the University Board with assurance that academic governance, and the associated internal control framework, is operating effectively to secure the quality of students' experience and the standards of the University's academic awards. This work includes ensuring that arrangements for compliance with the Office for Students' Ongoing Conditions of Registration that relate to academic activity are adequate and effective.

People Performance and Culture Committee (chaired by Peter Yates) considers and recommends to the University Board on matters of relating to the People and Culture strategy and policy and monitors performance in relation to people related matters. It also considers and recommends to the University Board on matters in respect of Health and Safety and Equality, Diversity and Inclusivity, ensuring that arrangements relating to compliance with statutory and regulatory requirements are adequate and effective.

Nominations Committee (chaired by Martin Williams) considers nominations for appointment to the Board and its subcommittees. In considering the composition of the Board and its subcommittees, Nominations Committee takes account of skills and experience of Directors as well as the diversity of the Board and its subcommittees.

Remuneration Committee (chaired by Jill Johnston) determines the remuneration and conditions of service of the most senior staff, including the Vice Chancellor. The Committee has adopted the Committee of University Chairs' Higher Education Senior Staff Remuneration Code in full.

Attendance

The members of the University Board of Directors in 2023/24 and their attendance at University Board and relevant committees in the year is set out below.

Senior Officers and Executive Committees

The principal academic and administrative officer of the University is the Vice Chancellor who is personally responsible to the governing body for ensuring compliance with the relevant Office for Students (OfS) requirements and for providing the OfS with clear assurances to this effect.

As chief executive of the University, the Vice Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice Chancellor is supported in her role by the Vice Chancellor's Executive (VCE), which meets regularly and shapes the strategic direction, performance and management of the University. VCE is the senior executive decision-making body.

The Vice Chancellor's Executive comprises the Vice Chancellor's direct reports. In 2023/24 the membership consisted of:

Professor Julie Mennell DL (Vice Chancellor)
Mark Swindlehurst (Chief Operating Officer)
Professor Robert Trimble (Deputy Vice Chancellor)
Professor Brian Webster-Henderson OBE (Deputy Vice Chancellor)
Dr Jean Brown (University Secretary)
Andrew Heron (Finance Director) from 19 February 2024

Members of the University Board of Directors in 2023/24 and their attendance at University Board and relevant committees

	Board (6 in year)	Finance & Resources Committee (5 in year)	Audit & Risk Committee (5 in year)	Academic Governance Committee (4 in year)	People Performance & Culture Committee (4 in year)	Nominations Committee (1 in year)	Remuneration Committee (6 in year)
Professor Julie Mennell (attendance noted where a member of a committee)	5	5		4	4	1	
Chair of the Board of Directors							
Martin Williams	6	5				1 (Chair)	6
Members of the Board of Directors							
Emerita Professor Shirley Atkinson OBE	6		5 (Chair)				
John Batty	6		4	2			
The Rev'd Canon Dr Benjamin Carter	6				4	0	
Alice Hutchinson (Student Director from 8 th July 2024)	1 (of 1)			1 (of 1)			
Jill Johnston	6				4		6 (Chair)
Ian Looker	6	5 (Chair)					6
Gary Lovatt	6		5				
Dean Marshall (Staff Director)	5				4		
Charles Nall	6	5					
Paula Nwachukwu (Student Director until 7 th July 2024)	5 (of 5)			3 (of 4)			
Ian Purdham	4		3				
Pam Tatlow	6			4 (Chair)			
Professor Mike Thomas	5			3			
Peter Yates	6	5			4 (Chair)	1	6
Associate Directors							
Fiona Boulton	N/a			4			
Sarah Graves	N/a		5				
Stephen Talboys	N/a	2					

Changes to Board membership for 2023/24 up to the approval of the financial statements, are set out below:

- John Batty stepped down from his position as Director with effect from 31st July 2024.
- Paul Ethell MBE was appointed as Director from 8 September 2024; David Allen was appointed as an Associate Director on Audit and Risk Committee from 2 September 2024.

Director / Trustee Remuneration

Members of the Board of Directors, who are the trustees of the University, do not receive fees or other remuneration for their role as Directors. Two Directors are employed by the University, the Vice Chancellor and the Staff Director, and they receive remuneration solely with regard to their employment.

The total expenses paid to or on behalf of Directors/Trustees and Associate Directors in 2023/24 was £5,637.23 (2022/23 was £6,724). Nine Directors/Trustees or Associate Directors claimed expenses or benefited from hospitality during the period. This relates to travel and subsistence expenses incurred in their official capacity in attending Board meetings, Board Committees and meetings related to their roles as trustees.

Vice Chancellor Remuneration

The University has adopted the Committee of University Chairs' Higher Education Senior Staff Remuneration Code, published in June 2018, in full. One aspect of this, the annual Remuneration Committee report to the Board for the 2023/24 financial year, can be found **here**¹. In line with the publication requirements of the Office for Students' Accounts Direction, the element of this report that covers the process for setting the Vice Chancellor's remuneration and the justification of this remuneration is set out below.

When determining the initial remuneration package for the Vice Chancellor on appointment in 2016, the Remuneration Committee took account of the university's circumstances, and noted a range of comparative data on remuneration of vice chancellors elsewhere in the sector.

Since her appointment Remuneration Committee have taken the starting point for the annual review of the Vice Chancellor's remuneration to be the nationally agreed pay award. The Committee has then taken a range of inputs into account in determining any amendment to this – these have included: comparative data from the Universities and Colleges Employer Association's Senior Staff Remuneration Survey; detailed information provided by the Committee of University Chairs' Vice-Chancellor Salary Survey; the external operating environment; plus the performance of the Vice Chancellor and the university over the past year.

The mechanism adopted to judge the performance of the Vice Chancellor is based on two processes: the first is an appraisal, between the Chair of the Board and the Vice Chancellor, on progress against her objectives for the year; the second is from interviews between the Chair of the Board and all board directors on a one to one basis, to obtain their feedback on the 'health' of the University and the contribution made by the Vice Chancellor. This is then fed into the Remuneration Committee by the Chair of the Board.

The Committee undertook its annual review of the Vice Chancellor's salary with the range of inputs set out above. Having looked at the benchmark data, the Committee considered that the Vice Chancellor's current salary still appeared to be a reasonable one, taking into account all relevant factors, including the size and income of the University of Cumbria.

With respect to the pay award for 2023/24, it was agreed that the Vice Chancellor be given the same pay award as Corporate Leaders i.e. 2% backdated to 1 February 2023. This was in line with the first element of the pay award for staff on the National Pay Framework pay-scale, but without the additional uplift applied from 1 August 2023. This amounted to a salary of £217,474 for 2023/24. The reasoning behind the decision not to apply the additional uplift to the Corporate Leaders' salaries, and by extension to the Vice Chancellor, was multi-factor, including that there was a review of the pay framework for Corporate

¹ <https://www.cumbria.ac.uk/about/publications/>

Leaders underway, and the sector-wide financial context.

Note that the Vice Chancellor received £219,606 in salary in 2023/24; the uplift from £217,474 relates to the 2% pay award being back dated to 1 February 2023 but paid in 2023/24.

Public Benefit Statement

For the purposes of charity law, members of the Board of Directors are the trustees of the University and, as such, they have had regard to the Charity Commission's guidance on public benefit.

The overall aim of the University is the advancement of education in the UK through the undertaking of educational and research activities. The charitable objects of the University set out in its Articles of Association make specific provisions for the advancement of learning and knowledge by teaching and research and for enabling students to obtain the advantages of university education.

The students of the University of Cumbria are the primary beneficiaries and are directly engaged in learning or research. However, beneficiaries also include employers and businesses particularly in the health, schools, education and public service sectors as well as school children who have the opportunity to attend educational events organised by the University; the general public are also able to attend various educational activities in the University such as exhibitions. The development of the University of Cumbria has provided the county and region with a range of higher education learning opportunities that were previously not widely available or easily accessible to previous generations of local people and businesses and employers.

The University's aims and objectives are centred on benefitting the public and the achievements of this year, as set out in more detail within the Strategic Review from page 5, demonstrate that this is our focus in practice.

Regularity and propriety of use of Public Funds

The University has an effective system of controls in place to ensure the regularity of its use of public funds. Relevant legislation, guidance and regulatory advice is understood at senior and operational levels and is reflected in internal policies and procedures, which are adhered to across the University.

Where specific conditions or uses attach to the use of funds, these funds are ring-fenced for the purpose intended within our financial systems and separately managed by budget holders.

The University's code of conduct, financial regulations and other related policies require complete propriety to be applied in the use of public funds. Robust approval processes are in place to ensure the highest standards in procurement and in all forms of payments, with proactive counter-fraud controls in place. Regular and transparent reporting of financial matters is embedded, with scrutiny of such reports as well as other forms of assurance, such as internal and external audit reports, forming a key part of the University's governance framework.

Statement of Internal Control

This Statement of Internal Control relates to the financial year ended 31 July 2024 and is current until the date of approval of the audited financial statements.

The University's Board of Directors has overall responsibility for maintaining and reviewing the effectiveness of a sound system of internal control. This is designed to support the achievement by the University of its aims and objectives, while safeguarding public and other funds and assets for which they are responsible.

The Board has delegated day to day responsibility for the maintenance of a sound system of internal control to the Vice Chancellor and through them to the Vice Chancellor's Executive.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the University's aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The process includes business, financial, operational and compliance risks.

The Board of Directors has a range of processes in place for maintaining and reviewing the effectiveness of the system of internal control, starting with the Board meeting at regular intervals to consider the plans and strategic direction of the University. A robust planning process is undertaken on an annual basis, which is linked to budgeting at institutional and institute and service levels. A regular review of academic and financial performance, through Key Performance Indicators and detailed reports, and regular reviews of financial results including variance reporting and updates of forecast out-turns, is undertaken.

Comprehensive Financial Regulations are in place, which are approved by the Board. The Regulations include a range of matters relating to the financial management of the University and link to detailed procedures. These procedures include the Scheme of Delegation, which provides a clear definition of the responsibilities and delegated authority of Deans / Directors of Academic Institutes and Directors of Professional Services; the Counter Fraud Policy and Response Plan; and the Bribery Prevention Policy.

The Audit and Risk Committee receives an Annual report from the University's external auditors, prepared in connection with their audit of the Financial Statements. The External Audit report, inter alia, highlights the auditors view on the internal control environment and makes recommendations for any enhancements.

The Audit and Risk Committee has agreed with the external providers of the internal audit function appropriate audit planning arrangements and also audit methodology and approach, so that the audit function conforms to the latest professional standards. The Audit and Risk Committee approves the Internal Audit annual programme and receives regular reports from the Internal Auditors, which include an independent opinion on the adequacy of the effectiveness of the University's system of internal control, including financial control, together with recommendations for improvement. The internal audit function reports to the Audit and Risk Committee and for management purposes to the University Secretary.

The Audit and Risk Committee of the Board provides oversight of the risk management policy and risk register process to ensure it is adequate and effective. It receives reports at each of its meetings from the University management on how risk is being managed. The Board reviews the Risk Register at regular intervals, together with the controls that have been implemented to mitigate or manage key risks.

The University's internal auditors have the attainment of value for money as one of the aspects that they consider within their work, with a rating included within each audit report. The University actively works to enhance its efficiency and effectiveness, including through annual business planning and budget setting processes and through specific projects.

The Audit and Risk Committee receives a regular report from the Executive on the delivery of actions agreed within any external and internal audit reports, with any extensions to action deadlines agreed by the executive and reported to the Committee.

The Board receives the full minutes of each Audit and Risk Committee meeting and a verbal report on the business of the meeting from the Chair of the Audit and Risk Committee. These updates include matters relating to internal control in the light of regular reports from the internal auditors and from managers on the steps they are taking to manage risks in their areas of responsibility. Any material weaknesses or breakdowns in internal control must be reported to the University Board.

The University and its Board of Directors are satisfied with the effectiveness of the system of internal control at the University. No reports of material internal control weaknesses have been made in 2023/24 or up to the point of the audited financial statements being approved.

Risk Management

The strategic management of risk is an integral element within the University's decision-making processes and culture, supporting effective planning and evaluation of its activities. The development of a risk management culture is promoted in all parts of the institution, led by University Board and through the Vice Chancellor's Executive.

The University regularly reviews the strategic risks it faces and identifies the controls that are in place, or are newly required, to mitigate these as well as the sources of assurance which provide confirmation that controls are effective. The likelihood and impact of risks are scored based on a risk profile, and the direction of travel of each risk is included within the risk register. The strategic risk register is reviewed regularly by the Business Assurance Board (a senior executive body), at each meeting of the Audit and Risk Committee, and is presented in full to the Board of Directors.

Alongside the strategic risks, the risk register also captures the major operational and compliance risks that the University faces, and operates a 'watch list' to capture potential areas of future risk.

The University's core strategic risks have remained similar to those in previous years through 2023/24, however there are some risk areas, for example with respect to regulation and review, and in particular the requirements relating to Degree Apprenticeships, where the risks have increased. Risk related to student recruitment, the student experience, and staff capacity, resilience and well-being, have been of ongoing concern, along with frequency of cyber-attacks on the sector. A new risk area related to the ability to supply high quality student data to external and internal stakeholders was added to the risk register in the year, following challenges with the Data Futures requirements, alongside many institutions across the sector.

Further detail on the key risks at the end of the reporting period is set out below:

- **There is a risk that the University is not able to deliver the operational financial surpluses required to enable investment in the University's people, estate, infrastructure, strategic developments, and delivery of the T2030 strategy / Inability to absorb rising costs and drive efficiencies as required to manage expenditure in the current climate, including staffing and non-staffing:** With continued freeze in student tuition fees (to end 2024/25) and

significant inflationary cost pressures there is pressure on budgets, especially in areas where recruitment is capped due to placement capacities or remains a challenge. In this environment management of expenditure is critical, balancing spend in core business and risk areas with investment to growth and deliver against our Towards 2030 Strategy.

- **The University may not meet student recruitment / enrolment targets:** The operating environment continues to be challenging with increased competition and changes to applicant behaviour. Market-informed work is ongoing to ensure that the University's portfolio is attractive and to continue to focus and increase the impact of marketing and recruitment activities.
- **There is a risk that the University is not able to deliver and maintain consistent student outcomes aligned with institutional targets, across all student types / Inability to deliver an excellent student experience and support students with their mental health and wellbeing:** Work continued through the year to identify root causes and implement actions to address where student outcomes and experience, were not consistently meeting targets, and to enhance and learn from areas where outcomes and experience were above target. A range of new activity was progressed in year to support this, including approval of a new Learning Teaching and Assessment Plan, and a new Student Health and Wellbeing Plan, and key steps to drive their implementation.
- **Staff morale, confidence, capacity, capability and competence may not be in line with requirements to deliver business as usual alongside key projects and major new initiatives:** Staff are the University's most important and expensive resource – without staff with the skills and capability, working within an appropriate culture, employed at the appropriate level and contractual terms the University will not be able to deliver both on its business as usual activities and the initiatives and projects set out within the University Strategy. Aligned with this is the need for staff to support the University's vision, mission and values and for staff morale, confidence and wellbeing to be seen and felt as high priority. The University is working hard to support staff, with, for example, the implementation of the Health and Wellbeing Plan and the new People and Culture Strategy.
- **There is a risk that a positive outcome against the Ofsted inspection framework is not achieved or maintained and / or there is non-compliance with ESFA requirements:** The University has to be able to evidence that it is operating within the requirements of Ofsted and the Education and Skills Funding Agency (ESFA) for apprenticeship provision, with significant work is undertaken to manage the required activity. An Ofsted inspection of the University's apprenticeship provision in 2024 returned an outcome of 'good', which was an excellent outcome, in particular with the broad range and scale of the University's provision.
- **The University may not deliver the required outputs / aims / outcomes (University and funders) for the University's major projects on time, within the funding envelope and to the required quality – Citadels, Barrow:** Due to the very significant inflation and increased building costs following the invasion of Ukraine, the Citadels campus project needed to be rescoped in order to be deliverable within the agreed budget and university funding available. Following the redesign, further funding for the project was identified, with work to secure this ongoing. In the meantime enabling works for the project have continued, so that it can be delivered on time once the final revised funding package is secured. The Barrow project moved into construction phase at the end of the financial year, with the building to be open for students from the start of the 2025/26 academic year.

- **There is a risk that a successful cyber attack occurs that impacts on the ability to maintain business functions as required:** Along with all universities and businesses, the potential for a cyber-attack to have a significant impact on the operation of the University is a real and ever-present threat. The implications of a cyber-attack could be extensive, as seen elsewhere in the sector. The University has a range of controls and mitigations in place alongside regular internal audits to provide assurance over the management of the risk. However, the risk is ongoing and ever evolving.
- **There is a risk that the University is not able to supply high quality student data to external and internal stakeholders to meet statutory / regulatory requirements and inform decision making:** This risk was added to the risk register in year as the work to deliver Data Futures, the new way of reporting on the University's students to the Office for Students' via HESA / JISC, continued and the challenges with the reporting became clearer. The University was able to submit the data at the required quality to meet the regulatory requirements; the extended deadline was also met.

Diversity and Employee Involvement

The University is committed to providing an inclusive environment, where its applicants, employees, students and visitors are treated fairly and with respect at all times. This is a key focus of the robust mandatory and additional training we provide, the policies and procedures that we have put in place and is a central element of our values. We recognise that if we provide a fully inclusive working and studying environment, via which we demonstrate the behaviours that we uphold, we will assist everyone to perform individually and collectively to the best of their ability.

Employee Involvement

It is the University's policy to communicate with and involve all employees, subject to commercial and practical limitation, in matters affecting their interests at work and to inform them of the University's performance. Employees are provided with information about the University through our weekly email news update (Global), as well as regular team briefings, one to one meetings, consultation sessions and staff forums led by the Vice Chancellor and her executive. In addition, the University has a member of staff, as staff director, on the University Board and we have regular formal dialogue with our recognised trade unions as staff representatives through our Joint Negotiating and Consultative Committee. Our internal and external websites and social media further support awareness-raising, availability and clarity of information.

Commitments to Equality, Diversity and Inclusion (EDI)

In alignment with meeting our public sector equality duty, the University is committed to addressing areas of under-representation and advancing equality of opportunity. The University has made good progress against their Equality Objectives 2021-25 and is currently developing a new set for 2025-29. Our University inclusivity statement frames our values and expectations for all colleagues, students and visitors with regards to inclusivity. The University continues to embed EDI within the decision-making and culture of the organisation, utilising the equality impact assessment process to support our commitments and ensure that due regard is paid to potential impact on individuals and groups.

The University continues to build on the success of evidence-based charter mark achievements, such as becoming a Disability Confident Leader, White Ribbon accredited and achieving Athena Swan Bronze in recent years. The University is committed to ongoing action in relation to these achievements, with action plans and activities monitored our EDIW

Committee where appropriate, alongside a host of other activity, with onward reporting. Alongside the development of new Equality Objectives, another key workstream that will positively impact our community is the Race Equity Action Plan, all of which align with our overarching People and Culture Strategy and are examples of how the University brings the strategy to life, linking specifically to the people pledges and key themes.

At the University of Cumbria, we stand in solidarity with our local and global communities in the fight against racism and wider inequality. Throughout 2023/24 we have reinforced the message that we will not tolerate discrimination, bullying or harassment and our new Equality Objectives 2025-29 will showcase our future commitment, to ensure that we stay committed to embracing our responsibility as a facilitator of change and continue to develop our equality agenda.

Trade Union Facility Time

Under the Trade Union Act 2016, the University is required to publish information on the time provided to enable trade union officials for trade union duties and activities ("facility time"). The required information relating to trade union facility time for period 1 April 2023 - 31 March 2024 is as follows:

Relevant Union Officials:

Number of employees who were relevant union officials during the relevant period	10
Full-time equivalent employee number	9.4

Percentage of time spent on facility time by Relevant Union Officials:

Percentage of time	Number of employees
0%	0
1-50%	9
51-99%	0
100%	1

Percentage of total pay bill spent on facility time*:

Total cost of facility time	£104,978
Total pay bill	£47,548,577
Percentage of the total pay bill spent on facility time	0.22%

Paid trade union activities**:

Hours spent on paid trade union activities	0
Time spent on paid trade union activities as a percentage of total paid facility time hours	0%

* Trade union representatives at the University are entitled to paid time off to carry out trade union duties, for example casework and representation of employees, and the details of this are disclosed above as "facility time".

**The University does not provide paid time off for trade union activities, for example conference attendance, and therefore no sums are included in the tables above in respect of such activities.

Streamlined Energy & Carbon Reporting (SECR)

The University is committed to improving its energy efficiency, continually looking at reducing energy use and its corresponding reduction in CO₂ emissions. Environmental performance targets are reviewed on a regular basis. These targets are used to drive performance towards the sector and national requirements, specifically in relation to carbon reduction.

As part of the SECR requirements, the following information is included about the University's energy use and associated greenhouse gas (GHG) emissions within the Annual Report. The Regulations provide prescribed calculation methodology which has been used; the University collates its GHG data annually and complies with the Higher Education Statistics Agency (HESA) Estates Management Record methodologies using emission conversion factors developed by Defra and BEIS.

	2023-24			2022-23		
	UK and offshore			UK and offshore		
	Non-Residential	Residential	University Total	Non-Residential	Residential	University Total
Energy consumption used to calculate emissions: (kWh):						
Electricity kWh	3,122,748	637,767	3,760,488	3,110,139	569,359	3,679,413
Fuel (Litres)	5,422	-	5,422	5,754	0	5,754
Gas kWh	5,890,882	2,806,483	8,679,365	7,047,171	2,799,834	9,847,005

Emissions from combustion of gas kgCO ₂ e (Scope 1)	1,077,442	513,306	1,590,748	1,286,532	511,138	1,797,669
Emissions from combustion of fuel for transport purposes (Scope 1)	13,403	-	13,403	14,246	-	14,246
Emissions from purchased electricity (Scope 2, location-based) kgCO ₂ e	646,565	132,044	778,609	620,647	117,496	738,144
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3):						
Rental cars (kgCO ₂ e)	21,382	-	21,382	35,037	-	35,037
Employee-owned vehicles (kgCO ₂ e)	81,334	-	81,334	87,895	-	87,895
Total gross CO ₂ e based on above	1,840,123	645,350	2,485,473	2,044,357	628,634	2,672,991
Gross Internal Area m ²	49,844	12,993	62,837	50,388	12,993	63,380
Intensity ratio: kgCO ₂ e gross figure based on fields above	36.92	49.67	39.55	40.57	48.38	42.17

Note that in 2023/24, the m² of the University's estate was reduced slightly following removal of properties that are rented to third parties.

The period covered 1 August 2023 to 31 July 2024 and the calculations are for the following scope:

- Building-related energy - natural gas (Scope 1) and electricity (Scope 2).
- Emissions from fuel used onsite and in employer fleet vehicles (Scope 3).
- Emissions from fuel used in Hire Cars used for business travel (scope 3).
- Emissions from Fuel used in employee-owned vehicles where the organisation reimburses its employees following claims for business mileage (Scope 3).

This reporting period has seen a significant fall in carbon emissions related to vehicles owned by the University, car mileage from hire cars, and mileage calculated from expenses claims. We have taken steps to reduce our gas usage on our campuses and to increase our use of electricity generated from sustainable sources. Decarbonisation projects on the hot water systems at our Lancaster Campus has removed the demand of the district heating system during the summer, reducing gas consumption and carbon emissions. The hot water systems were replaced with electric calorifiers resulting in a slight increase in electric consumption. We have also installed additional solar panels at the site, reducing the need to import electric and decreasing carbon emissions.

Looking ahead to 2024/25, an updated Carbon Management Plan will be approved and the Scope 3 data collection process is under review, enabling further detailed reporting in future SECR returns and other environmental returns, such as the HESA Estates Management Return.

Responsibilities of the Board of Directors of the University of Cumbria

In accordance with the Education Reform Act 1988, the Companies' Act 2006, and the Articles of Association, incorporating instrument and articles of government, the Board of Directors is responsible for the entire control and management of the University of Cumbria. As part of this responsibility it is required to present an annual report which includes audited financial statements, a statement on corporate governance and a statement on internal control for each financial year.

The Board of Directors is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Articles of Association, the Office for Students Terms and Conditions of Funding, the Statement of Recommended Practice on Accounting in Higher and Further Education Institutions, the Accounts Direction issued by the Office for Students and other relevant accounting standards. In accordance with Company Law, the University Board of Directors through its designated office holder (the Vice Chancellor), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In the preparation of the financial statements the University Board of Directors has ensured that:

- Suitable accounting policies are selected and applied consistently.
- Judgments and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- An assessment of the group and parent University's ability to continue as a going concern has taken place, disclosing, as applicable, matters related to going concern.
- The going concern basis of accounting has been used unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

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

The University Board of Directors has taken reasonable steps to:

- Ensure that funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Ensure that funds from the Office for Students, Research England, the Department for Education and other sources are used only for the purposes for which they have been given and in accordance with all relevant terms and conditions.
- 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 of Cumbria and to prevent and detect fraud.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The Director's and Corporate Governance Report is signed on behalf of the Board of Directors by:

Martin Williams

Mr Martin Williams, Chair of the Board of Directors



Professor Julie Mennell, Vice Chancellor and Chief Executive

17 Dec 2024

Independent auditor's report to the Members of the University of Cumbria

Opinion

We have audited the financial statements of the University of Cumbria ("the University") and its subsidiary (the 'group') for the year ended 31 July 2024 which comprise the consolidated and University statement of comprehensive income, consolidated and University statement of changes in reserves, consolidated statement of cash flows, consolidated and University statement of financial position and notes to the financial statements, including the statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the University's affairs as at 31 July 2024, and of the group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Directors' use of the going concern basis of accounting in the preparation of the 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 group's or University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' and corporate governance report.

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

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

Responsibilities of the Board of Directors

As explained more fully in the statement of the responsibilities of the Board of Directors on page 25, the Board of Directors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Board of Directors is responsible for assessing the group's and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the University or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our planning process:

- We enquired of management the systems and controls the University has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The University did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, 2019 Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education'.
- We considered the incentives and opportunities that exist in the University, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the University, together with the discussions held with the University and internal auditors at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Performing a physical verification of key assets.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Obtaining third-party confirmation of material bank balances and loans.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to the defined benefit pension obligation and the valuation of fixed asset land and buildings.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the Board of Directors' and committee minutes, for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected

some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the Governing Body.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- The requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the University's grant and fee income, as disclosed after note 3 to the financial statements, has been materially misstated; or
- the University's expenditure on access and participation activities for the financial year, as disclosed in note 24 to the financial statements, has been materially misstated.

USE OF OUR REPORT

This report is made solely to the Members as a body in accordance with: Chapter 3 of Part 16 of the Companies Act 2006; paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Members as a body for our audit work, for this report, or for the opinions we have formed.

Carol Rudge

Carol Rudge (Senior Statutory Auditor)

for and on behalf of HW Fisher Audit

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

United Kingdom

NW1 3ER 17 Dec 2024

Date:

Consolidated and University Statement of Comprehensive Income

Year Ended 31 July 2024

		Year Ended 31 July 2024	Year Ended 31 July 2023
		£'000	£'000
Income	Notes		
Tuition fees and education contracts	1	57,167	55,628
Funding body grants	2	10,130	9,037
Research grants and contracts	3	668	895
Other income	4	9,237	7,456
Investment income	5	1,027	622
Donations and endowments	6	40	10
Total income		78,269	73,648
Expenditure			
Staff costs	7	47,346	46,201
Fundamental restructuring costs	7	623	591
Other operating expenses		24,577	21,428
Depreciation	10	5,320	5,088
Impairments	10	15	212
Interest and other finance costs	8	328	409
Total expenditure	9	78,210	73,929
Surplus / (Deficit) before tax		59	(281)
Taxation		0	0
Surplus / (Deficit) for the year		59	(281)
Unrealised surplus on revaluation of land and buildings	10	1,820	7,999
Actuarial gain / (loss) in respect of Local Government Pension Scheme and Asset Ceiling Adjustment	22	(502)	4,307
Actuarial loss in respect of enhanced pension provision	15	(31)	(4)
Total comprehensive income for the year		1,346	12,021
Represented by:			
Restricted comprehensive income for the year		5	2
Unrestricted comprehensive income for the year		1,116	5,466
Revaluation reserve comprehensive income for the year		225	6,553
		1,346	12,021

All items of income and expenditure relate to continuing activities.

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2024

Consolidated	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2022	104	47,490	69,470	117,064
Surplus / (Deficit) from the Statement of Comprehensive Income	2	(283)	0	(281)
Other comprehensive income	0	4,303	7,999	12,302
Total comprehensive income for the year	2	4,020	7,999	12,021
Transfers between revaluation and income and expenditure reserve	0	1,446	(1,446)	0
Balance at 1 August 2023	106	52,956	76,023	129,085
Surplus / (Deficit) from the Statement of Comprehensive Income	5	54	0	59
Other comprehensive income	0	(533)	1,820	1,287
Total comprehensive income for the year	5	(479)	1,820	1,346
Transfers between revaluation and income and expenditure reserve	0	1,595	(1,595)	0
Balance at 31 July 2024	111	54,072	76,248	130,431

University	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2022	104	47,393	69,470	116,967
Surplus / (Deficit) from the Statement of Comprehensive Income	2	(283)	0	(281)
Other comprehensive income	0	4,303	7,999	12,302
Total comprehensive income for the year	2	4,020	7,999	12,021
Transfers between revaluation and income and expenditure reserve	0	1,446	(1,446)	0
Balance at 1 August 2023	106	52,860	76,023	128,988
Surplus / (Deficit) from the Statement of Comprehensive Income	5	54	-	59
Other comprehensive income	0	(533)	1,820	1,287
Total comprehensive income for the year	5	(479)	1,820	1,346
Transfers between revaluation and income and expenditure reserve	0	1,595	(1,595)	0
Balance at 31 July 2024	111	53,976	76,248	130,335

Consolidated Statement Cash Flows

Year ended 31 July 2024

	Notes	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Cash flow from operating activities			
Surplus / (Deficit) for the year		59	(281)
Adjustment for non-cash items			
Depreciation	10	5,320	5,088
Impairments	10	15	212
(Increase) / Decrease in debtors	12	(527)	(318)
Increase in creditors	13	1,094	483
Adjustment for pension charge to the comprehensive statement of income	15	(502)	814
Increase / (Decrease) in other provisions	15	(30)	(349)
Adjustment for investing or financing activities			
Investment income	5	(1,027)	(622)
Interest payable	8	296	241
Capital grant income		(1,869)	(1,833)
		<u>2,829</u>	<u>3,435</u>
Cash flows from investing activities			
Capital grants receipts		4,039	3,350
Investment income		943	560
Payments made to acquire fixed assets		(7,361)	(5,583)
		<u>(2,380)</u>	<u>(1,673)</u>
Cash flows from financing activities			
Interest paid		(297)	(239)
Repayments of amounts borrowed		(332)	(332)
		<u>(629)</u>	<u>(571)</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>(181)</u>	<u>1,190</u>
Cash and cash equivalents at beginning of the year	17	22,434	21,244
Cash and cash equivalents at end of the year	17	22,254	22,434

Consolidated and University Statement of Financial Position

As at 31 July 2024

	Notes	As at 31 July 2024		As at 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	10	145,003	145,003	141,320	141,320
Investments	11	0	10	0	10
		<u>145,003</u>	<u>145,013</u>	<u>141,320</u>	<u>141,330</u>
Current assets					
Trade and other receivables	12	9,436	9,436	9,791	9,791
Cash and cash equivalents	17	22,254	22,254	22,434	22,434
		<u>31,690</u>	<u>31,690</u>	<u>32,225</u>	<u>32,225</u>
Less:					
Creditors: amounts falling due within one year	13	(15,324)	(15,430)	(14,076)	(14,183)
Net current assets		<u>16,366</u>	<u>16,260</u>	<u>18,149</u>	<u>18,042</u>
Total assets less current liabilities		<u>161,369</u>	<u>161,273</u>	<u>159,469</u>	<u>159,372</u>
Creditors: amounts falling due after more than one year	14	(30,287)	(30,287)	(29,734)	(29,734)
Provisions					
Pension provisions	15	0	0	0	0
Other provisions	15	(651)	(651)	(650)	(650)
Total net assets		<u>130,431</u>	<u>130,335</u>	<u>129,085</u>	<u>128,988</u>
Restricted Reserves					
Income and expenditure reserve - restricted reserve	16	111	111	106	106
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		54,072	53,976	52,956	52,860
Revaluation reserve		<u>76,248</u>	<u>76,248</u>	<u>76,023</u>	<u>76,023</u>
Total Reserves		<u>130,431</u>	<u>130,335</u>	<u>129,085</u>	<u>128,988</u>

17 Dec 2024

The financial statements were approved by the Governing Body on 2024 and were signed on its behalf on 17 Dec 2024 by:

Martin Williams

Mr Martin Williams, Chairman of the Board of Directors

Professor Julie Mennell

Professor Julie Mennell, Vice Chancellor

Statement of Accounting Policies for the year ended 31 July 2024

1. Basis of preparation

These financial statements have been prepared in accordance with:

- the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019;
- Financial Reporting Standards (FRS 102);
- the Office for Students Accounts Direction;
- Companies' Act 2006; and
- the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Going Concern

The University's financial statements are prepared on a going concern basis. The University's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review and Financial Review alongside the financial position of the University, its cash flows, liquidity position and borrowing.

The Board has reviewed cash flow forecasts for future periods, including, specifically, for the 12 month period from the date of approval of these financial statements. In doing so, the Board has considered the University's current financial position, the outlook across 2024/25 and beyond, fully considering key risks, applying severe but plausible downsides and how they are being or will be mitigated. Key assumptions around student recruitment and continuation levels and the delivery of contractual income are considered, along with risks related to expenditure such as those related to inflation and delivery of key projects.

This review of the University's financial projections, plans and sustainability and the sensitivity analysis which is applied, identifies that the University will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Regular dialogue is held with the University's main lender, Barclays Bank PLC and they are made aware of any events which may affect covenant compliance. These covenants are calculated with reference to the University's income and expenditure and cashflows across the financial year and our modelling and forecasting, with the application of appropriate sensitivities, indicates that the University will continue to remain compliant with the lender's terms.

Having taken these factors into account, the Board of Directors believe that the University is well placed to manage its business risks successfully despite facing an increasingly competitive environment and current uncertainties in the economy and in Government policy around higher education funding. The Board of Directors has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Board of Directors is confident that the University will have sufficient funds to continue to meet its liabilities as they fall due for the foreseeable future, which is at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2. Basis of consolidation

The consolidated financial statements include the University and its subsidiary for the financial year to 31 July 2024.

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

3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. A debtor is recognised when there is an unconditional right to receive future economic benefit as a result of a past events. In line with this policy, where a course is delivered across the financial year-end, the income related to future periods is deferred, with a deferred income creditor created on the balance sheet. In such circumstances, any remaining related debtor balance continues to be recorded as a debtor.

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

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

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

Statement of Accounting Policies (continued)

for the year ended 31 July 2024

3. Income recognition (continued)

Grant funding

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

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

Donations and endowments

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

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

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

Capital grants

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

4. Accounting for retirement benefits

Retirement benefits for employees of the University of Cumbria are provided by defined benefit schemes which are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme (TPS) for academic staff and to the Local Government Pension Scheme (LGPS) for support staff. These are both independently administered schemes. The TPS is administered by the Government and the LGPS is administered by Lancashire Pension Service.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised as other comprehensive income.

The difference between the market value of the assets of the LGPS and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, with an asset only recognised where the University has an unconditional right to that surplus. As the University does not have an unconditional right to a surplus, as explained in Note 22, an asset ceiling adjustment has been applied to bring the net position on the balance sheet to nil, with the actuarial gain and the asset ceiling adjustment both recognised as other comprehensive income.

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

Statement of Accounting Policies (continued)

for the year ended 31 July 2024

5. Employment benefits

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

6 Operating leases

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

7 Foreign currency

The consolidated financial statements are presented in Pounds Sterling, which is the University's functional currency. Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

Statement of Accounting Policies (continued)

for the year ended 31 July 2024

8 Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The University has a policy of ensuring that a full revaluation of land and buildings is carried out at least every three years by a qualified external valuer such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives.

Leasehold land is depreciated over the life of the lease.

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

Equipment

Equipment, including computers and software, costing more than £10,000 per individual item or for groups of interrelated items are capitalised. Equipment below this threshold is recognised as expenditure unless the purchase has been made with a capital grant or is purchased alongside similar assets as part of a significant replacement or investment project.

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

Computer Equipment	3-10 years
Equipment	3-15 years
Motor Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

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

Statement of Accounting Policies (continued)

for the year ended 31 July 2024

9 Investments

Non current asset investments are held on the Balance Sheet at amortised cost less impairment.

10 Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within three months without penalty.

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

11 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

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

12 Taxation

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

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

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

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

13 Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Statement of Accounting Policies (continued)

for the year ended 31 July 2024

14 Financial Instruments

Financial assets and liabilities are recognised when the University becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other debtors, cash and cash equivalents, intercompany debtors and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

Financial assets are de recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other creditors and bank loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

The University has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments

Notes to the Financial Statements

for the year ended 31 July 2024

	Year Ended 31 July 2024	Year Ended 31 July 2023
	Consolidated & University	Consolidated & University
	£'000	£'000
1 Tuition fees and education contracts		
Full-time home and EU students	28,741	29,812
Full-time international students	2,770	1,555
Part-time students	4,867	5,173
Apprenticeship income: ESFA	15,010	13,731
Apprenticeship income: others	2,548	2,826
Education Contracts (NHS)	1,420	1,077
Non-credit bearing courses	1,811	1,454
	57,167	55,628
2 Funding body grants		
Recurrent grant		
Office for Students	7,160	6,027
Specific grants		
UK Research and Innovation	1,058	1,022
Office for Students / Research England - capital grant release	1,332	1,425
Uni Connect	580	563
	10,130	9,037
3 Research grants and contracts		
Research Councils	228	163
Research Charities	7	57
Government (UK and Overseas)	340	252
Industry and Commerce	1	1
Other	92	423
	668	895

Note: The source of grant and fee income included in notes 1 to 3 is as follows:

Grant income from the Office for Students	9,072	8,015
Grant income from other bodies	1,726	1,917
Fee income for taught awards (exclusive of VAT)	55,193	54,006
Fee income for research awards (exclusive of VAT)	163	168
Fee income from non-qualifying courses (exclusive of VAT)	1,811	1,454
Total grant and fee income	67,965	65,560

Notes to the Financial Statements for the year ended 31 July 2024

		July 2024 Consolidated & University	July 2023 Consolidated & University
4 Other income	Notes	£'000	£'000
Student residences		2,197	2,018
Conferences, catering and lettings		931	530
Other capital grants		537	408
Other income		5,572	4,500
		9,237	7,456

Turing Scheme

The University did not receive any funding from the Turing Scheme in 2023/24 (2022/23: £34,418). The Turing Scheme is the UK government's programme to provide students with international study and work placements.

5 Investment income

Investment income on restricted reserves	16	5	3
Other investment income		1,022	619
		1,027	622

6 Donations and endowments

Donations with restrictions	16	5	4
Unrestricted donations		35	6
		40	10

7 Staff costs

Salaries		36,507	34,982
Social security costs		3,848	3,642
Occupational Pension Scheme Costs:			
Employer Contributions	22	7,385	6,935
Changes in pension provisions	22	(509)	664
Changes in accrual for untaken annual leave		48	(72)
Restructuring: fundamental		623	591
Restructuring: other		67	50
		47,969	46,792

Compensation for loss of office is paid where staff leave the University's employment and receive some form of compensation, including where it occurs at the end of a fixed-term contract. Compensation for loss of office of £621k was paid to 42 staff in 2023/24 (22/23: £286k to 17 staff).

Average full-time equivalent staff numbers by category:	No.	No.
Academic	379	392
Academic support and other support staff	498	488
	877	880

The average full-time equivalent figures above for the year equate to average staff numbers in headcount terms of 1,086 (2022/23: 1,126).

Notes to the Financial Statements for the year ended 31 July 2024

7 Staff costs (Continued)

Vice Chancellor Remuneration	Year Ended 31 July 2024	Year Ended 31 July 2023
	£	£
Salary	219,606	213,210
Performance related pay	0	0
Employer pension contributions	55,627	50,488
Total including pension costs	275,233	263,698

The Vice Chancellor's base salary in 2023/24 was £217,474. The amount paid in year was £219,606 due the addition of £2,132 to cover the backdated payment of the 2023/24 pay award applicable to all senior staff at the University (2% from February 2023) for the period between February and July 2023

The justification for the Vice Chancellor's total remuneration is included on page 17 of the Annual Report.

Vice Chancellor Remuneration - Pay Multiple

The University is required to disclose the relationship between the Vice Chancellor's remuneration and that of all other employees, expressed as a pay multiple.

The Vice Chancellor's basic salary is times 5.8 times (2022/23: 5.9) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice Chancellor's total remuneration is 6.9 times (2022/23: 7.0) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

Senior Staff Remuneration

The table below provides details of the number of staff paid a full-time equivalent basic salary of over £100,000, before salary sacrifice arrangements.

	Year Ended 31 July 2024	Year Ended 31 July 2023
	No.	No.
£120,000 to £124,999	0	1
£145,000 to £149,999	3	2
£210,000 to £214,999	0	1
£215,000 to £219,999	1	0
	4	4

Senior Staff Remuneration - Compensation for Loss of Office

	Year Ended 31 July 2024	Year Ended 31 July 2023
	£'000	£'000
Compensation payable recorded within staff costs	0	0
	Number	Number
Number of staff paid	0	43

Notes to the Financial Statements for the year ended 31 July 2024

7 Staff costs (Continued)

Key management personnel

While the oversight, control and governance of the University is the responsibility of the University Board of Directors, the day to day operations were led and managed by the Vice Chancellor and the other members of the Vice Chancellor's Executive.

In 2023/24 the Vice Chancellor's Executive comprised of the Vice Chancellor, the two Deputy Vice Chancellors, Chief Operating Officer, Finance Director (from 19 February 2024) and the University Secretary.

The figures below include gross salaries and employer's pension contributions.

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Key management personnel compensation	1,101	906

Payments to Trustees

The members of the University Board of Directors are the trustees for charitable law purposes. No trustee received any remuneration or waived payments from the University during the year. The total expenses paid to or on behalf of trustees and associate directors was £6,991 (2022/23: £6,724). This relates to travel and subsistence expenses incurred in their official capacity in attending Board Meetings, Board Committees and meetings related to their roles as trustees.

	Notes	Year Ended 31 July 2024 Consolidated & University £'000	Year Ended 31 July 2023 Consolidated & University £'000
8 Interest and other finance costs			
Loan interest		296	241
Net charge on Local Government Pension Scheme	22	7	150
Net charge on enhanced pension provision		25	18
		328	409

9 Analysis of total expenditure by activity

Academic departments and services	45,937	44,372
Administration and central services	21,021	18,908
Restructuring	690	641
Pension accounting adjustments	(477)	832
Premises	8,401	6,790
Residences, catering and conferences	2,123	1,368
Impairments	15	212
Research grants and contracts	500	806
	78,210	73,929

Other operating expenses include:

External auditors remuneration in respect of audit services - 22/23	9	105
External auditors remuneration in respect of audit services - 23/24	102	0
External auditors remuneration in respect of non-audit services	0	0
Operating lease rentals:		
Land and buildings	347	294
Other	118	105

Notes to the Financial Statements for the year ended 31 July 2024

10 Fixed Assets

	Freehold Land and Buildings	Equipment & Vehicles	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Consolidated and University				
Cost or valuation				
At 1 August 2023	129,899	14,816	6,624	151,339
Additions	1,146	1,015	5,037	7,198
Surplus on revaluation	1,649	0	0	1,649
Loss on revaluation (impairment)	(3,241)	0	0	(3,241)
Disposals	0	(745)	0	(745)
At 31 July 2024	129,452	15,086	11,661	156,199
Consisting of valuation as at:				
31 July 2024	129,452	0	0	129,452
Cost	0	15,086	11,661	26,747
	129,452	15,086	11,661	156,199
Depreciation				
At 1 August 2023	0	10,019	0	10,019
Charge for the year	3,398	1,922	0	5,320
Written back on revaluation	(3,398)	0	0	(3,398)
Disposals	0	(745)	0	(745)
At 31 July 2024	0	11,196	0	11,196
Net book value				
At 31 July 2024	129,452	3,890	11,661	145,003
At 31 July 2023	129,899	4,797	6,624	141,320

At 31 July 2024, freehold land and buildings included £16.9m in respect of freehold land which is not depreciated (22/23 - £18.9m).

Land and Buildings Revaluation

The freehold properties known as the University of Cumbria Estate were valued as at 31 July 2024 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standards 2022 and the national standards and guidance set out in the UK notional supplement (November 2018), Financial Reporting Standard 102 and the 2020 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuations of specialised properties were derived using the Depreciated Replacement Cost (DRC) method, with other in-use properties reported on a Fair Value basis, equating to Market Value on the assumption of a continuation of the existing use. The valuation of operational properties was reported under a special assumption to exclude any value of development opportunities for which planning permission would be needed and has not been granted or where development has not yet commenced.

The outcome of this valuation is recorded above. In summary, the valuation led to an increase in the cost of land and buildings of £1.65m, impairment losses totalling £3.24m and the write back of £3.4m of accumulated depreciation. The net resulting gain of £1.81m is reflected in the Comprehensive Statement of Income as expenditure (impairment) of £0.015m and as an overall increase to the Revaluation Reserve of £1.82m.

Notes to the Financial Statements for the year ended 31 July 2024

11 Non-Current Investments

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Subsidiary Companies	0	10	0	10
	0	10	0	10

The University owns 100% of the share capital of its subsidiary, UoC Trading Limited. This company did not trade in 2023/24 or 2022/23.

12 Trade and other receivables

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Trade receivables	3,736	3,736	3,349	3,349
Prepayments and accrued income	5,542	5,542	6,442	6,442
Social security and other taxation receivable	158	158	0	0
	9,436	9,436	9,791	9,791

Notes to the Financial Statements

for the year ended 31 July 2024

13 Creditors : amounts falling due within one year

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Unsecured loans	331	331	332	332
Trade payables	2,955	2,955	3,090	3,090
Social security and other taxation payable	918	918	923	923
Accruals and deferred income	9,541	9,541	7,848	7,848
Deferred income - capital grants	1,579	1,579	1,883	1,883
Amounts due to subsidiary companies	0	106	0	107
	15,324	15,430	14,076	14,183

14 Creditors : amounts falling due after more than one year

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Unsecured loans	3,792	3,792	4,123	4,123
Deferred income	984	984	1,607	1,607
Deferred income - capital grants	25,511	25,511	24,004	24,004
	30,287	30,287	29,734	29,734

The "Deferred income - capital grants" balance relates to capital funding which has been received and is to be released as a non-cash transaction over the life of the related assets. These grants are restricted to the uses that are set out in the terms and conditions of funding.

14b Creditors: loans

Analysis of loans recorded within Notes 13 and 14 is as follows:

Due within one year or on demand	331	331	332	332
Due between one and two years	3,531	3,531	331	331
Due between two and five years	30	30	3,551	3,551
Due in five years or more	231	231	240	240
Due after more than one year	3,792	3,792	4,123	4,123
	4,123	4,123	4,455	4,455

Notes to the Financial Statements for the year ended 31 July 2024

14b Creditors: loans (continued)

The details of the University's outstanding loans at 31 July 2024 are as follows:

Lender	Term	Amount £'000	Interest rate %	Security
Barclays	2026	3,840	7.03 - variable	Unsecured
Cumbria County Council	No fixed end date	283	3.84 - variable	Unsecured
		4,123		

15 Provisions for liabilities

Consolidated and University

	LGPS Pension (Note 22) £'000	Pension Enhancement £'000	Leasehold Dilapidation £'000	Total £'000
At 1 August 2023	0	507	143	650
Utilised in year	0	(66)	0	(66)
Additions in 2023/24	0	0	11	11
Unused amounts reversed in 2023/24	0	0	0	0
Net movements charged to Income and Expenditure	(502)	25	0	(477)
Actuarial (gain)/loss	(1,879)	31	0	(1,848)
Asset Ceiling Adjustment (Note 22)	2,381	0	0	2,381
At 31 July 2024	0	497	154	651

Pension enhancement

The enhanced pension provision relates to liabilities to former staff from which the University cannot reasonably withdraw at the balance sheet date. In calculating the provision for enhanced pension costs an interest rate of 4.8% (2022/23: 5%) and an inflation rate of 2.8% (2022/23: 2.8%) have been assumed.

Leasehold Dilapidation

A £154k provision is in place in respect of the liability for dilapidation works at a property which is occupied by the University under a lease agreement which expires in May 2025.

Notes to the Financial Statements for the year ended 31 July 2024

16 Restricted Reserves

Reserves with restrictions are as follows:

	2024 Total £'000	2023 Total £'000
Opening balance	106	104
New donations	5	4
Investment income	5	3
Expenditure	(5)	(5)
Total restricted comprehensive income for the year	5	2
Closing balance	111	106

	2024 Total £'000	2023 Total £'000
Analysis of other restricted funds / donations by type of purpose:		
Study Support	110	105
Prize funds	1	1
	111	106

17 Cash and cash equivalents

	At 1st August 2023 £'000	Cash Flows £'000	At 31st July 2024 £'000
Cash and cash equivalents	22,434	(180)	22,254
	22,434	(180)	22,254

18 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2024:

	31 July 2024 Consolidated & University £'000	31 July 2023 Consolidated & University £'000
Commitments contracted for	9,027	1,459
	9,027	1,459

The University signed a grant funding agreement with Northumberland County Council during 2021/22 which enables it to draw down up to £50m of grant funding from the Ministry of Housing, Communities and Local Government (MHCLG) in support of the multi-year Citadels campus development in Carlisle. A grant funding agreement with Westmorland and Furness Council was signed during 2023/24 which enables £11.2m of funding from MHCLG with respect to the creation of a University campus in Barrow. Alongside other capital works, the related contractual capital commitments entered into by the balance sheet date are included in the figures above.

Notes to the Financial Statements for the year ended 31 July 2024

19 Lease obligations

Total rentals payable under operating leases:

	31 July 2024		31 July 2023	
	Land and Buildings	Other leases	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	347	118	465	399
Future minimum lease payments due:				
Not later than 1 year	222	69	291	416
Later than 1 year and not later than 5 years	0	147	147	393
Later than 5 years	0	0	0	0
Total lease payments due	222	216	438	808

20 Consolidated reconciliation of net cash / (debt)

	31 July 2024	
	£'000	
Net cash / (debt) 1 August 2023	17,979	
Movement in cash and cash equivalents	(180)	
Movement in loans	332	
Net debt 31 July 2024	18,131	
Change in net cash / (debt)	152	
Analysis of net cash / (debt):	31 July 2024	31 July 2023
	£'000	£'000
Cash and cash equivalents	22,254	22,434
Borrowings: amounts falling due within one year		
Unsecured loans	331	332
Borrowings: amounts falling due after more than one year		
Unsecured loans	3,792	4,123
Net cash	18,131	17,979

Notes to the Financial Statements for the year ended 31 July 2024

21 Related Party Transactions

The University's Board of Directors and Executive Group formally declare all interests outside of their role with the University on an annual basis. Specific declarations are also made and minuted if any such interests relate to decisions that the University is taking. In such cases, clear procedures are in place to avoid any conflict of interest and to ensure propriety.

The following balances in the 2023/24 financial statements relate to transactions with entities in which an interest was declared and are disclosed as per the requirements of FRS102.

	Year ended 31 July 2024				Year ended 31 July 2023			
	Income £'000	Expenditure £'000	Debtors £'000	Creditors £'000	Income £'000	Expenditure £'000	Debtors £'000	Creditors £'000
North Cumbria Integrated Care NHS Trust	0	74	0	0	0	18	0	0
Cumbria Local Enterprise Partnership	159	0	0	639	51	0	0	660
Tullie House	0	0	0	0	0	10	0	0
University of Cumbria Students' Union	0	476	0	0	0	468	28	0
UNIAC	0	62	0	5	0	71	0	5
University Hospitals of Morecambe Bay NHS Trust	162	31	0	22	0	0	0	0
Cumbria Education Trust	2	0	0	0	1	0	0	0
Council of Deans of Health	0	0	0	0	0	9	0	0
Energy Coast University Technical College	0	0	0	0	0	2	0	0
Health Education Cooperative	70	0	0	0	0	0	0	0

North Cumbria Integrated Care NHS Trust

The University made a payment to the Trust for a staff secondment in 2023/24. A Board Director is a Non-Executive Director of the Trust.

Cumbria Local Enterprise Partnership

The University received grant funding in 2016/17 towards the cost of construction of a teaching and research building in Carlisle from the Cumbria Local Enterprise Partnership. While utilised in full at the time of construction, this is accounted for in the financial statements as deferred income, within the Creditors notes (13 and 14). This funding is released as income at the same rate as the depreciation expenditure related to the building. The Vice Chancellor was a Director of the Cumbria Local Enterprise Partnership until its functions transferred to Cumberland Council on 1 April 2024.

University of Cumbria Students' Union

The Students' Union is an independent charity which receives grant funding from the University. The University provides a range of services to the Students' Union including operating its payroll, with payroll costs paid on its behalf and then recovered. The University's Articles of Association require that the President of the Students' Union is a Director of the University.

UNIAC

UNIAC is a shared internal audit service owned by a consortium of higher education institutions, including the University of Cumbria. The expenditure and creditor balance recorded above relates to internal audit services provided by UNIAC during the year.

University Hospitals of Morecambe Bay NHS Trust

The University partners with the Trust in a range of education, research and other activities. Specific financial transactions in 2023/24 related to the supply of continuing professional development courses and modules to Trust staff and with respect to a staff secondment and a service contract during the year. A Board Director is the Chair of the Trust.

Cumbria Education Trust

In 2023/24, the University provided a Qualified Teacher Assessment for the Trust. A member of the Vice Chancellor's Executive is a Trustee of the Trust.

Health Education Cooperative

During 2023/24, the University charged fees in relation to staff secondment and the provision of a continuing professional development programme. A Board Director is the Chair of the Health Education Cooperative.

Notes to the Financial Statements for the year ended 31 July 2024

22 Pension Schemes

The three main pension schemes offered to University staff are as follows:

- Teacher's Pension Scheme of England and Wales (TPS)
- Local Government Pension Scheme - Lancashire County Pension Fund (LGPS)
- Defined contribution scheme operated by Scottish Widows (SWPS)

The pension costs, which were recorded by the University as expenditure in the Consolidated Statement of Comprehensive Income were:

	Year ended 31 July 2024			Year ended 31 July 2023		
	Employer Contributions	Pension Provisions	Total Pension Costs	Employer Contributions	Pension Provisions	Total Pension Costs
	(Note 7)	(Note 15)		(Note 7)	(Note 15)	
	£'000	£'000	£'000	£'000	£'000	£'000
TPS	4,696	0	4,696	4,345	0	4,345
LGPS	2,210	(502)	1,708	2,246	814	3,060
SWPS	479	0	479	344	0	344
Total Pension Costs	7,385	(502)	6,883	6,935	814	7,749

TPS

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014.

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

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

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

An actuarial review of the TPS was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (as amended). The valuation report was published by the Department for Education in October 2023. The key outcome of the valuation is that the employer contribution rate will rise from 23.68% to 28.68% from 1 April 2024, including a 0.08% administration levy.

Notes to the Financial Statements for the year ended 31 July 2024

22 Pension Schemes (continued)

LGPS

The Lancashire County Pension Fund is a funded defined benefit scheme, with assets held in separate trustee administered funds.

The total contribution of the University payable into the scheme in 2023/24 was £2.2m (2022/23: £2.3m). This reflects employer contributions at 20.8% of pensionable pay.

The scheme is valued every three years by professionally qualified independent actuaries with the rates of contribution payable being determined by the trustees on the advice of the actuaries. The results of the valuation as at 31 March 2022 are detailed in the table below. As well as setting out the key assumptions made by the actuary, the table shows that, at 31 March 2022, the fund was in surplus by £12m and assets were sufficient to cover just over 100% of the scheme's liabilities. This represented an improvement compared to the prior valuation which calculated a shortfall of £690m.

This valuation, after assessing the University's share of the overall assets and liabilities, identified a funding level for the University of 96% and a deficit of £4.4m.

The results of the next valuation are due to be released in late 2025 and any changes to contribution rates will take effect from 1 April 2026.

Latest Actuarial Valuation of overall Lancashire Scheme

31 March 2023

	£m
Total Assets	8,410
Total liabilities	(8,398)
Past service surplus / (shortfall)	12
Funding level	100.0%
Discount rate	3.8%
Pension increase per annum	2.4%
Salary scale increases per annum (short-term)	N/A
Salary scale increases per annum (long-term)	3.9%
Pension increases in payment	2.4%

Alongside this triennial valuation, the University obtains an actuarial assessment of its share of overall assets and liabilities on an annual basis for accounting purposes. In doing so, the University applies the accounting standard FRS 102, which leads to some differences of approach to the triennial scheme valuation.

The University recognises any gains or losses from this annual assessment in each period in the Consolidated Statement of Comprehensive Income and Expenditure. The material assumptions used by the actuary at 31 July 2024 were:

	2023/24 (%)	2022/23 (%)
Price increases (CPI)	2.6	2.7
Salary increases	2.6	2.7
Pension increases	2.7	2.8
Discount rate	4.9	5.1

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2023/24 (Years)	2022/23 (Years)
<i>Retiring today</i>		
Males	21.0	21.0
Females	23.4	23.4
<i>Retiring in twenty years</i>		
Males	22.2	22.2
Females	25.3	25.2

Notes to the Financial Statements for the year ended 31 July 2024

22 Pension Schemes (continued)

Scheme assets

The assets in the scheme were:

	31 July 2024	Fair value as at 31 July 2023	31 July 2022
	£m	£m	£m
Equities	77,260	73,962	69,978
Government bonds	162	611	0
Other bonds	162	0	6,523
Property	13,768	14,517	16,160
Cash	2,268	917	2,372
Other	68,353	62,807	53,225
Total	161,973	152,814	148,258

The following amounts at 31 July 2024 were measured in accordance with the requirements of FRS102:

	Year Ended 31 July 2024 £'000	Year Ended 31 July 2023 £'000
Analysis of the amount shown in the balance sheet for Scheme		
Scheme assets	161,973	152,814
Scheme liabilities	(127,247)	(122,039)
Surplus / Deficit in the scheme	34,726	30,775
Asset ceiling adjustment (see below for explanation)	(34,726)	(30,775)
Net Asset / (Liability) (Note 15)	0	0

Analysis of the amount charged to staff costs (note 7):

Current service cost	(1,701)	(2,911)
Employer contributions	2,220	2,247
Curtailments	(10)	0
Income and Expenditure Charge	509	(664)

Analysis of the amount charged to interest and other finance costs (note 8):

Interest cost	(6,139)	(5,283)
Expected return on assets	7,766	5,200
Administrative expenses	(64)	(67)
Income and Expenditure Charge	1,563	(150)
Interest on asset ceiling	(1,570)	0
Total Income and Expenditure Charge	(7)	(150)

Analysis of actuarial gain/(loss) in respect of Scheme

Remeasurement of assets	2,532	(1,191)
Remeasurement of liabilities	(653)	36,273
Actuarial gain / (loss)	1,879	35,082
Asset ceiling adjustment (see below for explanation)	(2,381)	(30,775)
Total actuarial gain / (loss)	(502)	4,307

Movement in deficit in the year

Deficit in scheme at beginning of year	30,775	(3,493)
Amount charged to staff costs	509	(664)
Amount charged to interest and other finance costs	1,563	(150)
Actuarial gain / (loss)	1,879	35,082
Surplus / (Deficit) in scheme at end of year	34,726	30,775
Brought forward asset ceiling adjustment	(30,775)	
Interest on asset ceiling	(1,570)	
Change in asset ceiling adjustment	(2,381)	(30,775)
Net Asset / (Liability) (Note 15)	0	0

Asset Ceiling Adjustment

The FRS 102 valuation as set out above is based on a full assessment of the liabilities of the scheme as at 31 July 2024. Although this valuation shows a surplus of £34.7m, consideration of the Scheme's Funding Statement and Employer Risk Policy, alongside discussion with the Scheme and its actuary, have led to the University's judgement that it does not have an unconditional right to that surplus. FRS 102 states that "an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus" and therefore an asset ceiling adjustment has been applied to bring the net position to nil.

Notes to the Financial Statements for the year ended 31 July 2024

22 Pension Schemes (continued)

History of experience gains and losses – LGPS

	31 July 2024	31 July 2023	Year to 31 July 2022	31 July 2021	31 July 2020
Difference between actual and expected return on scheme assets:					
Amount (£'000)	2,532	-1,191	10,342	14,641	-6,499
% of assets at end of year	1.6%	-0.8%	7.0%	10.8%	-5.5%

	Year Ended 31 July 2024 £'000	Year Ended 31 July 2023 £'000
Analysis of movement in the present value of LGPS liabilities		
Benefit obligation at beginning of period	122,039	151,751
Current service cost	1,701	2,911
Interest cost	6,139	5,283
Actual member contributions	718	756
Actuarial (gain) / loss	653	(36,273)
Curtailments	10	0
Actual benefit payments	(4,013)	(2,389)
Benefit obligation at end of period	127,247	122,039

Analysis of movement in the present value of LGPS assets		
Fair value of plan assets at beginning of period	152,814	148,258
Interest on plan assets	7,766	5,200
Remeasurements (assets)	2,532	(1,191)
Administration expenses	(64)	(67)
Employer contributions	2,220	2,247
Member contributions	718	756
Benefits/transfers paid	(4,013)	(2,389)
Fair value of plan assets at end of period	161,973	152,814

Scottish Widows Pension Scheme

Since 1 September 2020, the University has offered newly appointed non-teaching staff membership of a defined contribution scheme operated by Scottish Widows. Employee contributions are a minimum of 4%, with the default being 7%. Employer contributions are 8%. In addition, the University funds group life assurance cover and group income protection for members via policies with Legal and General.

Virgin Media Court Case

In June 2023, a High Court judgement in the case of Virgin Media vs NTL Pension Trustees II Limited provided a ruling related to Section 37 of the Pension Scheme Act 1993 and changes to scheme rules. The judgement confirmed that without a valid "Section 37" confirmation from the Scheme Actuary any changes could be deemed as null and void. This judgement was upheld at appeal in July 2024. The University will continue to monitor any implications from this case during 2024/25 and beyond as appropriate.

23 Accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make estimates and judgements about complex transactions or those involving uncertainty about future events.

Although judgements have been made in producing these financial statements, none are believed to have a significant effect on the amounts that have been recognised.

The financial statements contain estimated figures that are based on the assumptions made by the University. Estimates are made taking into account historical experience, current trends, professional advice and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Accounting estimates and judgements - Pensions (Local Government Pension Scheme):

Calculation of the University's Local Government Pension Scheme assets and liabilities depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercer, a firm of consulting actuaries, is engaged, via Lancashire County Council, to provide the University with expert advice about the assumptions to be applied. A small change in these assumptions can lead to significant movements in the net liability. Details of the assumptions applied, after review by the University, are stated in Note 22.

Pension asset values are reported using estimated asset allocations prepared by the scheme actuary. Actual investment returns over a full year might deviate from those reported by the actuary in the valuation under FRS102. Asset values are calculated at each triennial valuation and, thereafter, it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. The pension valuation as at 31 July 2024 used asset returns as at that date.

In 2023/24, the valuation showed a surplus of £34.7m. As set out in Note 22, the University has applied an asset ceiling on the basis of its judgement that it does not have an unconditional right to that surplus.

Notes to the Financial Statements for the year ended 31 July 2024

23 Accounting estimates and judgements (continued)

Accounting estimates and judgements - Valuation of land and buildings

The University's land and building values are measured using the revaluation method. The University has a policy of ensuring that all land and buildings are revalued at least every three years by a qualified external valuer, with annual reviews, such that the fair value is not materially different to the current value. The next full revaluation will be at 31 July 2026. The external valuer is provided with all relevant information about the University's land and buildings and provides a valuation that complies with accounting and surveying standards. When reviewing such valuations, the University considers the appropriateness of the judgements that have been applied, including the valuation basis for specific land and buildings. Alongside the value of land and buildings, the valuer also provides useful economic lives for each property which are then applied in calculating the depreciation charge. These estimates are reviewed for reasonableness and consistency with the University's understanding of its estate, including the condition of particular buildings.

24 Access and Participation Plan

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Access Investment	782	547
Financial Support	553	627
Disability Support (excluding expenditure included in the two categories above)	753	535
Research and Evaluation	67	60
	2,155	1,768

The University's Access and Participation Plan (APP), which was approved by the Office for Students, is available at <https://www.cumbria.ac.uk/about/publications/>

The APP sets out how the University is improving equality of opportunity for underrepresented groups to access, succeed in and progress from higher education. The figures above, which include £1.21m (2022/23 £0.94m) of staff costs which are recorded within the totals in Note 7, outline the expenditure which was incurred by the University in 2023/24 in meeting this objective under the Plan. Where the costs of staff or activities relate wholly to the APP, as per, for example, job descriptions and project plans, they are included in full as expenditure. Where staff time or projects are partially related to the APP, expenditure is assigned based on factors such as the numbers of eligible students being supported. □

25 Company details

The University is an exempt charity, a company limited by guarantee, registered in England and Wales.

Registration Number: 06033238;
Registered Office Address: Fusehill Street, Carlisle, Cumbria, CA1 2HH

The University's subsidiary company, UoC Trading, is a company limited by guarantee, registered in England and Wales.

Registration Number: 02809881;
Registered Office Address: University Of Cumbria, Bowerham Road, Lancaster, Lancashire, LA1 3JD



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