

The University of Chichester

Annual Report and Financial Statements for the year ended 31 July 2018

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The University of Chichester

About The University of Chichester

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

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

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

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

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

Strategic Plan

During the year, the University's strategic plan was renewed and refreshed following active consultation with stakeholders. Strategic Plan 2018-2025 is:

Our Mission:

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

Our Vision:

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

Key Strategic Themes:

- We will strengthen the distinctiveness of the Chichester student experience as high-quality, personalised, accessible and aspirational;
- We will increase the size and diversity of our student body;
- We will provide an excellent staff experience based on the core values of the University community;
- We will achieve disciplinary and cross-disciplinary excellence in research and innovation;
- We will increase external academic engagement, meeting regional needs and securing national and international recognition;
- We will build on our heritage in teacher education;
- We will contribute to the development of a strong economic ecosystem in West Sussex through imaginative business partnerships, enterprise education and support for graduate start-ups;
- We will develop attractive and environmentally sustainable campuses;
- For further details on each of these strategic goals, please download our [University Strategy](#).

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The University has established 19 key performance indicators to target and monitor progress in the achievement of its strategic goals. Under each Goal, the University is clearly able to demonstrate substantial positive progress and to identify areas where it will focus its future efforts. From 2018 the focus is on: improving graduate prospects; increasing our attractiveness to BME and international students; increasing student recruitment through our new programmes and apprenticeship schemes; and, improving our surpluses and positive cash flow to support our investment in to new facilities and programmes.

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

Teaching and Learning

Teaching Excellence Framework (TEF)

The University of Chichester was awarded Silver in the Teaching Excellence Framework (TEF). The Silver award recognises that the University consistently delivers high quality teaching, learning and outcomes for our students and consistently exceeds rigorous national quality requirements for UK higher education. As a University with a long-standing commitment to widening participation, it is of particular significance that satisfaction with academic support among BME and disadvantaged student groups is recognised as a strength.

TEF awards are based on metrics from the National Student Survey and Destinations of Leavers in Higher Education Survey as well as a detailed institutional case.

Student numbers

Total student numbers, including undergraduate and postgraduates, expressed as full time equivalents has remained just below 5,000 for a number of years. Since 2012/13, the mix of part time and full time students has remained fairly constant where historically the University had a larger percentage share studying part time. The University has an evolving and growing academic portfolio, which is key to institutional growth.

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

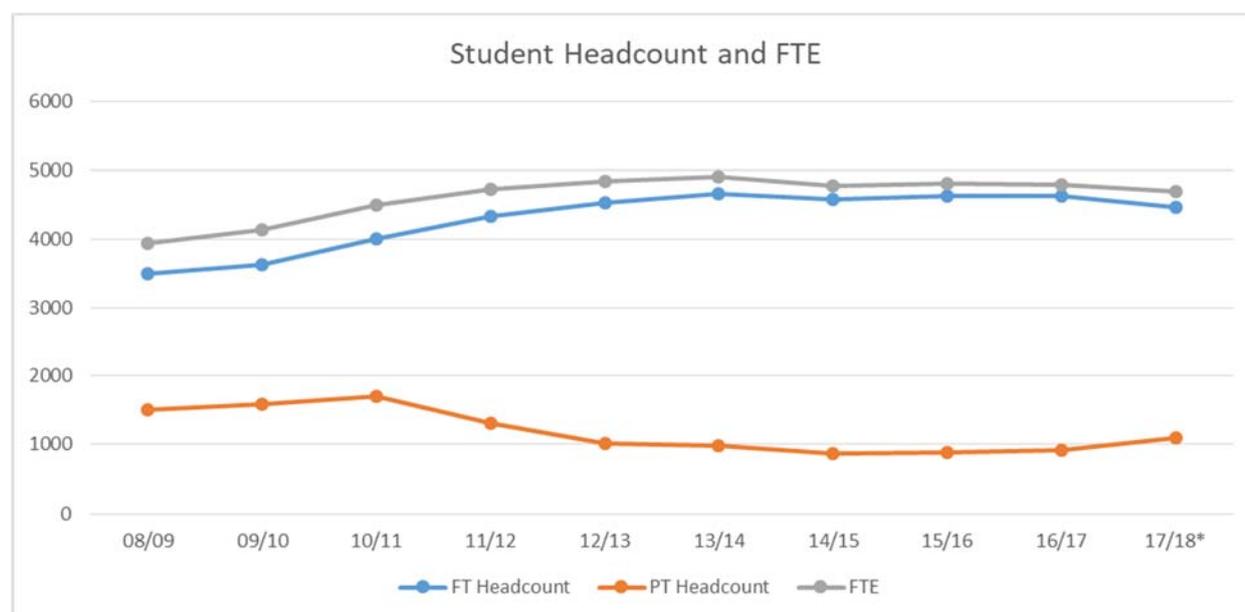
New courses in Engineering and Design and in Creative and Digital Technologies to be based in the new Technology building have been introduced for 2018-19; this will increase student numbers based on the Bognor Regis campus. There is demand for new STEM provision (Science, Technology, Engineering and Mathematics) in the region based on participation levels and based on demand for graduates from local businesses. The University is working closely with schools and Further Education Colleges to fill an identifiable gap and with employers to match their needs.

The opening of the new Academic Building and Music Block extension during 2016/17 has created more capacity for growth on the Chichester Campus.

The following table shows the student numbers for the University as a whole for recent years and demonstrates the growth in full time numbers as the market for part time numbers has fallen.

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* 2017/18 numbers based on draft HESA return.

Research

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

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

Income from externally funded research continued to grow in 2017/18. The published research is available through the University of Chichester Institutional Repository, which is an open access hub that showcases the excellent research output of the University's departments, making it available to the public and to the research community worldwide in a searchable, browse-able database.

The University of Chichester Academy Trust

The University of Chichester (Multi) Academy Trust was established in 2012/13 in order to sponsor academy schools. The University is taking a key role in improving standards and raising aspirations within these schools. The Trust consists of thirteen primary schools and one secondary school and is in a phase of steady growth. The University can now evidence the added value it has brought to its member schools both through the creation of the Trust and from the services provided by staff in the University's Institute of Education. In September 2017, the Trust was assessed by OFSTED and was proud to receive positive recognition of the rapid improvement made in the academy schools.

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Directors, Governors and Advisers

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

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

The remainder are co-opted Governors.

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

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

- Professor Jane Longmore, Vice Chancellor
- Professor Catherine Harper, Deputy Vice-Chancellor
- Professor Seamus Higson, Deputy Vice-Chancellor (Sustainability and Enterprise)
- Dr Mark Mason, Pro Vice-Chancellor (Student Experience)

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

The following governors have served during the 2017-18 financial year and the 2018-19 year until the date of formal approval of the financial statements by the Board of Governors. Start and leave dates are captured in the middle column with the significant governor roles shown on the right. More details of individual governors including a photo and short biography can be found on the University website: <http://www.chi.ac.uk/about-us/who-we-are/board-governors>

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Directors, Governors and Advisers

| | | |
|------------------------------|----------------------------------|---|
| Professor J M Lynch, OBE | To 31 st October 2018 | Chair of Governors and Nominations and Effectiveness Committee |
| Professor S Baysted | | Staff elected governor |
| Mrs K Blease | To 10 July 2018 | |
| Canon Dr A W Cane | | |
| Mrs J Cook | From 1st November 2018 | Vice-Chair of Governors, Chair of Strategy and Resources Committee and Chair of Remuneration Committee Acting Chair of Governors |
| Mrs Nicky Curtis | From 11 July 2018 | |
| Mr C J Dicks | | |
| Miss L Ellis | To 1 July 2018 | President of the Students' Union |
| Mr I Garrard | | |
| Mrs J E Gray | | |
| Mr Jack Greenwood | From 2 July 2018 | President of the Students' Union |
| Mr T Hancock | | Chair of Audit Committee |
| Revd Rachel Hawes | From 01 January 2018 | |
| Professor J Longmore | | Chair of Academic Board |
| Mr R Martin | | |
| Mrs N V Nageon de Lestang | | Chair of Honorary Awards Committee |
| Dr A Naylor | | |
| Mr R G Smith | | |
| The Rt Revd M C R Sowerby | | |
| Mr J Spence | To 31 August 2018 | Staff elected governor |
| Mr J N Stapleton | To 31 December 2017 | |
| Mrs L E Surgeon | | |
| Mr K Williams | | Staff elected governor |

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Directors, Governors and Advisers

| | |
|---|---|
| Vice-Chancellor | Professor Jane Longmore |
| Deputy Vice-Chancellor | Professor Catherine Harper |
| Deputy Vice-Chancellor (Sustainability and Enterprise) | Professor Seamus Higson |
| Pro Vice-Chancellor (Student Experience) | Dr Mark Mason |
| Director of Finance and Performance | Mr Kevin Jones to 4 May 2018 Mr Matthew Higgins from 1 December 2018 |
| University Secretary | Miss Sophie Egleton |
| University Solicitor | Mr Peter Aldred |
| Principal Address | University of Chichester Bishop Otter Campus College Lane Chichester West Sussex PO19 6PE |
| Second Campus Address | Bognor Regis Campus, University of Chichester Upper Bognor Road Bognor Regis West Sussex PO21 1HR |
| Clearing Bank | National Westminster Bank plc 60 High Street Bognor Regis West Sussex PO21 1SL |
| External Auditor | BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA |
| Internal Auditor | KPMG LLP 66 Queen Square Bristol BS1 4BE |

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Strategic report for the year ended 31 July 2018

Operating and Financial Review

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

Consolidated Statement of Comprehensive Income and Expenditure

The University's consolidated results for the years ended 31 July 2018 and 31 July 2017 are summarised in the following table:

| | 31 July 2018 | 31 July 2017 |
|---|----------------|---------------|
| | £m | £m |
| Total income | 56.429 | 56.274 |
| Total expenditure | <u>59.009</u> | <u>55.298</u> |
| <i>(Deficit) / Surplus for the year before other gains and losses</i> | <i>(2.580)</i> | <i>0.976</i> |

Income

The University's total income increased by 0.3% to £56,429k compared with £56,274 in 2016/17.

Tuition fee income increased by £25k (less than 1%), the budgeted increase in tuition fees did not materialise due to the lower than targeted student numbers and this coupled with changes to the University's fee waiver arrangements for supporting students resulted in tuition fee income being flat between 2016/17 and 2017/18.

Funding body grants increased by £253k (5.6%), HEFCE/OfS recurrent grant fell by £365k but was offset by HEFCE/ OfS Catalyst Funding of £1,065k up from £500k in 2016/17 as specific funding towards the establishment cost of the Technology Park. The release of capital grant to offset depreciation increased by £58k to £756k.

Research income from grants and contracts was £1,215k for the year, up a further £85k following last year's £407k increase.

Income from residences, catering and conferences reduced by £506k, or 6.8% to £6,909k. This was due to the under-recruitment of students against target resulting in a lower take up of rooms by first year students. By the time the under-recruitment was fully realised it was not possible to repurpose the vacant rooms for returning students as they tend to make arrangements earlier in the year.

The University received £3,366k of income from a number of other smaller scale activities, an increase of £316k on 2016/17. Third stream activity by academic departments and collaborative income grew very strongly in the year, achieving a total income of £1,276k an increase of £140k or 12% on 2016/17.

Expenditure

Total expenditure increased to £58,009k, an increase of 6.7% from £55,298k.

Staff costs of £35,453k including non-cash pension FRS102 adjustments account for 60.1% of total costs (2016/17: £32,292k, 58.4%). Total staff costs for the year increased by £3,161k (9.8%) due to the changes:

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- National pay award of 1.7%
- Increased restructuring costs of £822k. A voluntary severance scheme was opened from May to July 2018.
- Average staff numbers increasing by 31
- An increase in actuarial pension scheme adjustments of £819k

The table below shows increase in actuarial pension scheme adjustments, which are shown within staff costs as expenditure. The increase of £819k is outside the control of the University and has a direct impact of reducing the overall surplus.

| | 2017/18 £000 | 2016/17 £000 |
|---|-----------------|-----------------|
| LGPS Pension Costs | 2,176 | 1,304 |
| USS Pension Costs | (42) | 11 |
| Total non-cash pension adjustments | 2,134 | 1,315 |

Other operating expenditure increased by £34k to £18,260k. Within this increase bursary costs reduced by £543k as result to planned changes to the University's Access Agreement.

Interest and other finance costs increased from £942k to £1,235k up 31.1% this consists of loan interest payments of £727k, finance lease interest of £269k and actuarial pension scheme interest costs of £239k. Loan interest costs increased by £113k because of funding being drawn to support the building of the Tech Park on the Bognor Regis campus. The finance lease interest is in relation to the head lease on the Stockbridge halls of residence being taken over by the University. Previously the lease had been treated as an operating lease within other operating expenditure.

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

The deficit of the year of £2,580k for the year is an adverse variance of £3,556k compared to 2016/17. The University's performance in the year was driven by under recruitment of students against target, resulting in lower tuition fees and a consequential loss of income in our halls of residence.

Consolidated Balance Sheet

The University's consolidated net assets have increased by £4.1m to £56.3m.

Fixed assets have increased by £45.6m, which includes expenditure on the Tech Park at Bognor Regis and the capitalisation of the Stockbridge halls finance lease.

The University has net current liabilities of £29.6m (2017: assets of £1.8m). This is due to a breach of a banking covenant and all bank related debt being moved into current liabilities. The University has recently renegotiated new facilities and its covenants and fully expects this position to reverse for the July 2019 balance sheet.

Pension provisions have reduced by £4.5m to £3.1m. Following the transfer of the lease from Chichester College, a provision for dilapidations of £474k has been created for the Stockbridge halls of residence, of which £389k was received from the previous leaseholder, Chichester College.

Cash Flow and Treasury Management

Net cash flow from operating activities at £5,088k shows a decrease of £1,137k over the £6,225k reported in 2017.

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Capital Projects

Fixed asset additions increased by £50.3m during the year. £29.9m of the total was a result of the capitalisation of the finance lease relating to Stockbridge Halls. Expenditure on fixed assets in the year totalled £20.4m.

In the year, there was expenditure of £16m on the on construction of the Tech Park building on the Bognor Regis Campus which was available for new students at the start of the academic year. In addition, a further £1.8m was spent on equipment for the building. The building was formally opened by the Duke and Duchess of Sussex on 3 October 2018.

Value for Money and University Impact

The University strives to use its funds and resources to achieve best value across all its activities. The stakeholders of the University are a broad community, which goes beyond the Board of Governors, the funders, staff and students and into the regional economy. The University has a duty to demonstrate its value for money and public benefit. The University also seeks to reassure students that the tuition fees and student accommodation rent they pay to the University is used effectively and efficiently.

HEFCE circular letter 23/2016 provides a comprehensive update of its guidance for reporting Value for Money including updated definitions and suggested content.

HEFCE define Value for Money under 4 categories:

- Economy – minimising the cost of resources used or required (spending less)
- Efficiency – the relationship between the output from goods and services and the resources to produce them (spending well)
- Effectiveness – the relationship between the intended and actual results of spending (spending wisely)
- Equity – the extent to which services are available to and reach all people for which they are intended (spending fairly)

The University has also considered two additional categories:

- Has the University supplied a student experience or other goods or services at a price that represents fair value to its customers?
- Does the University add value to its wider community and region through its operations and innovations?

The University reports its annual performance to the Audit Committee and to OfS through the Annual Efficiency Return.

Staff

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

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

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

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

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

Facility Time Publication Requirements

Relevant Union Officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

| | |
|---|-------------|
| Provide the total cost of facility time | £45,940 |
| Provide the total pay bill | £35,453,000 |
| Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100 | 0.13% |

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Paid trade union activities

| | |
|---|------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 | 1.14 |
|---|------|

To promote involvement in the governance of the University, staff representatives are elected by their colleagues to serve as members of the Board of Governors and the Academic Board and its committees. All staff have access to the minutes of the Board of Governors, except where these are considered to be of a confidential nature.

The flow of information to staff is maintained using all staff emails and news stories on the University website. The Vice-Chancellor also holds regular open forum events on both campuses for all staff.

The University recognises that the staff are the most important resource in an academic institution and are key to the quality of the students' experience and to the reputation of the University amongst its peers. The University is committed to fair pay and believes that this fair approach to its staff represents value for money through a loyal and engaged workforce, which shares the University's vision and values.

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

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

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

Students

Access to the University is on the basis of academic ability and not the ability to pay fees. Under the terms of its Access Agreement with the Office for Fair Access (OFFA), the University offers bursaries to all new students on the basis of family income or need. Reduced fees, through fee 'waivers' are offered to some continuing students on the same basis. The amount put aside for these bursaries and fee reductions is not capped – every student who meets the criteria as detailed on the University's website will receive the benefit to which they are entitled. In 2017/18, the University distributed £1,534k in bursaries and fee waivers to students.

During 2017/18, the University has supported the recruitment of students from deprived and under-represented groups in the region through information and guidance provided to parents and students as well as through progression agreements with nineteen Further Education Colleges. The University continues to invest in raising the profile and benefits of higher education through its outreach activity in more than fifty schools across West Sussex, south east Hampshire, Portsmouth, the Isle of Wight and east into Brighton.

The University places high importance on working in partnership with students to help shape decisions that impact on their education and overall experience. Student representation on Programme Boards ensures firm engagement with their curriculum. The Student Forum brings members of senior University

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management together with the Executive of the Students' Union and other student representatives and meets three times a year to allow free discussion of student-led issues. The Vice-Chancellor has a monthly meeting with sabbatical officers with an open agenda. A sabbatical officer from the Students' Union sits ex-officio on the Board of Governors of the University as well as a student observer invited to all meetings and they are encouraged to engage in the Board's discussions. Three representatives of the Students' Union are members of the Academic Board. Students' Union representation is also typical for capital project programme meetings, accommodation strategy and other ad hoc project teams. The University also provides multiple ways for our students to submit feedback, which are backed up by University procedures to follow up on any issues raised.

The University has a strong and positive working relationship with the Students' Union. The University funding of the Students' Union was reviewed for 2017/18. This University funding recognises the contribution the Students' Union makes to various aspects of the student experience, including student arrivals/welcome, Open Days and the many ways in which the students act as proud and effective ambassadors of the University.

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

The National Student Survey (NSS) captures the opinions of final year students and a combination of their scores and comments can guide decisions on how the University can improve the student experience. The NSS has become generally accepted as a measure of the quality of the student experience. In NSS 2018, 82.94% of students 'Agree' for Overall Satisfaction.



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

The University provides a student community environment that extends beyond the teaching timetable. For our students their experience extends 24/7 and the University provides support in many ways. All first year students are offered a guaranteed place in University-run student accommodation including pastoral care and support. During 2017/18, the University has increased its investment in student support including specialist support for mental health and special needs. The University provides sports and fitness facilities for all students and supports the Students' Union to run a broad range of clubs and societies. The students feel the benefits of being part of the University community.

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The University continues to invest in enhancing the employability of our graduates to ensure that they have the skills required by local businesses and the wider community. Students have access to a range of expertise within the University, including advice and guidance, enterprise and entrepreneurship modules, and for a number of our academic disciplines, students receive placements. The University internship scheme continues to grow and is able to provide students with a range of early career experiences. Summer internships are available to students completing year 2 or year 3 and moving on to postgraduate study. Flexible internships are available to support leavers and supply local businesses with quality graduate-level appointments.

Alumni and the Community

During 2017/18 the University has continued to engage with our Alumni through a number of routes. Information, news and events are shared through the alumni website and social media activity and the alumni team took part in a number of University events including Freshers' Fair, Students' Union versus alumni sports event and to celebrate Graduation.

We once again welcomed our two long-established alumni groups, the Bognor Regis Old Students' Association and the Bishop Otter Guild, for their annual reunions on campus and their involvement and financial support is very much valued by the University. During 2017/18 the Bognor Regis Old Students' Association decided to merge with the University's Alumni Association and generously donated its remaining funds to the campaign to restore the historic Serpentine Wall at the Bognor Regis campus.

In addition, the Alumni team hosted a number of visits by individuals and groups of alumni who enjoyed sharing their memories of their time with us and were interested to see how the University has developed and hear about plans.

Individual donations were received from a number of donors to the Student Hardship Fund and the Chaplain's Welfare Fund, and to the fund to support the restoration of the Serpentine Wall.

University staff and students once again played a major part in the regional community through volunteering, fundraising for local charities and involvement with local schools and colleges. Students are given the opportunity, and actively encouraged, to volunteer with a range of local charities and events through the Careers and Employability Service, enabling them both to engage with their local community, and to gain valuable employability skills. The Students' Union also raises funds for selected local charities each year and provides a number of volunteering activities itself, whilst a number of staff undertake governance roles for local schools and charities.

In 2017-18, a new Professional Mentoring programme was launched by the Careers and Employability Service to give final year students the opportunity to work closely with a professional who will act as their mentor. Student Mentees are matched with alumni volunteers and other working professionals who meet them on a regular but informal basis. They would meet to share experiences and ideas and to help the mentee to gain "insider" understanding and knowledge which will help them on their journey to a successful career.

University staff and students continue to engage with the community in significant numbers via a wide range of exhibitions, lectures, alumni events and performances and the Institute of Sport were once again involved in a variety of sport activities with a local community organisations and charities.

Research and Knowledge Exchange

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

- 14.9% of the University's entire submission has been classed as 'world leading' (i.e. 4*)
- Nearly one third (30.9%) of the 'Impact' component of the University's entire submission has been classed as 'world leading'

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- 12.9% of research outputs in the University's entire submission have been classed as 'world leading'
- 89.7% of the University's entire submission is internationally renowned
- 87.2% of the University's research outputs are internationally renowned
- 93.0% of the 'Impact' component of the University's entire submission is internationally renowned
- 94.8% of the 'Research Environment' component of the University's entire submission is internationally renowned.

Because of its performance in REF 2014, the University has seen its HEFCE Research funding increase in the last 4 years.

Effective Procurement

As a small University, there are challenges to ensuring best value is achieved through effective procurement. The University has created a virtual network of procurement experts ensuring that staff based in the Learning and Information Services, in Estate Management and the larger spending academic departments work closely with Finance and share best practice across the Procurement Group. This relatively new approach to procurement led to the implementation of InTend software in July 2016 to support the tendering process across the University. The knowledge and expertise is growing fast with some major tender processes linked to the Technology building.

Effective use of the Estate

The University is committed to providing good quality and fit for purpose estate for all its staff and students. The improvement of the estate remains a key corporate objective for the University. Continued improvement of the estate remains a key corporate objective for the University. During 2017/18 there was an understandable focus on the construction of the Engineering and Digital Technology Park; the Capital Projects Monitoring Group was limited to essential expenditure on health and safety matters but will resume regular meetings throughout 2018/19 to review all proposed University capital projects for progress, timing and spend. The University will continue to invest in its buildings and space with a pro-active approach.

Environmental Sustainability

Our environmental policy identifies our vision and commitment for making the university a more sustainable place to study and work.

Our Environmental and Sustainable Development Strategy was first approved by our Governors in June 2010 describing what our priorities are.

- Environmental Policy;
- Carbon Management Plan;
- Environmental and Sustainable Development Plan 2017-2022;
- Food Charter;
- Biodiversity Action Plan;
- Waste Management Information and Guidelines;
- Sustainable Travel Plan 2017-2022.

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

The University of Chichester

Strategic report for the year ended 31 July 2018

Regional Regeneration

An economic impact report was commissioned using DTZ to identify the wider contribution to the wider business community of the campuses in both Chichester and Bognor Regis. The report identifies that the University of Chichester “has a major economic impact” contributing “£126.3m into the local economy” based on 2014/15 data. A projected figure looking forward to 2021 and “based on the delivery of all University plans” demonstrated that the University’s economic impact will grow to £295.9m by 2021, with the most significant gains in Bognor Regis where the Technology building opens in 2018/19.

The staff with procurement roles also network widely beyond the University to ensure best practice is achieved learning from the regional universities as well as the Southern Universities Purchasing Consortium (SUPC) and British University Finance Directors Group (BUFDG). Procurement experts from both SUPC and BUFDG have been used to build team knowledge.

The University continues to hold membership of the Southern Universities Construction Consultants Affinity Group (SUCCAG), which was established formally during 2012/13. Following an OJEU compliant process, SUCCAG has established Framework Agreements providing professional consultancy services for Architect, Quantity Surveyor, Structural Engineer, Mechanical and Electrical Engineer, Construction Design Management Co-ordinator (CDM (C)), Building Surveyor and Project Manager services.

The University supports the regeneration of Bognor Regis and wider coastal region. The University is working with Arun District Council on the incorporation of a Business Improvement District Company to be funded by local businesses.

The Technology building based in Bognor Regis has received funding from the Local Enterprise Partnership and West Sussex County Council. The new STEM led activities will create a hub of creativity and research for regional small and medium sized enterprises. The University is also a key partner in the Digital Hub project based at the Bognor Regis railway station site.

In Chichester, the University continues to invest in student accommodation with a new hall of accommodation opening in September 2018. There are numerous joint initiatives with Chichester College as well as other local FE providers in the wider region. The University also has strong links to the cultural heart of Chichester through the Chichester Festival Theatre, the Cathedral and numerous other smaller museums and galleries.

General Data Protection Regulations

The University has a high level GDPR compliance action plan, which is led by the University’s Data Protection Officer. Progress towards achieving full compliance is very positive and an on-going effort given the scale of the work involved. The University is well advanced in a comprehensive mapping all of its processing activities, which involve personal data (including a review of the security around our corporate systems), and this will be subject to periodic audit; legal briefings and on-line training have been developed and rolled out to staff and engagement with this is proactively monitored. The University has a fully revised high level Privacy Standard and supporting Privacy Notices, easily accessible via our website, and significant work has been carried out to ensure that appropriate documentation e.g. contracts, breach management, data protection privacy impact assessments, retention schedules, privacy statements, forms, related policies and procedures, are in place or have been updated across the University’s activities to ensure compliance. The Data Protection office has established an intranet presence with easy to navigate advice, guidance, templates etc. to assist staff; this is regularly reviewed and updated.

Risk and Sustainability

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

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Strategic report for the year ended 31 July 2018

VCG is responsible for identifying and managing those risks, which are critical to the University's success. Its work on risk management is a fundamental corollary to the University's Strategic Plan and Key Performance Indicators. The current risks were identified in consultation with all senior managers and with the Students' Union at meetings of the Strategy, Risks and Projects Group during 2015-16, and since then have been updated on a rolling basis via annual reviews. They are captured in the University's Critical Risk Register.

Areas of critical risk that the University continue to address that have impacts on its financial sustainability and ability to invest for long-term success are:

a) Achieving student related income targets

The biggest risk to the University's reputation and future income is demand for its academic programmes. Student recruitment for the 2017 intake was disappointing given the very positive previous trends. Action was taken in 2017/18 to identify the reasons for this and remedial action has been taken for the 2018 intake and early signs are that this is already bearing fruit. The reintroduction of hard-copy undergraduate and postgraduate prospectuses for 2019 entry has been a priority action and generated a higher number of attendees at the Open Day in June 2018.

The ability to be able to monitor student numbers and to apply complex assumptions to predict future student numbers by subject area has increased importance in a free market. Our methodology and approach to student number planning has continued to be refined to support the budget setting process.

Key actions have been taken to review the academic portfolio and make changes to ensure the University's programmes are attractive in what is now a very competitive market place. This has included the introduction of new programmes, such as Law and Physiotherapy, and additions to the portfolio in Engineering and Technology supported by the significant investment in the Engineering and Digital Technology Park at the Bognor Regis Campus.

In addition, the University continues to strengthen the distinctiveness of the Chichester student experience as high quality, personalised, accessible and aspirational, through a strong partnership with students to identify key changes and investment in the student experience and outcomes.

b) Managing investment, the estates and cash flow

The investment in the Bognor Regis campus of c£35m even after achieving grant contributions from Coast to Capital Local Enterprise Partnership and HEFCE has placed a significant funding responsibility on the University. Given the shortfall in student recruitment in 2017/18 identified above, ensuring appropriate financial performance and the availability of funding for the project has been a critical activity for VCG during the year. A restructuring of the University between May and September 2018 has reduced core recurring costs by over £3m; this has been achieved almost entirely through the voluntary severance scheme and tighter control of pay costs. In addition, the University has worked actively and positively with its lenders to put in place funding to meet its cash flow shortfall and identify an appropriate medium-term funding package.

In addition, the University is developing a masterplan to cover its whole estate to ensure it meets its needs, this will necessarily mean identifying areas for investments but will also enable the identification of areas of under-utilised or redundant estate where disposal may help fund the ongoing investment.

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Strategic report for the year ended 31 July 2018

Volatility of student numbers has an impact on both tuition fee income and the ability of the University to fill student bed-spaces. Any empty rooms represent lost income to the University as the cost of running student accommodation is mostly fixed costs.

For student accommodation the focus of the University is to ensure there are adequate student bed-spaces to support student recruitment to the academic courses. A shortage of student rooms is likely to reduce student numbers. For this reason, the University has an accommodation strategy to grow the number of student bed-spaces alongside student growth projections in a sustainable way against a year by year plan. There is also a risk of over-supply of student rooms, which would include the room void levels, and this can be offset by mitigating actions if the variance can be identified suitably in advance. During 2017/18, for example, student accommodation was offered to continuing students in order to minimise voids in 2018/19.

c) University Governance

Oversight of the financial challenges facing the University in the second half of 2017/18 has been a priority for the Board of Governors. A sub-group of the Governors, including the Chair of the Board and the Chairs of the Strategy and Resources and Audit Committees was established to work closely with the Vice-Chancellor in identifying an appropriate medium-term funding package. This has worked well to provide assurance to the wider Board on a more regular basis than permitted by the normal schedule of Board meetings.

The Board will be advertising for a small number of vacancies in the coming months as the terms of existing Governors come to an end.

Future Outlook

This year was a challenging one for the University. By necessity the University has needed to quickly take actions that would normally have been undertaken over a longer period, however, the actions taken in 2017-18 have created a firm foundation for success in 2018-19 and beyond.

During 2017-18, we have been working across the institution to establish a strategic plan to take us through to 2025, which will supersede the *Twenty Twenty Vision* adopted by the Board of Governors in April 2013. The new Strategic Plan *Open For Change* was subject to a full institutional consultation and approved by the Board of Governors in July 2018. The focus is more externally-facing, recognising that we are the only University based in West Sussex. The University remains committed to the needs of our community and key stakeholders, and the role that the University can continue to play in the social, cultural and economic regeneration of West Sussex and South East Hampshire, particularly focussing on the coastal strip.

Student recruitment to attract sufficient numbers of full-time undergraduate students is fundamental to the University's long-term sustainability and growth. The demographic dip alongside increased competition for home students is particularly challenging for small and new universities. Recruitment for September 2017 was difficult and presented significant budgetary challenges. The University is continually monitoring its marketing strategy, course portfolio, student demand and a range of information sources and communication channels to inform its marketing plans. With new courses being promoted alongside the existing provision the challenge has been to capture what the University of Chichester does best, the quality of its teaching, of the care and support for students, the sense of community and the best possible overall student experience. The review of the portfolio concluded in 2017-18 and this along with our new programmes in engineering and digital technology and our success in rapidly growing Degree Apprenticeships means we are now well placed to deliver our prudent student recruitment targets. We are confident that our targets for 2018-19 will be met.

The introduction of STEM subjects is the biggest challenge and represents a bold step for the University, which has a firmly established portfolio of liberal arts, sport and education. The new courses in Engineering and Applied Design alongside Creative and Digital Technology will be fully equipped and housed in the purpose-designed, statement building. This new direction of growth based on the Bognor Regis campus gives the University a broader curriculum portfolio to meet the needs of the University

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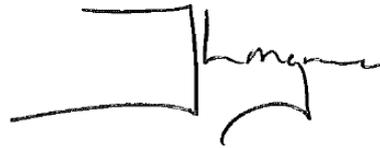
community, region and stakeholders. The new courses also provide pathways to the introduction of future academic discipline areas.

The University is in the process of developing an estates masterplan to address the needs beyond the Technology building which by necessity has been our focus for the last few years. There is an identified need for additional student accommodation in Bognor Regis and this is included in an updated version of the Accommodation Strategy. The main focus for future spend is likely to be on smaller scale projects to enhance student facilities on both campuses. This will include the two learning resource centres, catering outlets, sports facilities and creating social learning spaces. The scope for disposals will also be considered.

Signed on behalf of the Board



Mrs Jill Cook
Acting Chair of Governors
20 November 2018



Professor J Longmore
Vice-Chancellor
20 November 2018

The University of Chichester

Corporate governance and internal controls statement

Constitution

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

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

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

This Corporate Governance Statement and associated statements including the Statement of Internal Control was effective for the period 1 August 2017 to 31 July 2018 and up to the date of the approval of the financial statements.

Principles of University Governance

The Board of Governors has adopted the following Statement of Primary Responsibilities and these are actively reviewed by the Board on an annual basis as recommended in the recent review of the effectiveness of the Board of Governors:

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

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

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

Governors' Code of Conduct

To reinforce the importance of the Seven Principles of Public Life and the way in which Governors are expected to perform their role, the Board adopted a new Code of Conduct in June 2010. All Governors are expected to comply with this Code, which can be found on the University's website at http://d3mcbia3evjswv.cloudfront.net/files/UniversityofChichesterGovernorsCodeofConduct_0.pdf

The CUC Higher Education Code of Governance and Governance Effectiveness Review

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

The effectiveness of the Board of Governors was last reviewed during 2014/15 using a respected external Higher Education Governance consultant. The February 2015 report covers core questions discussed with the Board members based on the CUC /LFHE Framework for reviewing Governing Body effectiveness. All the recommendations in the report have been considered and appropriate actions completed during 2015/16. The University is about to embark on its next effectiveness review during 2018/19.

The Chair of Governors met with members of the Board on an individual basis in 2017/18 to gain their views on the University and the operation of the Board and its Committees as well as opportunities for enhancement and sharing best practice.

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Corporate governance and internal controls statement

Composition of the Board of Governors

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

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

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

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

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

In addition to being directors of the University Company, members of the Board of Governors are also the trustees of the exempt charity. The list of directors/trustees on page 6 of this report is a complete list of those who have served during the 2017/18 financial year and the 2018/19 year until the date of formal approval of the financial statements by the Board of Governors.

Governors' Audit Committee

The Governors' Audit Committee met 4 times in 2017/18, in accordance with its terms of reference.

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

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

The Governors' Audit Committee also considers reports and updates from the Higher Education Funding Council for England (HEFCE) and The Office for Students (OfS) as they affect the University's business and monitors adherence to the regulatory requirements.

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The Governors' Audit Committee understands its specific reporting responsibilities on data quality, and during 2017/18 has received regular reports on data quality matters and actions being taken for the continual improvement of systems and processes for the recording and reporting of the required returns. Internal audit services are contracted out and are currently provided by KPMG LLP for a period of three years from 1 August 2015. The Audit Committee agreed the programme of reviews for 2017/18 with KPMG.

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

Governors' Strategy and Resources Committee

The Governors' Strategy & Resources Committee met 4 times during 2017/18. It received reports concerning finance, estates, health, safety and sustainability, IT, employment and human resource issues, with the exception of the employment and salaries of those who form the 'Designated Staff' in the Articles of Association. The designated staff are the Vice-Chancellor, the Deputy Vice-Chancellor, the Deputy Vice-Chancellor (Sustainability and Enterprise), Pro Vice-Chancellor (Student Experience), the University Secretary and the Principal Chaplain. The Board of Governors determines the total emoluments of these designated staff on the advice of the Governors' Remuneration Committee.

The Strategy and Resources Committee reviews the annual financial statements together with the accounting policies, and recommends the annual budget and financial forecasts to the Board for approval. It also receives reports on the progress of major capital projects at each meeting. The Board receives the minutes of the Governors' Strategy and Resources Committee together with the financial monitoring reports reviewed by the committee.

Nominations and Effectiveness Committee

The Nominations and Effectiveness Committee is responsible for recommending the appointment and renewal of terms of office of individual governors to the Board. In performing these duties, the Committee identifies the skills required on the Board and assesses the expertise of governors so that any gaps can be addressed with each recruitment cycle. The Board recognises the need to ensure that the membership of the Board is reflective of, and relates to, the multiple strands of contemporary society. Governor appointments are therefore advertised widely to ensure that vacancies are filled with the highest calibre of person.

Remuneration Committee

The Remuneration Committee is chaired by the Vice-Chair of Governors and makes recommendations to the Board on the total emoluments and conditions of service for all designated role holders as specified in the Articles of Association. The Remuneration Committee also considers and approves the arrangements for individual performance review for the designated posts. The Committee considers comparative information on salaries and other emoluments and conditions in the sector from the Universities and Colleges Employers' Association (UCEA) and the Committee of University Chairs (CUC).

Responsibilities of the Vice-Chancellor

The Vice-Chancellor is the Chief Executive of the University and has responsibility to the Board of Governors for the organisation, direction and management of the institution. Under the terms of the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students. Funding Council for England, the Vice-Chancellor is the Accountable Officer, who can be summoned to appear before the Public Accounts Committee and is held accountable for the quality of data included in returns to HEFCE, the OfS, and other agencies.

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

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Corporate governance and internal controls statement

Academic Board

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

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

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

Statement of Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control, which supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible.

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

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

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

The Governors' Audit Committee receives regular reports and recommendations for improvement from KPMG who conduct internal audit services for the University. This includes an annual opinion on the

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adequacy and the effectiveness of internal controls and risk management across the University, in accordance with HEFCE's Audit Code of Practice.

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

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

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

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

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

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

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

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Objectives and Activities

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

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

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

The University of Chichester was incorporated on 22 April 2003 as a private company, limited by guarantee (Company Number 4740553). On 1 August 2003, the Company took over the activities formerly undertaken by a registered charitable trust, with the consequence that all assets, liabilities and activities of the registered charitable trust were transferred to the private limited company. All activities are continuing under the Articles of Association of the company. The Company has been granted exempt charity status by the Privy Council.

The roots of the University lie in the merger in 1977 of the Bishop Otter College (founded 1840) with the Bognor Regis Training College (founded 1946), both of which were established to provide teacher education. University title was awarded by the Privy Council on 12 October 2005.

Scope of the Financial Statements

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

Payment of Creditors

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

Corporate Governance and Risk Management

The University is committed to exhibiting best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairs' Guide for Members of Higher Education Governing Bodies in the UK.

The corporate governance information on pages 19 to 26 details the work that has been ongoing throughout the year, which reflects the risk-based approach in assessing control systems. Governors regularly review the Critical Risk Register, which captures the major risks to which the University is exposed. These risk reviews cover business, operational, compliance, quality and reputation issues in addition to financial risks. The Board of Governors believes that its processes for identifying, evaluating and managing the University's risks during the year are adequate. KPMG provide the internal audit service to the University and in their 2017/18: Internal Audit Annual Report the opinion was reported as: "A satisfactory overall opinion has been given on the adequacy and effectiveness of the organisation's framework of risk management, control and governance. Whilst there were several amber findings reported in 'Core Financial Controls', 'Budgeting and Forecasting' and 'Academic Workload Allocation Model' internal audits, there were no high-rated control gaps identified in any of the seven internal audits completed in 2017/18. However, we will draw management's attention to the need for tightening up the recommendations tracking process".

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Going concern and Sustainability Reporting

The Board of Governors considers the guidance to directors provided by the Financial Reporting Council when assessing the going concern of the University and is preparing a report to the OfS providing assurance of the institutional sustainability of the University. This will be submitted in December 2018.

Awareness of Relevant Audit Information

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

Appointment of Auditors

A resolution to re-appoint BDO LLP to undertake the external audit for the year ending 31st July 2019 will be proposed at the Annual General Meeting.

Conclusion

The University's financial performance in 2017/18 was well below the plans we had at the beginning of the year. The short fall in student recruitment and the consequential high level of voids in our halls of residence would have in any case created significant challenges for our finances but when coupled with the cashflow required to support the completion of our investment in the Technology Park the need to take positive action quickly was evident.

In response to the challenges we acted quickly to reorganise the University and reduce costs and in negotiation with our principal lenders were able to put in place long term five year facilities to strengthen the future of the University.

Higher Education continues to experience a mix of volatility, change and challenge. The Board of Governors recognise these risks and the impact that these may have on the University and are active in supporting the University meet these challenges. Given the challenges we faced in 2017/18 we are vigilant for future risks but also confident that we can successfully deal with them. The Board wishes to place on record its thanks to those Governors who completed their terms of office during the year.



Mrs Jill Cook,
Acting Chair of Governors
20 November 2018

The University of Chichester

Statement of responsibilities of the Board of Governors

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

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

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

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

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

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

Members of the Board have a broader role to ensure the University complies with current legislative requirements. For 2017/18, this included:

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

The University of Chichester

Statement of responsibilities of the Board of Governors

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

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

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

The Board of Governors has taken reasonable steps to:

- fulfil its responsibilities under the Articles and to ensure that funds from HEFCE/OfS are used only for the purposes for which they have been granted and in accordance with the Memorandum of Assurance and Accountability issued by the Funding Council and the Terms and Conditions of Funding issued by the OfS and any other conditions which the OfS may from time to time prescribe;
- ensure that appropriate financial and management controls are in place to safeguard public and other funds;
- safeguard the assets of the University and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.

The University of Chichester

Independent Auditor's report

Opinion

We have audited the financial statements of University of Chichester ("the University") and its subsidiaries (the 'Group') for the year ended 31 July 2018 which comprise the consolidated and university statement of comprehensive income and expenditure, the consolidated and university statement of changes in reserves, the consolidated and university balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2018 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, including About the University of Chichester, Directors, Governors and advisors, the Strategic report, the corporate governance and internal controls statement, the governors report and the statement of the responsibilities of the board of governors and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The University of Chichester

Independent Auditor's report

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance with these terms and conditions and any other terms and conditions attached to them.
- The requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the governor's report.

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

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

Responsibilities of the Board

As explained more fully in the Board members responsibilities statement set out on pages 27 and 28 the Board 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

The University of Chichester

Independent Auditor's report

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

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

Use of our report

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

A handwritten signature in black ink, appearing to read 'BDO LLP', with a long horizontal flourish underneath.

James Aston (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

26 November 2018

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

The University of Chichester

Consolidated and University statement of comprehensive income and expenditure for the year ended 31 July 2018

| | Notes | 2018 | | 2017 | |
|---|-------|-----------------------|---------------------|-----------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Income | | | | | |
| Tuition fees and education contracts | 1 | 40,016 | 40,016 | 39,991 | 39,991 |
| Funding body grants | 2 | 4,773 | 4,773 | 4,520 | 4,520 |
| Research grants and contracts | 3 | 1,215 | (23) | 1,130 | 54 |
| Other income | 4 | 10,360 | 10,360 | 10,550 | 10,546 |
| Investment income | 5 | 7 | 7 | 9 | 9 |
| Donations | 6 | 58 | 1,064 | 74 | 836 |
| Total income | | 56,429 | 56,197 | 56,274 | 55,956 |
| Expenditure | | | | | |
| Staff costs | 7 | 35,453 | 35,453 | 32,292 | 32,292 |
| Other operating expenses | 10 | 18,260 | 18,029 | 18,226 | 17,949 |
| Depreciation | 11 | 4,061 | 4,042 | 3,838 | 3,822 |
| Interest and other finance costs | 8 | 1,235 | 1,235 | 942 | 942 |
| Total expenditure | 9 | 59,009 | 58,759 | 55,298 | 55,005 |
| (Deficit)/surplus before other gains losses | | (2,580) | (2,562) | 976 | 951 |
| Loss on disposal of fixed assets | | (125) | (125) | - | - |
| (Deficit)/surplus for the year | | (2,705) | (2,687) | 976 | 951 |
| Actuarial gain in respect of pension schemes | 25 | 6,814 | 6,814 | 6,751 | 6,751 |
| Total comprehensive income for the year | | 4,109 | 4,127 | 7,727 | 7,702 |
| Represented by: | | | | | |
| Restricted comprehensive income for the year | | 14 | 14 | 59 | 59 |
| Unrestricted comprehensive income for the year | | 4,182 | 4,200 | 7,755 | 7,730 |
| Revaluation reserve comprehensive income for the year | | (87) | (87) | (87) | (87) |
| Attributable to the University | | 4,109 | 4,127 | 7,727 | 7,702 |

All items of income and expenditure relate to continuing activities.

The University of Chichester

Consolidated and University statement of changes in reserves for the year ended 31 July 2018

| Consolidated | Income and expenditure account | | Revaluation reserve | Total |
|--|--------------------------------|---------------------|---------------------|---------------|
| | <i>Restricted</i> | <i>Unrestricted</i> | | |
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August 2016 | 52 | 20,488 | 23,927 | 44,467 |
| Surplus from the income and expenditure statement | 66 | 910 | - | 976 |
| Pension scheme actuarial loss | - | 6,751 | - | 6,751 |
| Transfers between revaluation and income and expenditure reserve | | 87 | (87) | - |
| Release of restricted funds spent in year | (7) | 7 | - | - |
| Total comprehensive income for the year | 59 | 7,755 | (87) | 7,727 |
| Balance at 1 August 2017 | 111 | 28,243 | 23,840 | 52,194 |
| Surplus from the income and expenditure statement | 44 | (2,749) | - | (2,705) |
| Pension scheme actuarial gain | - | 6,814 | - | 6,814 |
| Transfers between revaluation and income and expenditure reserve | | 87 | (87) | - |
| Release of restricted funds spent in year | (30) | 30 | - | - |
| Total comprehensive income for the year | 14 | 4,182 | (87) | 4,109 |
| Balance at 31 July 2018 | 125 | 32,425 | 23,753 | 56,303 |

| University | Income and expenditure account | | Revaluation reserve | Total |
|--|--------------------------------|---------------------|---------------------|---------------|
| | <i>Restricted</i> | <i>Unrestricted</i> | | |
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August 2016 | 52 | 20,492 | 23,927 | 44,471 |
| Surplus from the income and expenditure statement | 66 | 885 | - | 951 |
| Pension scheme actuarial loss | - | 6,751 | - | 6,751 |
| Transfers between revaluation and income and expenditure reserve | - | 87 | (87) | - |
| Release of restricted funds spent in year | (7) | 7 | - | - |
| Total comprehensive income for the year | 59 | 7,730 | (87) | 7,702 |
| Balance at 1 August 2017 | 111 | 28,222 | 23,840 | 52,173 |
| Surplus from the income and expenditure statement | 44 | (2,731) | - | (2,687) |
| Pension scheme actuarial gain | - | 6,814 | - | 6,814 |
| Transfers between revaluation and income and expenditure reserve | | 87 | (87) | - |
| Release of restricted funds spent in year | (30) | 30 | - | - |
| Total comprehensive income for the year | 14 | 4,200 | (87) | 4,127 |
| Balance at 31 July 2018 | 125 | 32,422 | 23,753 | 56,300 |

The University of Chichester

Consolidated and University balance sheet

| Company number 4740553 | Notes | 2018 | | 2017 | |
|---|-------|-----------------------|---------------------|-----------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Non-current assets | | | | | |
| Fixed assets | 11 | 141,807 | 141,771 | 96,161 | 96,106 |
| Investments | 12 | - | - | - | - |
| | | <u>141,807</u> | <u>141,771</u> | <u>96,161</u> | <u>96,106</u> |
| Current assets | | | | | |
| Stock | | 10 | 10 | 8 | 8 |
| Trade and other receivables | 13 | 4,182 | 4,568 | 4,437 | 4,587 |
| Cash and cash equivalents | 20 | 4,944 | 4,321 | 6,927 | 6,555 |
| | | <u>9,136</u> | <u>8,899</u> | <u>11,372</u> | <u>11,150</u> |
| Creditors: amounts falling due within one year | 14 | (38,708) | (38,438) | (9,601) | (9,345) |
| | | <u>(29,572)</u> | <u>(29,539)</u> | <u>1,771</u> | <u>1,805</u> |
| Net current (liabilities)/assets | | | | | |
| | | <u>112,235</u> | <u>112,232</u> | <u>97,932</u> | <u>97,911</u> |
| Creditors: amounts falling due after more than one year | 15 | (52,337) | (52,337) | (38,136) | (38,136) |
| Provisions | | | | | |
| Pension provisions | 17 | (3,121) | (3,121) | (7,602) | (7,602) |
| Other provisions | 17 | (474) | (474) | - | - |
| | | <u>56,303</u> | <u>56,300</u> | <u>52,194</u> | <u>52,173</u> |
| Total net assets | | | | | |
| Restricted Reserves | | | | | |
| Income and expenditure reserve - restricted reserve | 19 | 125 | 125 | 111 | 111 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve - unrestricted | | 32,425 | 32,422 | 28,243 | 28,222 |
| Revaluation reserve | | 23,753 | 23,753 | 23,840 | 23,840 |
| | | <u>56,178</u> | <u>56,175</u> | <u>52,083</u> | <u>52,062</u> |
| Total Reserves | | <u>56,303</u> | <u>56,300</u> | <u>52,194</u> | <u>52,173</u> |

The financial statements on pages 32 to 35 were approved by the Board of Governors and authorised for issue on 20 November and were signed on its behalf on that date by:



Mrs Jill Cook
Acting Chair of Governors



Professor J Longmore
Vice-Chancellor

The notes on pages 36 to 54 form part of these financial statements.

The University of Chichester

Consolidated statement of cash flows for the year ended 31 July 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|---|-------|-----------------|----------------|
| Cash flow from operating activities | | | |
| (Deficit)/surplus for the year | | (2,705) | 976 |
| Adjustment for non-cash items | | | |
| Depreciation | 11 | 4,061 | 3,838 |
| Increase in stock | | (2) | (2) |
| Decrease/(increase) in debtors | 13 | 255 | (1,075) |
| Increase in creditors | 14 | 399 | 1,062 |
| Increase in pension provision | 17 | 2,333 | 1,604 |
| Increase/(decrease) in other provisions | 17 | 474 | - |
| Adjustment for investing or financing activities | | | |
| Investment income | 5 | (7) | (9) |
| Interest payable | 8 | 996 | 614 |
| Loss on the disposal of fixed assets | | 125 | - |
| Capital grant income | 18 | (841) | (783) |
| Net cash inflow from operating activities | | 5,088 | 6,225 |
| Cash flows from investing activities | | | |
| Proceeds from sales of fixed assets | | 469 | - |
| Capital grants receipts | | 1,053 | 8,399 |
| Investment income | | 7 | 7 |
| Payments made to acquire fixed assets | | (21,220) | (15,653) |
| | | (19,691) | (7,247) |
| Cash flows from financing activities | | | |
| Interest paid | | (693) | (631) |
| Interest element of finance lease and service concession payments | | (269) | - |
| New unsecured loans | | 14,800 | 5,136 |
| Repayments of amounts borrowed | | (961) | (878) |
| Repayments of other loans | | (125) | - |
| Capital element of finance lease | | (132) | (87) |
| | | 12,620 | 3,540 |
| (Decrease)/increase in cash and cash equivalents in the year | | (1,983) | 2,518 |
| Cash and cash equivalents at beginning of the year | 20 | 6,927 | 4,409 |
| Cash and cash equivalents at end of the year | 20 | 4,944 | 6,927 |

The University of Chichester

Statement of accounting policies for the year ended 31 July 2018

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

1 Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice : Accounting for Further and Higher Education 2014 (2014 FE HE SORP) and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets at transition as deemed cost).

The University has taken advantage of the exemptions provided in FRS 102 1.12 and the 2014 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the University balance sheet discloses cash at both the current and preceding reporting dates.

2 Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2018. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

3 Income recognition

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

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

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

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

Grant funding

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

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

Donations

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

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

The University of Chichester

Statement of accounting policies for the year ended 31 July 2018

3 Income recognition (continued)

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

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

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

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

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

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

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

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

5 Employment benefits

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

6 Finance leases

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

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

7 Operating leases

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

The University of Chichester

Statement of accounting policies for the year ended 31 July 2018

8 Foreign currency

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

9 Fixed assets

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

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

Land and buildings

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

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

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

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

| | |
|----------------|----------|
| New builds | 50 years |
| Refurbishments | 20 years |

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

Equipment

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

All other equipment is recognised as expenditure.

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

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

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

Borrowing costs

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

10 Investments

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

11 Stock

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

The University of Chichester

Statement of accounting policies for the year ended 31 July 2018

12 Cash and cash equivalents

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

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

13 Provisions, 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 Statement of Financial Position but are disclosed in the notes.

14 Financial liabilities and equity

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

15 Enhanced pensions

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

16 Taxation

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

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

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

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

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.

The University of Chichester

Statement of accounting policies for the year ended 31 July 2018

17 Reserves

Reserves are classified as restricted or unrestricted.

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

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

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

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

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

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

Other key sources of estimation uncertainty:

Tangible fixed assets

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

| | 2018 | | 2017 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| 1 Tuition fees and education contracts | | | | |
| Full-time home and EU students | 37,829 | 37,829 | 37,441 | 37,441 |
| Full-time international students | 977 | 977 | 1,238 | 1,238 |
| Part-time students | 1,210 | 1,210 | 1,312 | 1,312 |
| | 40,016 | 40,016 | 39,991 | 39,991 |
| 2 Funding body grants | | | | |
| Recurrent grant | | | | |
| Higher Education Funding Council / Office for Students | 2,790 | 2,790 | 3,155 | 3,155 |
| National College for Teaching and Leadership | 154 | 154 | 144 | 144 |
| Specific grants | | | | |
| Higher Education Funding Council Office for Students Catalyst Fund | 1,065 | 1,065 | 500 | 500 |
| National College for Teaching and Leadership | 8 | 8 | 23 | 23 |
| Release of capital grants (note 18) | 756 | 756 | 698 | 698 |
| | 4,773 | 4,773 | 4,520 | 4,520 |
| 3 Research grants and contracts | | | | |
| Research councils | (31) | (31) | 10 | 10 |
| Research charities | (17) | (17) | 28 | 28 |
| Government (UK and overseas) | 3 | 3 | 71 | 13 |
| Industry and commerce | 1,238 | - | 1,018 | - |
| Other | 22 | 22 | 3 | 3 |
| | 1,215 | (23) | 1,130 | 54 |
| 4 Other income | | | | |
| Residences, catering and conferences | 6,909 | 6,317 | 7,415 | 6,773 |
| Release of capital grants (note 18) | 85 | 85 | 85 | 85 |
| Other income | 3,366 | 3,958 | 3,050 | 3,688 |
| | 10,360 | 10,360 | 10,550 | 10,546 |
| 5 Investment income | | | | |
| Other investment income | 7 | 7 | 9 | 9 |
| 6 Donations | | | | |
| Donations with restrictions (note 19) | 44 | 1,050 | 66 | 828 |
| Unrestricted donations | 14 | 14 | 8 | 8 |
| | 58 | 1,064 | 74 | 836 |

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

| | 2018 | | 2017 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| 7 Staff costs | | | | |
| Salaries | 26,432 | 26,432 | 24,651 | 24,651 |
| Social security costs | 2,640 | 2,640 | 2,366 | 2,366 |
| Other pension costs including FRS102 adjustments | 6,381 | 6,381 | 5,275 | 5,275 |
| | 35,453 | 35,453 | 32,292 | 32,292 |

Salary costs includes severance payments of £1,122,442. This related to payments to 63 people.

| Emoluments of the Vice-Chancellor: | 2018 | 2017 |
|---|----------------|----------------|
| Professor Jane Longmore | £ | £ |
| Basic salary | 167,806 | 40,652 |
| Pension contributions | 27,651 | 6,699 |
| | 195,457 | 47,351 |
| Professor Clive Behagg | £ | £ |
| Basic salary | - | 129,512 |
| Pension contributions | - | 21,344 |
| | - | 150,856 |

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

The head of the provider's basic salary is 6.5:1 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider's total remuneration is 6.3:1 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the provider to its staff.

Atypical and agency workers have been excluded from the pay ratio calculations. The information relating to the hours worked is not easily accessible from the relevant financial systems.

Justification of Vice-Chancellor emoluments

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

In determining appropriate salaries for senior staff, reference will be made to data drawn from the Universities and Colleges Employers Association Senior Staff Remuneration Survey and the Committee of University Chairs' Vice-Chancellor Survey. An internal analysis of senior salary distributions is undertaken. While the Universities and Colleges Employers Association has no role in setting senior pay in HE institutions, national pay negotiations will be taken into consideration when determining remuneration for senior post holders. The Governors' Remuneration Committee met on 20 October 2017 to determine the pay level for the Vice-Chancellor, taking into account the UCEA and CUC 2016 salary surveys, PRDP outcomes and the national pay negotiations. The Vice-Chancellor's total salary agreed from 1 August 2017 is £167,805. The percentage increase was 1.7%, the same as the national pay award. In line with the CUC Remuneration Code regarding guidance on pay multiples, the Vice-Chancellor's salary is compared with the median pay of all staff within the University.

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

7 Staff costs continued

| | 2018 | 2017 |
|--|------------|----------|
| Basic salaries of senior staff (excluding Vice-Chancellor): | | |
| | No. | No. |
| £100,000 to £104,999 | 1 | 1 |
| £115,000 to £119,999 | 1 | - |
| | 2 | 1 |

Average staff numbers by major category :

| | No. | No. |
|--|------------|------------|
| Academic | 325 | 316 |
| Administration, support and central services | 363 | 341 |
| | 688 | 657 |

Key management personnel

Key management personnel, (including senior post-holders) are those persons having authority and responsibility for planning, directing and controlling the activities of the University and include the Vice-Chancellor, the Deputy Vice-Chancellor, the Deputy Vice-Chancellor (Sustainability and Enterprise), the Pro-Vice Chancellor (Student Experience) and staff members of the Board of Governors.

| | 2018 | 2017 |
|--|----------------------------|--------------|
| The number of key management personnel | 7 | 11 |
| Key management personnel compensation | £'000 772 | £'000 764 |

Compensation consists of salary and benefits including employer's pension contribution.

Governors

The total emoluments of all governors in the year amounted to £ 344,258 (2017 - £324,592). These emoluments are in respect of the Vice-Chancellor and the staff governors in their capacity as members of staff. No other governors received remuneration. Employer pension contributions of the governors totalled £ 58,121 (2017 - £54,110), in respect of 4 governors (2017 - 7) all of whom are accruing retirement benefits under defined benefit schemes.

The total expenses paid to or on behalf of 12 governors was £ 3,285 (2017 - £7,253 to 12 governors). This represents travel and subsistence expenses incurred in their official capacity.

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

| | 2018 | | 2017 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| 8 Interest and other finance costs | | | | |
| Loan interest | 727 | 727 | 614 | 614 |
| Finance lease interest (including service concession finance charge) | 269 | 269 | - | - |
| Net charge on pension schemes (note 25) | 239 | 239 | 328 | 328 |
| | 1,235 | 1,235 | 942 | 942 |

| | 2018 | | 2017 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| 9 Analysis of total expenditure by activity | | | | Restated |
| Academic and related expenditure | 30,952 | 30,972 | 30,075 | 30,109 |
| Administration and central services | 12,858 | 12,842 | 10,231 | 10,168 |
| Premises | 5,912 | 8,251 | 6,022 | 8,055 |
| Residences, catering and conferences | 6,836 | 4,657 | 6,793 | 4,906 |
| Research grants and contracts | 620 | 68 | 948 | 277 |
| Other expenses | 1,831 | 1,969 | 1,229 | 1,490 |
| | 59,009 | 58,759 | 55,298 | 55,005 |

10 Other operating expenditure

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Chichester bursaries | 1,459 | 1,459 | 2,002 | 2,002 |
| Equipment and materials | 3,170 | 3,098 | 2,658 | 2,520 |
| Estates | 3,180 | 3,264 | 3,722 | 3,722 |
| Operating lease rentals - equipment | 178 | 178 | 283 | 283 |
| Partner colleges | 855 | 855 | 887 | 887 |
| Payments for placements | 548 | 548 | 597 | 597 |
| Residences, catering and conference | 1,057 | 1,045 | 1,182 | 1,164 |
| Students' Union grant | 320 | 320 | 367 | 367 |
| Travel and subsistence | 1,061 | 967 | 1,019 | 962 |
| Utilities | 1,269 | 1,269 | 1,095 | 1,095 |
| Other expenses | 5,163 | 5,026 | 4,414 | 4,350 |
| | 18,260 | 18,029 | 18,226 | 17,949 |
| Other operating expenses include: | | | | |
| External auditors' remuneration in respect of audit services | 54 | | 46 | |
| External auditors' remuneration in respect of taxation services | 11 | | 9 | |
| Internal auditors' remuneration | 54 | | 53 | |

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

11 Fixed Assets

| | Freehold Land and Buildings £'000 | Leasehold Land and Buildings £'000 | Fixtures, Fittings and Equipment £'000 | Assets in the Course of Construction £'000 | Total £'000 |
|---------------------------|--|---|---|---|----------------|
| Consolidated | | | | | |
| Cost or valuation | | | | | |
| At 1 August 2017 | 96,170 | 650 | 12,190 | 12,962 | 121,972 |
| Additions | 1,161 | 29,914 | 2,888 | 16,324 | 50,287 |
| Transfers | 228 | - | - | (228) | - |
| Disposals | (318) | - | (214) | (324) | (856) |
| At 31 July 2018 | 97,241 | 30,564 | 14,864 | 28,734 | 171,403 |
| Depreciation | | | | | |
| At 1 August 2017 | 17,356 | 259 | 8,196 | - | 25,811 |
| Charge for the year | 2,249 | 309 | 1,503 | - | 4,061 |
| Disposals | (62) | - | (214) | - | (276) |
| At 31 July 2018 | 19,543 | 568 | 9,485 | - | 29,596 |
| Net book value | | | | | |
| At 31 July 2018 | 77,698 | 29,996 | 5,379 | 28,734 | 141,807 |
| At 31 July 2017 | 78,814 | 391 | 3,994 | 12,962 | 96,161 |
| University | | | | | |
| Cost and valuation | | | | | |
| At 1 August 2017 | 96,170 | 650 | 12,065 | 12,962 | 121,847 |
| Additions | 1,161 | 29,914 | 2,888 | 16,324 | 50,287 |
| Transfers | 228 | - | - | (228) | - |
| Disposals | (318) | - | (214) | (324) | (856) |
| At 31 July 2018 | 97,241 | 30,564 | 14,739 | 28,734 | 171,278 |
| Depreciation | | | | | |
| At 1 August 2017 | 17,356 | 259 | 8,126 | - | 25,741 |
| Charge for the year | 2,249 | 309 | 1,484 | - | 4,042 |
| Disposals | (62) | - | (214) | - | (276) |
| At 31 July 2018 | 19,543 | 568 | 9,396 | - | 29,507 |
| Net book value | | | | | |
| At 31 July 2018 | 77,698 | 29,996 | 5,343 | 28,734 | 141,771 |
| At 31 July 2017 | 78,814 | 391 | 3,939 | 12,962 | 96,106 |

Included within land and buildings is £23,385,300 relating to land (2017 - £23,385,300).

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

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

There were no fixed asset impairments in the year.

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

| | 2018 | | 2017 | |
|------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | Consolidated £ | University £ | Consolidated £ | University £ |
| 12 Non-Current Investments | | | | |
| Investment in subsidiary companies | - | 2 | - | 2 |

During the year ended 31 July 2014 the University acquired 100% of the issued ordinary £1 shares of Chichester Enterprises Limited, a company incorporated in England and Wales. The principal business activity of Chichester Enterprises Limited is the provision of conference and catering services.

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| The net assets and profit for Chichester Enterprises Limited were as follows: | | |
| Net Assets | 4 | 21 |
| Profit | 988 | 863 |

| | 2018 | | 2017 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| 13 Trade and other receivables | | | | |
| Amounts falling due within one year: | | | | |
| Trade receivables | 1,357 | 1,174 | 1,882 | 1,329 |
| Prepayments and accrued income | 1,870 | 1,678 | 2,093 | 1,965 |
| Other debtors | 371 | 371 | - | - |
| Amounts due from subsidiary companies | - | 761 | - | 831 |
| Amounts due from University of Chichester (Multi) Academy Trust | 90 | 90 | 50 | 50 |
| Net investment in finance lease | 5 | 5 | 8 | 8 |
| | 3,693 | 4,079 | 4,033 | 4,183 |
| Amounts falling after more than one year: | | | | |
| Other debtors | 175 | 175 | - | - |
| Amounts due from University of Chichester (Multi) Academy Trust | 314 | 314 | 404 | 404 |
| | 4,182 | 4,568 | 4,437 | 4,587 |

14 Creditors : amounts falling due within one year

| | | | | |
|---|---------------|---------------|-------|-------|
| Unsecured bank loans (note 16) | 30,138 | 30,138 | 961 | 961 |
| Obligations under finance leases (note 16) | 295 | 295 | 87 | 87 |
| Trade payables | 1,189 | 1,183 | 2,518 | 2,505 |
| Social security and other taxation payable | 606 | 606 | 596 | 596 |
| Accruals and deferred income | 4,325 | 4,153 | 3,155 | 2,914 |
| Deferred income - government capital grants | 1,030 | 1,030 | 785 | 785 |
| Other creditors | 1,125 | 1,033 | 1,374 | 1,372 |
| Amounts owed to OfS | - | - | 125 | 125 |
| | 38,708 | 38,438 | 9,601 | 9,345 |

15 Creditors : amounts falling due after more than one year

| | | | | |
|---|---------------|---------------|--------|--------|
| Unsecured bank loans (note 16) | - | - | 15,338 | 15,338 |
| Obligations under finance lease (note 16) | 29,746 | 29,746 | 173 | 173 |
| Deferred income - government capital grants | 21,841 | 21,841 | 21,875 | 21,875 |
| Amounts owed to OfS | 750 | 750 | 750 | 750 |
| | 52,337 | 52,337 | 38,136 | 38,136 |

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

| | 2018 | | 2017 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| 16 Maturity of debt | | | | |
| Unsecured bank loans are repayable as follows: | | | | |
| Due within one year - payable by instalment | 30,138 | 30,138 | 961 | 961 |
| Due between one and two years | - | - | 969 | 969 |
| Due between two and five years | - | - | 2,950 | 2,950 |
| Due in five years or more | - | - | 11,419 | 11,419 |
| Due after more than one year | - | - | 15,338 | 15,338 |
| | 30,138 | 30,138 | 16,299 | 16,299 |

During the year the University breached a covenant relating to loans from AIB, resulting in all loans being classified as due within one year. A waiver from AIB has been received subsequent to year end.

As at 31 July 2018 the University had the following loan arrangements in place:

- 1) AIB loan - fixed rate of interest of 5.53 per cent per annum repayable by June 2031 totalling £2,310,544 (2017 - £2,428,326).
- 2) AIB loan - fixed rate of interest of 4.95 per cent repayable by September 2031 totalling £2,248,008 (2017 - £2,417,669).
- 3) AIB loan - variable rate of interest (LIBOR + 2.51%) repayable by July 2034 totalling £10,779,652 (2017 - £11,453,384).
- 4) HSBC loan - variable rate of interest (LIBOR + 0.9%) repayable by October 2023 totalling £6,000,000 (2017 - £nil).
- 5) HSBC revolving credit facility - variable rate of interest (LIBOR + 0.9%) repayable by October 2023 totalling £8,800,000 (2017 - £nil).

Finance leases are repayable as follows:

| | | | | |
|--------------------------------|---------------|---------------|------------|------------|
| Due within one year | 295 | 295 | 87 | 87 |
| Due between one and two years | 317 | 317 | 87 | 87 |
| Due between two and five years | 837 | 837 | 86 | 86 |
| Due in five years or more | 28,592 | 28,592 | - | - |
| Due after more than one year | 29,746 | 29,746 | 173 | 173 |
| | 30,041 | 30,041 | 260 | 260 |

17 Provisions for liabilities

| Consolidated and University | Obligation to fund deficit on USS Pension £'000 | Pension enhancement on termination £'000 | Defined Benefit Obligations (Note 25) £'000 | Dilapidations £'000 | Total Provisions £'000 |
|---|--|---|--|------------------------|------------------------------|
| At 1 August 2017 | 229 | 702 | 6,671 | - | 7,602 |
| Transferred with lease | - | - | - | 389 | 389 |
| Utilised during the year | - | (40) | (1,999) | - | (2,039) |
| Charge to income and expenditure account | (39) | 24 | (2,427) | 85 | (2,357) |
| At 31 July 2018 | 190 | 686 | 2,245 | 474 | 3,595 |
| | | | | 2018 | 2017 |
| | | | | £'000 | £'000 |
| Increase during the year recognised in Comprehensive Income | | | | 2,418 | 1,604 |
| Decrease during the year recognised in Other Comprehensive Income | | | | (6,814) | (6,751) |
| Transferred with lease | | | | 389 | - |
| Decrease in provisions during the year | | | | (4,007) | (5,147) |

USS deficit

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

Pension enhancement

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

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

| | | |
|---------------|---------------|---------------|
| Discount rate | 2018 2.30% | 2017 2.30% |
| Inflation | 1.30% | 1.30% |

Dilapidations

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

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

18 Deferred capital grants

| Consolidated and University | HEFCE £'000 | Other grants £'000 | Total £'000 |
|---|----------------------|-----------------------|----------------------|
| Buildings | 12,958 | 9,171 | 22,129 |
| Equipment | 531 | - | 531 |
| At 1 August 2017 | <u>13,489</u> | <u>9,171</u> | <u>22,660</u> |
| Cash receivable | | | |
| Buildings | 600 | - | 600 |
| Equipment | 453 | - | 453 |
| | <u>1,053</u> | <u>-</u> | <u>1,053</u> |
| Released to income and expenditure account | | | |
| Buildings (Notes 2 and 4) | 479 | 85 | 564 |
| Equipment (Note 2) | 277 | - | 277 |
| | <u>756</u> | <u>85</u> | <u>841</u> |
| Buildings | 13,079 | 9,086 | 22,165 |
| Equipment | 707 | - | 707 |
| At 31 July 2018 | <u>13,786</u> | <u>9,086</u> | <u>22,872</u> |

19 Restricted Reserves

| Consolidated and University | 2018 £'000 | 2017 £'000 |
|---|-------------------|-------------------|
| Donations | | |
| Balances at 1 August | 111 | 52 |
| New donations | 44 | 66 |
| Expenditure | (30) | (7) |
| Total restricted comprehensive income for the year | <u>14</u> | <u>59</u> |
| At 31 July | <u>125</u> | <u>111</u> |
| Analysis of other restricted funds / donations by type of purpose: | | |
| Prize funds | 8 | 8 |
| General | 117 | 103 |
| | <u>125</u> | <u>111</u> |

20 Cash and cash equivalents

| | At 1 August 2017 £'000 | Cash Flows £'000 | At 31 July 2018 £'000 |
|---------------------------|------------------------------|------------------------|-----------------------------|
| Consolidated | | | |
| Cash and cash equivalents | 6,927 | (1,983) | 4,944 |
| | <u>6,927</u> | <u>(1,983)</u> | <u>4,944</u> |
| University | | | |
| Cash and cash equivalents | 6,555 | (2,234) | 4,321 |
| | <u>6,555</u> | <u>(2,234)</u> | <u>4,321</u> |

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

21 Financial instruments

| | 2018 | | 2017 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Financial assets | | | | |
| Financial assets measured at amortised cost | <u>7,879</u> | <u>7,644</u> | <u>9,997</u> | <u>9,813</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | <u>66,869</u> | <u>66,745</u> | <u>23,697</u> | <u>23,616</u> |

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

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

22 Capital and other commitments

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

| | 2018 | | 2017 | |
|-----------------------------------|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Commitments contracted for | 1,891 | 1,891 | 220 | 220 |
| Authorised but not contracted for | - | - | 23,411 | 23,411 |
| | <u>1,891</u> | <u>1,891</u> | <u>23,631</u> | <u>23,631</u> |

23 Lease obligations

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

| | 2018 | | Total £'000 | 2017 £'000 |
|--|--------------------------------|-----------------------|----------------|---------------|
| | Land and Buildings £'000 | Other leases £'000 | | |
| Future minimum lease payments due: | | | | |
| Not later than 1 year | 35 | 130 | 165 | 2,172 |
| Later than 1 year and not later than 5 years | - | 175 | 175 | 4,106 |
| Later than 5 years | - | - | - | 6,318 |
| Total lease payments due | <u>35</u> | <u>305</u> | <u>340</u> | <u>12,596</u> |

24 Events after the reporting period

On 12 November 2018 the University agreed a £5m facility (RCF) with HSBC.

The University entered into an operating lease with ABN Amro on 12 November 2018 for the sale and leaseback of equipment. Payments under this lease are £5m.

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

25 Pension schemes

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

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

| Total pension cost for the year | 2018 | 2017 |
|---|-----------------------|-----------------------|
| | £'000 | £'000 |
| Employer's contributions paid | 4,247 | 3,960 |
| FRS 102 (28) charge: | | |
| LGPS - current service cost | 4,176 | 3,099 |
| LGPS - employer contributions | (1,999) | (1,795) |
| USS - change in expected contributions | (26) | 29 |
| USS - employer deficit contributions | (16) | (18) |
| | <u>2,135</u> | <u>1,315</u> |
| Total pension cost for year within staff costs | <u>6,382</u> | <u>5,275</u> |
| FRS 102 (28) charge: | | |
| LGPS - net interest on defined liability | 209 | 299 |
| USS - interest cost | 4 | 4 |
| Enhanced pensions - interest cost | 26 | 25 |
| | <u>239</u> | <u>328</u> |
| Net charge on pension schemes within other finance costs (note 8) | <u>239</u> | <u>328</u> |
| | <u>6,621</u> | <u>5,603</u> |
| Total pension cost for year recognised in Comprehensive Income | <u>6,621</u> | <u>5,603</u> |
| FRS 102 (28) charge: | | |
| LGPS - actuarial gain | (6,812) | (6,744) |
| Enhanced pensions - actuarial gain | (2) | (7) |
| | <u>(6,814)</u> | <u>(6,751)</u> |
| Total pension gain for year recognised in Other Comprehensive Income | <u>(6,814)</u> | <u>(6,751)</u> |

Teachers' Pension Scheme

Under the definitions set out in FRS 102 (28.11), the Teacher's Pension Scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. Accordingly, the University has taken advantage of the exemption in FRS102 and accounted for its contributions to the scheme as if it were a defined-contribution plan.

The employers' contribution rates for the University's academic staff were 16.48% of pensionable salaries from 1 August 2017 to 31 July 2018.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2004 to 31 March 2012. The Government Actuary's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6billion. The assumed real rate of return is 3% in excess of prices and 1.25% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

25 Pension schemes (continued)

Local Government Pension Scheme

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

The employers' contribution rate for the University's administrative and manual staff for the period 1 August 2017 to 31 July 2018 was 20.5% of pensionable salaries.

The major assumptions used by the actuary were:

| | 2018 | 2017 |
|-------------------|------|------|
| | % | % |
| Salary increases | 3.1 | 3.2 |
| Pension increases | 2.4 | 2.5 |
| Discount rate | 2.8 | 2.7 |

With regard to mortality assumptions life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2013 model assuming long term improvements of 1.5% p.a., with allowance for short term rates of improvement and declining mortality for the over 90s. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Male 31 July 2018 | Male 31 July 2017 | Female 31 July 2018 | Female 31 July 2017 |
|--------------------|----------------------|----------------------|------------------------|------------------------|
| Current pensioners | 23.6 | 23.6 years | 25.5 | 25.0 years |
| Future pensioners | 26.0 | 26.0 years | 27.8 | 27.8 years |

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

| | Value at 31 July 2018 £'000 | Proportion | Value at 31 July 2017 £'000 | Proportion |
|-------------------------------------|-----------------------------------|-------------|-----------------------------------|-------------|
| Equities | 32,833 | 54% | 27,902 | 52% |
| Bonds | 21,280 | 35% | 19,853 | 37% |
| Property | 4,864 | 8% | 4,293 | 8% |
| Cash | 1,824 | 3% | 1,610 | 3% |
| Total market value of assets | 60,801 | 100% | 53,658 | 100% |

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

Analysis of the amount shown in the balance sheet

| | 31 July 2018 £'000 | 31 July 2017 £'000 |
|--|-----------------------|-----------------------|
| University of Chichester – Estimated asset share | 60,801 | 53,658 |
| University of Chichester – Present value of funded liabilities | (62,999) | (60,280) |
| University of Chichester – Present value of unfunded liabilities | (47) | (49) |
| University of Chichester – Net pension deficit (note 17) | (2,245) | (6,671) |

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Notes to the accounts for the year ended 31 July 2018

25 Pension schemes (continued)

Local Government Pension Scheme (continued) 31 July 2018
£'000 31 July 2017
£'000

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

Amounts included in staff costs

Current service cost (4,176) (3,099)

Amounts included in interest and other finance costs

Net interest charge (209) (299)

Amounts recognised in Other Comprehensive Income

Return on pension plan assets 3,854 4,520

Experience gains arising on defined benefit obligations (1) 2,665

Changes in assumptions underlying the present value of plan liabilities 2,959 (441)

Amount recognised in Other Comprehensive Income 6,812 6,744

Movement in net defined benefit liability during the year

Deficit in scheme at 1 August (6,671) (11,812)

Movement in year:

Current service cost (4,176) (3,099)

Employer contributions 1,999 1,795

Net interest on the defined liability (209) (299)

Actuarial gain or loss 6,812 6,744

Net defined benefit liability at 31 July (2,245) (6,671)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period 60,329 58,296

Current Service cost 4,176 3,099

Interest cost 1,681 1,432

Contributions by Scheme participants 688 621

Experience gains and losses on defined benefit obligations 1 (2,665)

Changes in demographic assumptions - (1,398)

Changes in financial assumptions (2,959) 1,839

Estimated benefits paid (870) (895)

Defined benefit obligations at end of period 63,046 60,329

Reconciliation of Assets

Fair value of plan assets at start of period 53,658 46,484

Interest on plan assets 1,472 1,133

Return on plan assets 3,854 4,520

Employer contributions 1,999 1,795

Contributions by Scheme participants 688 621

Estimated benefits paid (870) (895)

Assets at end of period 60,801 53,658

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

26 Related party disclosures

All governors of the University are directors of the Company.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The University is the sponsor to the University of Chichester (Multi) Academy Trust, a company limited by guarantee, which was formed in July 2013. Professor Jane Longmore, Vice Chancellor, is Chair of the Board of Directors and a member of the Trust, Romy Jones, Director of Strategic Development, is a member and a director of the Trust and Jon Spence, Director of the Institute of Education is a director of the Trust. In the year the University paid on behalf of the Trust costs totalling £595,788 (2017 - £520,590) which were recharged to the Trust. The University also invoiced the Trust £nil (2017 - £42,514) in regard of consultancy and marketing services. As at 31 July 2018, the University was owed £448,293 (2017 - £578,630), consisting of an interest free loan balance of £404,418 (2017 - £454,418) and a trade debtor balance of £43,875 (2017 - £124,212).

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

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

| Governor | Sales to related party £'000 | Purchases from related party £'000 | Grants to related party £'000 | Amounts owed by related party as at 31 July £'000 | Amounts owed to related party as at 31 July £'000 |
|--|------------------------------------|---|-------------------------------------|---|---|
| Mr Jack Greenwood as President of University of Chichester Students' Union | | | | | |
| Income and expenditure activities: | | | | | |
| 2018 | 56 | 58 | 437 | 12 | - |
| 2017 | 40 | 55 | 367 | 5 | 103 |
| Payroll cost recharges: | | | | | |
| 2018 | 349 | - | - | - | - |
| 2017 | 341 | - | - | 31 | - |

27 Members

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

The University of Chichester

Notes to the accounts for the year ended 31 July 2018

28 Amounts disbursed as agent

National College for Teaching and Leadership training bursaries

| | 2018 | | 2017 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Balance at 1 August | 312 | 312 | 127 | 127 |
| NCTL grants received | 1,125 | 1,125 | 1,331 | 1,331 |
| NCTL grants refunded | (242) | (242) | - | - |
| Disbursed to students | (996) | (996) | (1,146) | (1,146) |
| Administration costs | (8) | (8) | - | - |
| Recovery of overstated opening balance | (70) | (70) | - | - |
| Balance unspent at 31 July | 121 | 121 | 312 | 312 |

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

29 Catering contract

| | 2018 | | 2017 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Cash sales | 968 | 968 | 1,105 | 1,105 |
| Cost of sales | (632) | (632) | (777) | (777) |
| Income, as recognised in the University's financial statements | 336 | 336 | 328 | 328 |

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