

# ANNUAL REVIEW/ FINANCIAL STATEMENTS 2020



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# INTRODUCTION

I am pleased to introduce this year's annual review which covers what has possibly been one of the most challenging periods in the University's history.

Everyone has been affected by the Covid-19 pandemic, of course. However, I want to pay a huge tribute here to the University's staff and students who have had to adjust to extremely testing circumstances. Over the space of a few weeks we had to change the way that we deliver our teaching; arrange a new system of online exams; and switch our working methods to enable the majority of staff to work from home and ensure that those who were required to work at the university were as safe and secure as we could possibly arrange. At the same time, many of our staff, both academic and professional have been making substantial contributions to the national efforts to respond to Covid-19 – from supplying PPE to engaging in cutting edge research. Our students in turn had to adjust to radically new ways of studying and living at a time when they themselves will have been under great personal stress. We are naturally keeping all arrangements under constant review to maximise learning outcomes and the student experience.

Alongside the many challenges presented by Covid-19, over the last year we have also been responding to the longer-term need to address an underlying financial deficit, resulting from our downturn in student recruitment in 2018/19 and 2019/20, and the wider challenges facing the Higher Education Sector. We are making good progress in changing the size and shape of the university through managed contraction in some areas and expansion in others. We have also largely completed a restructuring that will make our administrative processes leaner and more efficient. I want to thank all those staff who have made this happen during what was already a difficult period. And we are continuing to implement a Financial Improvement Plan that has been focused on identifying £17.3m in staff cost savings by the end of 2022/23. Through bringing forward plans for staff reductions and reducing non-staff costs and expenses we have already identified £14.1m of this.



Notwithstanding these developments, the last year has also seen some remarkable milestones as we continue to transform lives through our education and research. In February, it was an enormous privilege to attend a ceremony at Buckingham Palace for the award of a Queen's Anniversary Prize to the Durrell Institute of Conservation and Ecology. In September, the new Kent and Medway Medical School (run jointly with Canterbury Christ Church University) opened its doors to Kent's first cohort of medical students.

We have great opportunities ahead, building on the solid foundations we have now put in place. Over the coming years I look forward to working with colleagues as we implement a range of new initiatives – our new Signature Research Themes, Higher Degree Apprenticeships, Online Learning opportunities and the Institute for Cultural and Creative Industries. Our aim remains, as it has for more than 50 years, to create new opportunities and insights that will benefit society, both in our own region and across the world.

**Professor Karen Cox**  
Vice-Chancellor and President

# HIGHLIGHTS OF THE YEAR

## Queen's award

Highly prestigious Queen's Anniversary Prize for Higher and Further Education presented to the Durrell Institute of Conservation and Ecology (DICE).



## Medical milestone

Just over 100 founding medical students started studies at the county's first medical school, Kent and Medway Medical School (KMMS).



## Covid protection

3D face shields produced by five Kent academic schools helped protect Pilgrims Hospices and other local care providers.



## One Hour Degree

Online simulation game launched for potential students and later shortlisted for Guardian University Award 2020 – Digital Innovation category.



## Arts for all

£100,100 Arts Council grant awarded to Gulbenkian arts centre to transform its café/foyer space.



## THE Award

Inspiring work of our 'Outstanding Library Team' recognised with a Times Higher Education Award 2019.



# £760,000

Research consortium led by Dr Neil Kad of the School of Biosciences, awarded £760,000 by BBSRC for UK first in lab equipment.



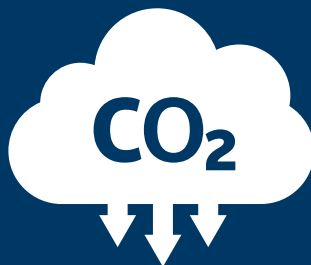
## Signature research

Kent's first Signature Research Themes selected: Migration and Movement; Future Human; and Food Systems, Natural Resources and Environment.



## Climate change

University support for Canterbury City Council's commitment to reduce its carbon emissions to net zero by 2030.



## Apprentice graduates

First cohort from the University's apprenticeship scheme graduated with BSc (Hons) in Applied Bioscience/Chemical Sciences at Rochester Cathedral.



## Lucky 13

Best University Accommodation for Groups award presented to Kent for the 13th year in a row at the Group Travel Organiser Awards.



## Business support

Responding to Covid-19, Kent's business and innovation gateway team held free webinars to support business recovery in the region.





# MEMBERSHIP OF THE COUNCIL

## Membership of the Council

Chair of the Council

Sir David Warren (to 31 July 2020)  
Dame Ursula Brennan (from 1 August 2020)

Deputy Chair of the Council /  
Chair of the Finance and Resources Committee  
Vice-Chancellor and President  
Senior Deputy Vice-Chancellor and Provost  
Senior Deputy Vice-Chancellor and Chief Operating Officer  
Deputy Vice-Chancellor for Academic Strategy,  
Planning and Performance  
Deputy Vice-Chancellor for Education  
and Student Experience  
President of Kent Union

Bob Scruton  
Professor Karen Cox  
David Nightingale (to 31 July 2020)  
Denise Everitt (to 31 July 2020)

Professor Georgina Randsley de Moura (from 1 August 2020)

Professor Richard Reece (from 1 August 2020)  
Sasha Langeveldt (to 31 July 2020)  
Joshua Frost (from 1 August 2020)

External members

Colin Carmichael  
Martin Cook  
Neil Davies  
Sarah Gibson  
Kim Lowe  
Gabriel MacGregor  
Angela McNab (to 31 July 2020)  
Mark Malcolmson  
Andrew Newell  
Mark Preston  
Sir David Warren

Staff and Student representatives

Mark Ellis  
Dr Owen Lyne  
Professor Charlotte Sleigh (to 31 July 2020)  
Zarafshaan Tahir  
Zoe Wood  
Laura Carlin (to 24 August 2020)  
Patrick Stillman (from 24 August 2020)  
Professor Iain Wilkinson (from 1 October 2020)

Total Membership

25

Secretary of the Council

Dr Keith Lampard (to 29 May 2020)  
Dr Sinead Critchley (from 30 May 2020)

The Chairs of Council committees were as follows:

Audit Committee  
Ethics Committee  
Finance and Resources Committee  
Honorary Degrees Committee (Joint Committee with Senate)  
Lay Nominations Committee

Andrew Newell  
Sarah Gibson  
Bob Scruton  
Professor Karen Cox  
Sir David Warren (to 31 July 2020)  
Dame Ursula Brennan (from 1 August 2020)  
Sir David Warren (to 31 December 2019)  
Dame Ursula Brennan (from 1 January 2020)

Remuneration Committee

Denise Everitt (to 16 October 2020)

Safety Health and Environment  
Executive Committee

# PRINCIPAL OFFICERS

Visitor	The Lord Archbishop of Canterbury
Chancellor	Gavin Esler
Chair of the Council	Dame Ursula Brennan
Vice-Chancellor and President	Professor Karen Cox
Deputy Chair of the Council	Bob Scruton
Deputy Vice-Chancellor, Academic Strategy, Planning and Performance	Professor Georgina Randsley de Moura
Deputy Vice-Chancellor, Education and Student Experience	Professor Richard Reece
Interim Deputy Vice-Chancellor, Research & Innovation	Professor Shane Weller
Chief Financial Officer	Lisa-Jane Crudgington-Higham
Director of Human Resources and Organisational Development	Alison Ross-Green
Director of the Division of Arts and Humanities	Professor Simon Kirchin
Director of the Division of Natural Sciences	Professor Claire Peppiatt-Wildman
Director of the Division of Computing, Engineering and Mathematical Sciences	Professor Peter Hydon
Director of the Kent Business School	Professor Marian Garcia
Director of the Division of Human and Social Sciences	Professor David Wilkinson
Director of the Division for the study of Law, Society and Social Justice	Professor Toni Williams
Dean of the Graduate and Researcher College	Professor Paul Allain
Dean for Europe	Professor Jeremy Carrette
Dean for Internationalisation	Dr Anthony Manning
Dean of the Kent and Medway Medical School	Professor Christopher Holland
Director of Governance and Assurance (Secretary to Council)	Dr Sinead Critchley







# UNIVERSITY'S PUBLIC BENEFIT STATEMENT

The University of Kent is an exempt charity regulated by the Office for Students (OfS). The University's Royal Charter of 1965 established the University Council as the supreme governing body of the institution. The University Council serves as the University's board of trustees and has overall responsibility for the University's strategic aims and direction in the furtherance of the objects defined by the Charter.

Members of the University Council have regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. They also refer to the guidance issued by the Office for Students in its role as principal regulator.

From the Royal Charter, the objects of the University are:

*"to advance education and disseminate knowledge by teaching, scholarship and research for the public benefit."*

The University of Kent Strategy 2025 was approved by Council in November 2018 and includes a vision for the University, that by 2025:

**"We will be delivering one of the best education and student experiences among UK universities that enables and inspires our students. We will be internationally known for a transformative student experience and employability outcomes regardless of background. Our discoveries and research will emphasise existing and new signature areas, where we match the best in the world. Our education and research, and the talents of our staff and students, will support social, economic, cultural, intellectual and public life in ways that will make us one of the leading civic universities. We will have a balanced portfolio of programmes having deepened our science and engineering base, grown our cultural, creative and digital offer, and opened the new Kent and Medway Medical School. We will remain distinctive amongst our peers in operating with a major stake in continental Europe, with a strong European dimension in our academic activity. We will be delivering education in a variety of ways face-to-face, online and through alternative routes in particular higher and degree apprenticeships."**

To deliver this vision, the University has re-stated its ambitions and actions in relation to the University's core activity of Education, Research and Engagement, and identified a set of strategic priority areas to focus on.

## Covid-19

As for all institutions, the University's 2019/2020 year was greatly affected by the impact of Covid-19, from March 2020.

The University responded quickly, to ensure that its students and staff could work safely and remotely using University systems.

As well as working to ensure that the University could continue in a healthy and sustainable way, the University also took steps to ensure that its development and research work took account of the global pandemic and lockdown. More information about the University's response can be found in the sections below.

## Organising for Success

During the 2019/2020 year, the University was undertaking an internal reorganisation, the Organising for Success project, to bring together various strands of work to ensure that the University would be equipped to deliver the Kent 2025 Strategy. The proposal for the project was originally developed following engagement with staff in spring 2019. It was formally approved by the University's Senate and Council in July 2019 and was split into two phases; the first to focus on the launch of the new academic divisions at the start of the 2020/2021 academic year and then a second phase throughout 2020/2021 to complete the ongoing work to improve processes.

### a) Education and student experience

The University of Kent aims to work in genuine partnership with its students to build an exceptional student experience, to enhance opportunities and to change lives for the better. The University is committed to develop, recognise and value excellent education, to support students to achieve their potential regardless of where they start and to help graduates emerge as independent learners with the ability to shape the changing world in a sustainable and creative way.

The University is mindful of the impact that Covid-19 has had on the student experience and has been putting in place measures to address this.

The University's Safe, Study, Social programme was put in place to ensure that the student experience was a priority and to ensure that students were aware of the measures put in place to ensure their safety and also to highlight the blended learning experience, which combined online lectures and interactive sessions with small group teaching, lab and practical sessions. The University's web pages are updated every few days with more information for students, regarding safety, studying, sources of support and student life and activities.

In September 2017, the University was awarded a gold rating, the highest, in the UK Government's Teaching Excellence Framework (TEF), with the TEF Panel judging that Kent delivered consistently outstanding teaching, learning and outcomes for its students. The TEF Panel reported that Kent "students from all backgrounds achieve consistently outstanding outcomes... The metrics indicate very high levels of student satisfaction with teaching, academic support and assessment and feedback."

The University is committed to encouraging student feedback and to building an academic community where students and staff work alongside each other.



***“We will be internationally known for a transformative student experience and employability outcomes regardless of background.”***

The University has made significant progress towards the objective of widening participation and has set challenging targets across all stages of the student life cycle within the Office for Students’ Access and Participation Plan policy requirements.

The University works via a series of collaborative arrangements with organisations such as the Kent and Medway Progression Federation (KMPF), and in partnership with local schools and Partner Colleges. The University is also working to improve admission to the University through using a contextualised approach to admissions.

29% of the University’s UK first-degree new entrants have non A-level qualifications on entry and 39% come from Black, Asian and Minority Ethnic (BAME) backgrounds. The Teaching Excellence Framework (TEF) statement of findings highlighted that ‘very high proportions of students from all backgrounds continue with their studies and then progress to employment, notably exceeding the provider benchmarks.’

The University has provided £13.9m for student scholarships from its own resources and raised a further £4.2m from other external sources to provide significant financial help for students to ensure that the costs of being a student are not a barrier to participation in higher education at the University. There is a focus on providing support to students from areas of low participation in higher education. Other University of Kent scholarships and bursaries are available for: academic excellence, studying abroad, sport, music and international students. 630 awards were made under the Kent Financial Support Package for the 2019/20

academic year and over 1,250 further awards were provided from University and other sources. The University makes further extensive provision for students experiencing financial hardship during their studies.

The University has successfully rolled out the Higher Education Access Tracker (HEAT) database, used for tracking participation in outreach and measuring impact, and the service is now embedded within 90 Higher Education Institution partners. The University continues to be the lead of a local Higher Education (HE) and schools’ partnership and an Office for Students (OfS) initiative, Uni Connect (UC). UC is currently in Phase 2, a two-year £4.3m continuation of the original project. Kent’s outreach work, schools’ sponsorship and national monitoring and evaluation through HEAT has attracted national praise from the Office for Students and the Department for Education (DfE).

Since 2015, the University has invested in its Student Success (EDI) Project that investigates student attainment and retention. The project is in response to the rapid pace of change in student demographics and addresses the sector-wide issue of lower rates of attainment and progression amongst students from low socio-economic groups, those with disabilities and students from Black, Asian and Minority Ethnic (BAME) groups. The research includes the development of interventions to support student success.

The University places great weight on promoting and supporting student wellbeing, and this has been even more important since Covid-19 has taken effect. The University’s Student Support and Wellbeing service is committed to improving access to learning and providing a wide range of student support. The University won the Outstanding

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## UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)

Support for Students award at the 2017 Times Higher Education (THE) Awards for its Student Success Project, which "stood out from the pack with its impressive and innovative approach to improving academic outcomes for the least advantaged students." The University also won the Outstanding Support for Students award again in 2018, this time for its OPERA (Opportunity, Productivity, Engagement, Reducing barriers, Achievement) project which is a collaborative University-wide initiative to embed inclusive practices in key processes for learning and teaching and curriculum design, and to create a more accessible information environment for all Kent students, maximising student attainment and outcomes. The aim of the project is to progressively mainstream reasonable adjustments for students with disabilities, wherever possible, whilst offering a universal benefit to all Kent students and staff.

Support for students with mental health and well-being issues is provided by a specialist team of practitioners, the University Medical Centre and the Nursing Service. In addition, there is a Nightline service and use of Togetherall (formerly Big White Wall). The latter is an online 24/7 Care Quality Commission registered service, recognised nationally through awards by the NHS, and is a safe environment overseen by qualified therapists.

The University has an outstanding record and reputation for employability and positive student outcomes.

The Careers and Employability Service (CES) organises the University's annual Employability Festival, which in October 2019 consisted of 123 events over two weeks, with attendance figures at 4,255. The Careers Fair had over 100 graduate recruiters seeing 1,901 students attending on the day.

The University of Kent offers its students a wide range of opportunities to gain essential employability skills and enhance their graduate employment prospects by participating in experiences of work, including students undertaking work placement years as part of their programmes of study. The Kent Experience of Work bursary has provided over 200 students with financial support, enabling them to undertake high-quality work experience. The Work-Study Scheme, which supports the University's widening participation agenda by providing students, has increased in popularity year on year since its inception in 2014. The team assist students in building confidence, gaining employability skills and, most importantly, securing paid job opportunities and internships both on campus and with external employers, thus enhancing their graduate job prospects.

The University's Employability Points Scheme engages students in skills development to enhance their future employability. 165 companies have been involved in this project and over 9,000 students participated in 2019/20 with 871 employability rewards offered. The Employability Points Scheme has been nationally recognised as a case study for best practice within business/university collaborations and in 2015 was shortlisted for the second time for a Times Higher Education Award in the category, 'Outstanding Support for Students'.

***"We will have a balanced portfolio of programmes having deepened our science and engineering base, grown our cultural, creative and digital offer, and opened the new Kent and Medway Medical School."***

The University is reviewing its portfolio to ensure that it offers an attractive, intellectually vital and sustainable portfolio, which is flexible and can adapt to market demands. The University seeks to ensure that its portfolio provides programmes that students want to study, that are forward-looking, that supply students with the tools they need for employability and, finally, that encourages them to become an active and responsible member of society.

### Kent and Medway Medical School

In March 2018, the joint bid with Canterbury Christ Church University to develop the Kent and Medway Medical School (KMMS) received approval from the Higher Education Funding Council for England (HEFCE) and from Health Education England (HEE). Funding was awarded for 100 undergraduate medical school places per annum to start in September 2020. The bid had a focus on widening participation on medical programmes and the development of a better understanding of health inequalities to generate the greatest health gains in Kent and Medway.

The School opened in September 2020, to educate and train aspiring doctors to deliver 21st century medicine, to attract talented students from all backgrounds, from the local community and beyond, and to offer opportunities to help transform the future of healthcare.

It is hoped that KMMS will have a significant regional impact on enhancing capability for attracting, training and retaining talented staff working in the health and care professions, and in due course lead to improved health outcomes for the people of Kent, Medway and beyond.

***"We will remain distinctive amongst our peers in operating with a major stake in continental Europe, with a strong European dimension in our academic activity."***

The University's strong European identity is founded:

- on its links with universities throughout Europe, as well as many more worldwide;
- its specialist postgraduate centres in Brussels and Paris;
- its dual UK and European qualifications (international double awards) at Bachelor's, Master's and Doctoral level;
- its participation in the Erasmus+ scheme with over € 1.1 million to support student and staff mobility across Europe;
- its strong history of research collaboration with other European universities.

Kent acts as a gateway to Europe for students from the UK and across the world. With 159 nationalities represented in the student body, and 40% of the University's teaching and research staff from outside the UK, Kent celebrates intellectual and cultural diversity with a commitment to educate its students to become global citizens.

Kent has maintained a high level of international students and staff, ensuring that the educational provision and research are delivered and undertaken in a diverse context by internationally experienced individuals who support the University in its ambitions to provide an internationalised curriculum.

***"We will be delivering education in a variety of ways face-to-face, online and through alternative routes in particular higher and degree apprenticeships."***

Prior to the impact of Covid-19, the University was embracing the opportunity to try new approaches to teaching, learning, assessment and feedback, respecting the need for quality and to protect high academic standards whilst embracing a culture of enhancement and improvement. The University was also seeking more opportunities for its students to engage, to make the university experience more fulfilling and enjoyable and to celebrate the changing and broadening demography of its student body, ensuring accessibility for all whilst celebrating equality, diversity and inclusivity.

The impact of Covid-19 rapidly changed the learning and working environment. Most members of staff and students reverted to working from home extremely quickly, using underlying technology that was already in place, but never before tested on such a scale. In some ways, this accelerated development towards a digital university was liberating, despite the huge amount of support and assurance work that it required.

The University of Kent has delivered higher apprenticeships since 2011 and the DaLL (Digital and Lifelong Learning) centre works in partnership with regional and national employers to develop apprenticeships tailored to their needs, working with industry-leading employers including GlaxoSmithKline, Pfizer and AstraZeneca, to provide a managed apprenticeship, from sign-up to competency monitoring, quarterly workplace visits and enrolment for end-assessment. The centre also has an important part to play within the University, supporting academic schools in all aspects of delivering apprenticeship training.

## b) Research and innovation

*“Our discoveries and research will emphasise existing and new signature areas, where we match the best in the world.”*

The University undertakes research and innovation that is of the highest standards judged by international comparators.

The University is committed to research for the public benefit. Its research is openly published and disseminated, with over 11,000 records publicly available in the Kent Academic Repository. It takes active steps to apply research where economic and social benefits are identified and to tackle global challenges from age discrimination to viral epidemics.

The University's “Signature Research Themes” will promote the working of groups of scholars across disciplinary boundaries to find answers to diverse and complex challenges. The themes, which will span all Divisions, will have an international profile, attract external income, engage and create impact. The first of these themes were announced in October 2020 and were Migration and Movement; Future Human; and Food Systems, Natural Resources and Environment.

The University's research has an international dimension and the University has been a key beneficiary of the Global Challenges Research Fund (GCRF), which was set up to respond to global challenges, with Kent academics spearheading numerous GCRF-funded research projects in recipient countries. These projects have included building capacity in eastern Europe and central Asia, and establishing production capacity for biopharmaceuticals and animal vaccines in Thailand and neighbouring south east Asian countries.

The University also has strong UK collaborations in place:

- **The Eastern Academic Research Consortium (Eastern ARC)** was created to strengthen current collaboration and develop new cross-disciplinary research between its three member universities, East Anglia, Essex and Kent. Each partner in the Consortium acts as lead in one of three areas: Digital Humanities, led by the University of Kent; Quantitative Social Science, led by the University of Essex; and Synthetic Biology, led by the University of East Anglia (UEA). In April 2020, Eastern Arc researchers were working to help generate a vaccine against coronavirus and providing support to a key company developing urgently required antigen and antibody tests;
- **The South East Network for Social Sciences (SeNSS)** is a consortium formed of ten leading UK universities, including Kent, as part of an Economics and Social Research Council doctoral training partnership;
- **ARIES**, a Natural Environment Research Council-funded doctoral training partnership, aims to address some of the challenges facing contemporary society by providing excellent multidisciplinary training to a new generation of science and business leaders working in the broad field of environmental science;
- **The Consortium for the Humanities and the Arts South-east England (CHASE)** brings together eight leading institutions as part of an Arts and Humanities Research Council-funded doctoral training partnership;
- **The South East Physics Network (SEPnet)** is a consortium of nine world-class universities working on high-quality research, teaching and outreach activities.

The University aims to maximise the positive impact its research has on society and, in particular, its region. From science festivals and arts exhibitions to health workshops and business seminars, the University is committed to public engagement with research:

- The University's partnership with the Canterbury & District University of the Third Age (U3A) continues to deepen. In February 2020, the University publicised a citizen science research project between the School of Psychology and U3A, which had been published in the journal “Memory”. The study explored whether older adults would show reductions in strategic memory processes in comparison with young adults. The University has a Memorandum of Understanding agreement with the U3A, which sees academics working with retired and semi-retired people in the Canterbury community;
- With fewer research events due to Covid-19, the University has embraced digital ways of revealing the essential and positive impact of its research on communities around the world, collaborating with KMTV to create a series of nine short films about individual research projects at the University, to be broadcast via the University's Research Impact YouTube channel. The films revealed the vital impact of the University's research throughout the UK and across the world, showing that the findings and results have benefited many people and communities whilst helping to advance knowledge and understanding across a host of disciplines.

Specific research work undertaken by the University regarding Covid-19, in addition to that by Eastern ARC described above, was:

- by the School of Psychology, where new research in association with *Belong – The Cohesion and Integration Network*, showed that key workers were facing a tougher time than most others during the pandemic;

## UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)

- undertaken by the School of Social Policy, Sociology and Social Research and the University of Salford, which showed that 290,000 people had unsuccessfully tried to claim benefits during the Covid-19 pandemic and that most were not eligible, but had seen sharp falls in income, were struggling financially and had poor mental health;
- by the School of Biosciences and the Institute of Medical Virology at Goethe-University, Frankfurt, where researchers identified that a glycoprotein known as transferring, might critically contribute to severe forms of Covid-19;
- a Covid-19 Working Group, launched by the Society for the Anthropology of Lowland South America (SALSA), and chaired by Dr Daniela Peluso, from the School of Anthropology and Conservation, in an effort to provide vetted information on Covid-19 in Amazonia;
- undertaken by the Medway School of Pharmacy, working with Imperial College London, on a project to develop antibodies that targeted the novel coronavirus and helped create a new therapy for Covid-19.

### c) Engagement, impact and civic mission

*"Our education and research, and the talents of our staff and students, will support social, economic, cultural, intellectual and public life in ways that will make us one of the leading civic universities."*

### Institute of Cultural and Creative Industries

The University has created an Institute of Cultural and Creative Industries (ICCI) to build on its strengths in design, media and digital arts and work with strategic bodies such as the Creative Industries Federation and Nesta, in order to equip students with the necessary skills to support the development of the creative and cultural industries in the region.

ICCI is a National Portfolio Organisation with Arts Council England. ICCI celebrates creativity, promoting creative courses, supporting students, alumni, regional businesses and creative industries and highlighting the brilliant, creative research taking place at the University. ICCI is leading a £4.3m Cultural Development Fund project to transform the Thames Estuary into one of the most exciting cultural hubs in the world.

The creative industries are the fastest growing sector of the UK economy and are expected to generate up to one million new jobs by 2030. ICCI will support this by bringing a diverse and exciting community of academics and students together with a shared passion for creative ideas. ICCI will build on the University's long-standing strengths in the creative and cultural industries and provide a focus for the creative industries, embedding business, digital and arts and humanities innovation to equip students with essential skills.



## Business and community

The University's activities as a whole, combined with the £300m that students spend off-campus, support 9,448 full-time equivalent (FTE) jobs in the South East<sup>1</sup>.

The business community's business and innovation gateway into the University is delivered through the University's dedicated department, Kent Innovation and Enterprise (KIE). KIE takes an innovative and creative approach to building strong links between research, business, and industry, to better develop and support business and economic growth, and some of its initiatives are detailed below:

- **Innovation, Creativity and Enterprise (ICE)** – an ongoing successful platform for engagement with the business community, with enhanced links with businesses of all sizes and the public sector, to support innovation and development;
- **Knowledge Transfer Partnerships** – a three-way partnership between the University, a graduate and a company, where a company or organisation is able to access knowledge, technology and skills to meet a core strategic need at the same time as upskilling staff and embedding new expertise within the organisation. Projects typically last for between one and three years. All projects are supported by an academic team providing key input and direction for the project as well as enabling the transfer of key expertise and knowledge through the association;
- **Student Knowledge Exchange** – this strategic approach to the facilitation of Knowledge Exchange through the University's student population creates a win-win situation for both parties, as it allows the business community to tap into academic expertise along with generational insight, whilst allowing the student body to benefit from further exposure to real world commercial challenges faced today:
  - **Innovation i-Teams** – this presents a group of shortlisted students across the institution with a business challenge over a six-week period. Supported by the Kent Invicta Chamber of Commerce, the group(s) is mentored and receives relevant commercial insight to facilitate the innovation and development of a final presentation to a panel of judges;
  - **Innovation Weekender** – part of the successful EIRA (Enabling Innovation: Research to Application) project, linking seven institutions together across the east of England. 60 students took part in a residential weekend exploring brand development for PepsiCo (Doritos, Walkers, Naked Smoothies and Quaker Oats).

Increasingly, the University's students are developing wider innovative skills where KIE runs a number of pathways for students to engage in innovation and enterprise such as the Employability Points Scheme. Students are also able to access dedicated business start-up support run by the University's Kent Business School ASPIRE team. The Business Start-up Journey is an inspirational 12-week programme, providing a step-by-step guide to starting a business in the School's purpose-built facilities.

Local and regional engagement have continued to grow with the University playing a key role in many stakeholder networks. The University has been actively involved in working with businesses located at Discovery Park (Enterprise Zone) and provides support for tenants at the Park to ensure the University provides a first point of contact for partnership development on research and innovation.

In addition, KIE is actively supporting the development of the second Enterprise Zone in Kent, North Kent Enterprise Zone. The Zone covers Medway, Ebbsfleet and Maidstone, providing a wide range of support for the region on health, specifically health care and medical devices, with innovative business premises and a high focus on developing skills. The University is a key member of the strategic partnerships and boards.

The Government emphasis on the Industrial Strategy is of significant importance to the University and the business community, and focusing strategic support for innovation and enterprise around the key sector themes. The University is taking a proactive approach to developing partnerships with industry, alongside its broader business engagement, in order to take advantage of collaborative funding opportunities to enhance productivity and innovation.

The University continues to support the South East Local Enterprise Partnership, and, the Vice-Chancellor and President is an active Board member. The University is a key stakeholder on numerous economic Boards; the Kent & Medway Business Advisory Board, Thames Gateway Partnership Board, and the University's Director of Innovation and Enterprise is a Board member and Honorary President of the Kent Invicta Chamber of Commerce. The increased regional stakeholder engagement, and business support, is firmly positioning the University as an anchor institution committed to civic mission priorities.

## Partnerships and access

The University is committed to leading initiatives that ensure benefits to the region, and partners with regional economic and development organisations to support economic growth, continuing to engage with them to ensure the University's activities best meet the needs of employers and the local economy.

The University is the lead sponsor of the University of Kent Academies Trust (UKAT) comprising Brompton Academy and Chatham Grammar School for Girls in Medway. Students at both academies benefit from the knowledge, experience and resources that the University has to offer and the University is committed to supporting the Trust in designing and delivering a range of courses for adults as well as family learning programmes for parents/carers and their children.

The University's Medway campus has provided new opportunities for young people in the region. The University has worked with colleges in its region (West Kent College, the EKC Group of colleges and Mid Kent College) to offer a range of vocationally related higher education qualifications.

## Outreach

The University has continued its outreach work with partner secondary schools in Kent and Medway and schools within the Kent and Medway Progression Federation to help raise the aspirations of those from non-higher education backgrounds. In the last year, contacts have been made with just under 9,700 pre-higher education students and over 200 Student Ambassadors have been recruited, employed and trained to support this work. In summer 2019, four residential summer schools were offered to 139 school and college students from years 10, 12 and further education, who attended the Canterbury campus, giving them an opportunity to sample university life and to attend lectures and

<sup>1</sup> [www.kent.ac.uk/about/impact/files/regional-impact-driving-economic-growth-2019.pdf](http://www.kent.ac.uk/about/impact/files/regional-impact-driving-economic-growth-2019.pdf)

## UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)

seminars on a variety of subjects. The University also offers routes into higher education for adult learners through its Access to HE Diplomas that are run at Brompton Academy and at Hartsdown Academy.

The University has successfully piloted the new University Entrance Diploma (UEd) in Medway over the last three years. The programme, based on Access to HE diplomas, has been targeted at younger students from a widening participation background. Given the success of the approach, work is now underway to develop the UMed, which will be an innovative new two-year programme for younger widening participation students to enter Medicine at the new Kent and Medway Medical School.

### Volunteering and fundraising

The University has a commitment to volunteering by students and staff for the benefit of the community. Volunteering through Kent Union plays a crucial role in the university experience, from welcoming students over arrivals weekend, to running a student group, being a student rep or running a campaign. Examples of student volunteering include helping local charities and working with schools to encourage children to consider further study and to promote positive community relationships.

### Contribution to the community

As part of the University's response to Covid-19, the University has supported the community in many different ways:

- 3D face shields manufactured by the University, with colleagues from the Schools of Computing, Architecture and Planning, Engineering and Digital Arts, Physical Sciences and Biosciences collaborating on the design and supply, successfully received CE marking after inspection from the UK national standards body, BSI. The certification demonstrates the high quality of the 3D face shields and is a testament to the expertise and skills of the technical staff involved in the project. 4,990 3D face shields were supplied to 11 organisations between April and July 2020.
- The University's School of Biosciences helped Kent hospitals to increase the number of Covid-19 tests that could be carried out each day, as specialist molecular biology equipment was loaned to boost the capacity in NHS labs. More than 30 academics, postdoctoral researchers and PhD students from the School volunteered to help perform testing at hospitals.
- Also in response to the Covid-19 pandemic, the University's business and innovation gateway team hosted a number of free webinars to help support business recovery in Kent and Medway. Kent Innovation and Enterprise (KIE) provided expert advice through these online sessions in collaboration with a number of academic schools across the University.

Other contributions to the local community include the Kent Law Clinic, a partnership between students, academics, solicitors and barristers in practice locally. It has two objects, to provide a public service for the local people who need legal advice and representation and cannot afford to pay for it, and to enhance the education of students in the Kent Law School through direct experience of legal practice. The Clinic goes from strength to strength and has continued to provide free legal advice and help, even remotely.

The University's sport department, Kent Sport, has hosted many events, including Canterbury's parkrun on the University of Kent's Canterbury campus, and supports local and national charities, with an increased focus on wellness activities in 2020.

Many of the University's facilities are open to the general public, attracting visitors from Kent and further afield, covering a breadth of activities including a diverse range of cultural activity engaging students, staff, professional artists and the local community; with open lectures and visiting speaker events, sports facilities and open days. In Canterbury, the University offers an innovative, engaging and high-quality arts programme for students, staff and the community with its award-winning Colyer-Fergusson Concert Hall and Gulbenkian theatre and cinema.





# FINANCIAL STATEMENTS / STRATEGIC REPORT

## Financial Highlights for the Year to 31 July 2020

Financial performance and investment:	2019/20	2018/19	Movement
Total Comprehensive Income / (Expenditure)	£12.3m	(£60.1m)	↑ £72.4m
as % total income	4.8%	-22.5%	
Underlying financial performance (see Financial Summary, p24)	(£12.0m)	(£7.9m)	↓ £4.1m
Adjusted Net Operating Cashflow (ANOC) <sup>1</sup>	£5.7m	£11.4m	↓ £5.7m
as % total income	2.2%	4.3%	
Total income	£259.5m	£266.4m	↓ £6.9m (-2.6%)
Tuition fee income	£161.5m	£163.5m	↓ £2.0m (-1.2%)
Residences and Catering income	£29.0m	£36.7m	↓ £7.7m (-20.9%)
Staff expenditure for the year <sup>2</sup>	£158.0m	£158.5m	↓ £0.5m (-0.3%)
as % total income	60.9%	59.5%	
Capital Expenditure	£19.9m	£31.8m	↓ £11.9m
<b>Liquidity, debt and financial viability:</b>	<b>2019/20</b>	<b>2018/19</b>	
Current asset ratio <sup>3</sup>	0.79	1.01	
'Available cash reserves' <sup>4</sup> as days' expenditure	40 days	51 days	
Net debt (Outstanding loans less cash held)	£75.4m	£79.6m	
Net assets (including impact of movements in pension provision related to USS Valuation)	£266.9m	£254.5m	

1 A measure of cash received in the year that could be used to meet future commitments, (Net cash inflow from operating activities plus cash received from investment & endowments, less interest paid on borrowing).

2 Total staff costs less the movements in provisions for pension deficit recovery plans and redundancy payments in relation to restructuring schemes.

3 A liquidity measure of ability to pay short term debts, calculated as the ratio between current assets and current liabilities.

4 Measured as cash in hand, short-term deposits and 90% of the market value of current asset investments.

## Summary

Whilst the Covid-19 pandemic only hit the UK in March 2020, eight months into the academic year, the impact of and response required to this has been substantial. At this time, Kent was already in a period of significant change, delivering a major restructuring of its leadership and organisational structure across the entire University, overhauling the academic offer and developing and implementing a Financial Improvement Plan, designed to bring the University back to a sustainable operating position by 2023/24.

These major developments have progressed well despite the challenges posed by Covid-19, with some key milestones met that put Kent into a stronger position. A new leadership team is now in place, with six academic Directors of Divisions brought into the Executive Group to build resilience and enhance accountability. The core objective of the Organising for Success change programme has been met, with most of the new structures, across academic and professional service departments, having come into effect from 1 November 2020. Sustainability reviews have been undertaken in many areas and significant savings have been delivered in staff and other costs; new operating structures are mostly now in place meaning that there is a consistent approach to interactions between the operation of the

Divisions and the central professional services, improving efficiency and making the system easier to navigate for staff.

These changes are starting to deliver major impact. In particular, two years of difficult student recruitment has now been turned around with a significant upturn in the expected intake of Home/EU undergraduates in 2020/21, despite the uncertainties and competition created by the Covid-19 pandemic. A Financial Improvement Plan, intended to make staff cost savings of £17.3m over a three-year period, has also been substantially completed, with £14.1m of the overall required savings having been identified, including an acceleration of £8.8m from future years, and with implementation well underway. When Covid-19 hit, the University took immediate action to minimise the financial impact, including some significant income shortfalls. Non-essential expenditure was constrained and all efforts were focused on ensuring the best student experience possible, for new and existing students, whilst remaining compliant with government regulation. This has enabled the University to adopt a blended approach to its delivery of education and where permitted, to offer a wide range of activities and facilities to those students attending our campuses, whilst ensuring a safe and secure environment for all. Clearly the end of 2019/20 and the start of 2020/21 sees a very different experience for our students but we are proud of

how they have responded to this and equally proud and thankful for the efforts of all our staff in ensuring they get the best experience possible.

Notwithstanding all the changes and challenges being faced, Kent's mission to deliver one of the best education and student experiences in the UK, one that enables and inspires our students, remains firm. We intend to build on the excellent reputation for teaching and research that we have established, as recognised by our TEF Gold status and impressive performance in the last REF, in the years ahead.

The 2019/20 surplus reported of £12.3m compares very favourably with the £60.1m deficit reported for 2018/19. However, there were a number of unusual factors affecting both years. The most significant of these was the decrease in the pension provision in 2019/20 of £33.8m due mainly to the finalisation of the 2018 Actuarial Valuation for the Universities Superannuation Scheme ('USS'). This reverses much of the increases of £45.3m seen in 2018/19. Similar movements will be reported across the sector in other institutions that have a high membership in this scheme. The other factors included the adverse Covid-19 effect in 2019/20, estimated at a net £6.5m, and restructuring costs in 2019/20 of £10.2m (£6.9m in 2018/19).

On an underlying operating basis (adjusted for the estimated Covid-19 effect), Kent's 2019/20 financial performance has improved with a deficit of £5.5m compared to the deficit of £7.9m in 2018/19. This is largely as expected and reflects the early signs of progress on work to ensure Kent's long-term operational and financial sustainability and efforts to address the ongoing increased competition for student recruitment being seen throughout the sector.

This continuing financial squeeze, which our Financial Improvement Plan is addressing, is due to significant staff cost increases, including increases to pension contributions, in a period of levelling income and constraints over fee levels, control over which is largely outside the University's sphere of influence. One such action was the launch of the Kent Voluntary Severance Scheme ('KVSS') in April 2019. Phase 1 of the scheme, in 2018/19, saw 147 staff leave, with a further 166 departures agreed during 2019/20. The associated cost in 2019/20 of £10.2m (2018/19: £6.9m) is included in these Financial Statements (although this will ultimately result in a reduced staff cost base moving forward).

Whilst staff numbers have reduced, this has been implemented in a way so as not to adversely impact our existing or future students, and with the new organisational structure now in place, this puts Kent in a far stronger position to respond to the challenges ahead. Throughout this period, we remain committed to ensuring that we meet the needs of our students for academic and social development, leading to valued employment and benefits to society.

In line with reductions in operating spend, investment in the estate also reduced to £19.9m, focusing only on those areas of strategic priority and where best value could be achieved. This included the construction of the new Pears Building, housing the University's facilities of the jointly run Kent and Medway Medical School, refurbished facilities for engineering students and improved Wi-Fi provision across the campus. Further detail on the capital programme is provided on p23. The University balance sheet remains strong, with net assets in excess of £260m in spite of the challenges to operating performance. Further detail on Kent's financial performance, position and capital programme is given below in the "Financial Summary".

This strategic review outlines the major areas of focus underpinning the University's aims to 2025. This includes demonstrating the valuable benefits Kent bring to its students; reviewing progress and financial performance to date; and assessing the outlook for the future, including an evaluation of the major risks that may affect the achievement of the University's strategy.

### Delivering excellent academic experiences for our students

In 2019/20 our student population was 19,207 with 86% of our students based at Canterbury, a further 11% based at Medway, and the remainder studying at our European centres, in partner institutions or by distance learning. The 2019/20 student population was 2% lower than the previous year due to a reduction in both EU and Overseas undergraduate numbers at our Canterbury campus. Kent's postgraduate community remained strong, experiencing an increased recruitment in 2019/20, with an additional 45 students. Further modest growth is planned for subsequent years, as well as an increased undergraduate population as the number of UK 18-21 year olds increases.

Kent is committed to offering a fulfilling university experience to students from a range of diverse backgrounds. 29% of our UK first degree new entrants have non A-level qualifications on entry, 17% have a known disability, 39% come from Black and Minority Ethnicity (BAME) backgrounds and 46% have been identified as coming from widening participation backgrounds.

The University is mindful of the impact that Covid-19 has had on students and the focus was on action during the year to make sure that the student experience was a priority. This included making students aware of the measures put in place to ensure their safety and also highlighting the blended learning experience, which combined online lectures and interactive sessions with small group teaching, lab and practical sessions. The University's web pages are updated every few days with more information for students, regarding safety, studying, sources of support and student life and activities.

Currently we are ranked at 47th out of 131, 48th out of 130 and 82nd out of 121 in the Complete University Guide, The Times Good University Guide and The Guardian respectively, but at positions lower than where we would be typically aiming. The increase in rank in the Times was driven by improvements in the National Student Survey (NSS) and our student:staff ratio, whilst the drop in the Guardian was mainly due to the results of the Graduate Outcomes Survey and our NSS results. With both surveys including the use of the same NSS and Graduate Outcomes data, this is in part due to the different methodologies used for each survey. We take these results seriously, listening to what our students say, comparing our results to NSS subject benchmark data and continuing to implement changes in response to both the metrics and student comments. This work includes improving our understanding of the needs of our changing student population, starting with a focus on welcome, induction and transition.

Improvements in marketing and conversion activity with applicants resulted in a busy recruitment round for 2019/20 and a higher level of engagement than in 2018/19, despite a competitive environment with reduced numbers of UK 18-year-olds. However this was significantly overshadowed by the impact of Covid-19 from March onward. Kent had set targets that were more cautious than previous years: a 6% reduction for Home undergraduates and a 14% reduction for Overseas

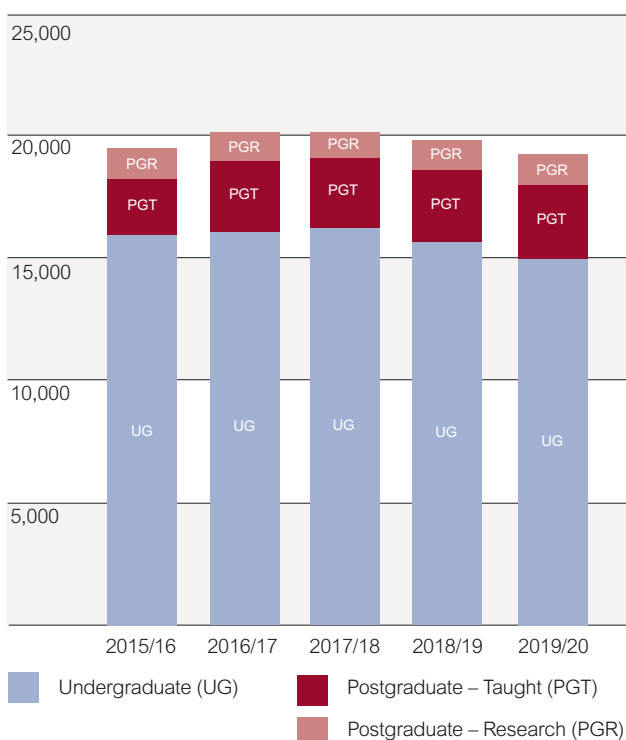
## STRATEGIC REPORT (CONT)

undergraduates. These targets were further reduced by 10% for all Home entrants and 50% for all Overseas entrants, due to concerns that travel restrictions and social distancing as a result of Covid-19 would impact recruitment. Actual performance was better than anticipated, with Home undergraduates 6% ahead of the original pre-Covid target and Home postgraduate and Overseas undergraduate broadly in line with the original target. Overseas Postgraduate student numbers, however, did fall in line with the reduced target.

Looking ahead, the University is still facing a challenging student recruitment environment, with the UK young demographic in decline for at least the next year, and the continued challenge of increasing competition for students between universities. EU student numbers may also decline further, following an initial 36% drop since the UK voted to leave the European Union, there is also a risk that Brexit may impact our recruitment for 2020/21 more than institutions in other regions through possible disruption to transport links. Plans are in place to address this issue, aided by the high levels of online activity developed during the Spring 2020 lockdown, and recruitment and marketing initiatives have been substantially overhauled. A newly agreed offer to EU students should also help ensure Kent remains welcoming and attractive, consistent with our reputation as the UK's European University.

The portfolio at Kent is evolving following wide-scale reviews of our market and portfolio performance and we are implementing structural and cultural changes to ensure that we are best placed to deliver on our strategic objectives.

### Five year analysis of students studying for Kent qualification (headcount)



We are continuing to rebalance our portfolio from Humanities to STEM subjects with the opening of Mechanical Engineering together with further expansion of our Higher Degree Apprenticeship offer, adding to the successful opening of the Kent and Medway Medical School mentioned earlier in the report.

### Supporting students and aiding their progression

In line with the University Strategy, which prioritises the student experience, key areas of focus in the Student Services Directorate in 2019/20 has continued to be around student wellbeing, specialist mental health support and employability.

A review was undertaken of the College system, resulting in a restructure in the latter half of 2019/20 to enable the pastoral support and discipline functions to be separated. This resulted in the creation of a new College and Community Life team (CCL) which will focus solely on welfare and community building, celebrating College communities through events and initiatives scheduled across the academic year, improving community relations and further developing Alumni relations. Working alongside this team, the Student Conduct and Complaints Office (SCCO) consists of a team of officers, specifically trained to handle matters relating to student conduct and complaints in a professional way and in accordance with the OIA HE regulatory framework. These two teams work closely with the Student Support and Wellbeing Service (SSW) to ensure seamless support of students, which is particularly important in areas involving risk, and it ensures a robust response to duty of care or safe-guarding concerns. In response to the increasing demand on the University's mental health services, a new post was created of an out of hours mental health practitioner during term-time. This enables students who are experiencing significant mental health difficulties to have access to support in the evenings (20 hours/week), which can enable critical situations to be contained until the next working day and support students to develop strategies to assist them with coping with moments of crisis.

The University's Student Employability Strategy for 2018-21, defines our expectations that our students will become confident, creative, critically reflective, culturally aware and will have integrity, resilience and intellectual curiosity. The strategy supports the development of those attributes to enhance the employability and produce graduates who will make an effective contribution to the world of work.

A range of services is offered, including an award-winning Careers and Employability Service and an annual Employability Festival including the annual Careers Fair. Student numbers accessing the Careers Service for appointments grew by 30% this year, highlighting the proactive nature of our students, and the need for professional expertise in advising students. Event attendance by students has seen a 25% increase on last year.

Our Work Study Scheme offers students from diverse backgrounds the opportunity to acquire workplace skills and training and access to paid employment. Since its inception in 2014, the scheme has supported 7,750 students, providing 3,988 roles, in which they earned just under £1.6m. Students unsuccessful in obtaining employment receive personalised feedback and support with future applications.

Another important area of focus is the work that the University is undertaking to remove barriers faced by people of colour at Kent.

The University has committed to undertake the Advance HE Race Equality Charter. A new Tackling Racism strategy is under development, and work is being undertaken across the institution in response to both the Black Lives Matter movement, and the student-led Statement of Demands. Student Support and Wellbeing has committed to undertaking the Diverse Cymru BAME Certificate in Mental Health in the 2020-21 academic year. The University Student Conduct and Complaints processes were reviewed, and new sections on reporting and sanctions in relation to racism were introduced. The compulsory all-student Expect Respect module was updated to include new elements on Becoming Actively Anti-Racist and Student Services invested in a new Active Bystander Intervention Awareness e-learning module.

The Student Services Directorate has been core to the University's response to the Covid-19 pandemic. A universal Equality Impact Assessment was conducted in spring 2020 to assess the potential impact of both Covid-19 and the move to a fully online learning environment for teaching, assessment and student support during the lockdown period. In addition, the response included the provision of technological support (laptops and dongles) to students to address the digital divide; staff training on how to deliver effective online learning, including raising awareness of potential barriers faced by different groups of students; telephone and online support available on the day to any student requiring mental health support, as well as proactive calls/texts to students with Covid-19 and/or in self-isolation and prompt response to student queries over extended hours to minimise student anxieties throughout the pandemic.

The work already undertaken by the Kent Digital Accessibility Working Group, coupled with the universal move to online learning, has meant that Kent was in an excellent position when the new Digital Accessibility Legislation came into force in September 2020.

The University's unit for Digital and Lifelong Learning (DaLL) is committed to providing access to transformational higher education through offering high-quality teaching, applied educational design and development activities. DaLL's blended and flexible approach to learning allows the development of knowledge and work-related skills through higher degree apprenticeships; online digital courses and micro-credentials; individual modules; part-time postgraduate certificates; diplomas and Master's degrees.

DaLL works in collaborative partnership with regional, national and international employers and organisations to develop tailored provision. The department and its staff are skilled in designing learning opportunities which achieve the right balance between study and the commitments of ongoing work requirements. This allows individuals to study effectively and advance their careers, whilst also achieving employers' organisational goals.

Kent was proudly placed at number 24 in the Rate My Apprenticeship 'Top 50 Training Providers' 2019-2020. Our Professional Practice provision scored 100% overall student satisfaction in the 2019 Postgraduate Taught Experience Survey (PTES).

Kent's existing courses with an online provider, Future learn, have been taken by more than 100,000 students over the last 5 years and our new developments in online courses and micro-credentials looks set to see that figure increase further in 2020.

## Providing excellent academic support services for learning and research

The University continues to provide excellent academic learning resources in an exciting setting to enable students to achieve their full potential. Student satisfaction with learning resources remains consistently high, with a further rise in National Student Survey (NSS) scores for Library and IT services last year and national recognition for excellent Library services. Our IT infrastructure and digital services allowed the University to transition successfully to remote working during the Covid-19 lockdown, and have provided an excellent blended experience for students and continued support for our academic activities:

- Our library service achieved the Times Higher Education outstanding Library Team award in December 2019;
- The Templeman Library was a finalist for the Best Library Building award, run by the Society of College, National and University Libraries, and was commended for the redevelopment of our inspirational building;
- NSS scores for Library and IT service rose again to over 90% satisfaction for Library resources, and our Learning resources ranking improved from bottom 50% in 2017 to top 20% in 2020.

## Providing higher education to a diverse range of students

Kent continues to maintain its long-standing commitment to widening access and making higher education available to anyone who can benefit from it. Through its partnerships with schools and colleges across Kent and Medway, the University worked with over 9,700 young people and adults in 2019/20 through a wide range of events and activities aimed at raising aspiration and supporting attainment. Of those students, 279 have subsequently enrolled on a degree programme at the University. Kent has continued to work closely with other local HE and FE Partners through the Kent and Medway Progression Federation to provide support to pre-HE students and advice and guidance to teachers and other professionals working with young people. The University continues to track the progression of the outreach students it has worked with through the Higher Education Access Tracker (HEAT) service. To date, 17,000 outreach participants have been tracked with 34.5% of them progressing into Higher Education. Of those who have completed their university studies, 77.6% were awarded a first or an upper second-class honours degree.

The Covid-19 pandemic had an immediate effect on the University's ability to maintain its outreach provision when schools and colleges closed in mid-March. Some key activities were translated into online programmes including year 10 and 12 visit days, the Uni Connect Succeed Programme for year 12 students and Where Next, self-guided resources supporting those thinking about applying to HE with online Q&A support. The University has also piloted a Virtual Debating Club.

Our successful student ambassador scheme has continued to support activities aimed at widening access with over 200 undergraduate and postgraduate students working with pre HE students on outreach activities. The University continues to offer a Stipend Award to students from partner schools and colleges and 41 new first year stipend ambassadors were appointed in 2019-20. The ambassador scheme is a key contributor to a positive 'student experience' at Kent and improves our students' employment prospects. During the lockdown, many ambassadors shared their University experiences online with outreach

## STRATEGIC REPORT (CONT)

participants through filmed presentations, Q&A sessions and small group discussions.

The University continues to sponsor the University of Kent Academies Trust (UKAT) comprising Brompton Academy and Chatham Grammar School for Girls in Medway. Brompton Academy continues to be the most oversubscribed school in Medway. In the last academic year, over 1,000 students at both academies benefitted from the knowledge, experience and resources that the University has to offer. Recent activities have included literacy support, subject specific mentoring for years 12 and 13 and induction activities exploring robotics for year 7 students. In the summer term, the University provided targeted application support for sixth-formers considering progression to highly selective universities or programmes in medicine and dentistry.

### Enriching the student experience

Kent Union is an independent charity and the Students' Union at the University of Kent; its mission is to support students by giving them a voice, help them have the best time at Kent and prepare them for life after Kent. In order to protect the interest of students now and for future generations to come, Kent Union incorporated and became a Company Limited by Guarantee and Registered Charity on the 1 August 2019. The Union provides a wide range of advisory and welfare services, including an Advice Centre that helps over 4,000 students each year, often making crucial interventions to support them to complete their degree programmes; a Buddy Scheme that pairs up current students with new students to help them settle into university; a student listening service, Nightline, now in its second year of delivery obtained full accreditation, and operated by Kent Union on behalf of both Kent and Canterbury Christ Church; and Jobshop, an employment temping agency and job advertising service that helps students find employment while studying. During October 2019, with support from the University, Kent Union launched its new Student Foodbank and Freecycle scheme, called StuFF. The Foodbank was a huge success, collecting an enormous amount of food that was going to be thrown away, particularly as many students hastily left their accommodation in March 2020 due to the national lock-down. The Foodbank remained open throughout lockdown, providing a lifeline to students who were isolated on campus and experiencing financial hardship.

Last year, Kent Union's activities were severely restricted by the outbreak of Covid-19. However, Kent Union continued to run its ground-breaking Zero Tolerance initiative, securing funding for a third year from the Kent Police and Crime Commissioner to continue to implement the project across the Canterbury and Medway Districts. The initiative works with night-time economy establishments to create and reaffirm a culture where sexual harassment is not tolerated. Kent Union runs the project on behalf of a partnership, consisting of Kent Police, Canterbury District Council and the Universities and Students' Unions of Kent and Canterbury Christ Church. The project was highlighted by a Parliamentary Select Committee as an example of best practice and has been showcased by Kent Union at a number of HE sector events in the past.

The University course representative system is run by Kent Union; it provides every student with an elected student representative on their academic programme of study. Around 300 students are elected each year, the majority attending Kent Union training and receive ongoing support from Union officers and staff over the course of the year.

During 2019/20 Kent Union implemented the results of its democracy review in order to ensure that elected officers are representative of the whole student body, with changes to the range of officer roles including increased representation for part-time and postgraduate students. There has also been a wide range of student networks established, which have led campaigns, held forums and socials, and created change through collective action.

Kent Union provided over 500 students with employment opportunities over the course of the year, paying over £650k to students in 2019/20. The Union once again achieved inclusion in the Sunday Times Best 100 Not-for-Profit Organisations to Work For – placed 17th, this is the 11th occasion that the Union has been included in this highly prestigious list of top employers in the UK. The Union also provides a wide range of volunteering opportunities and groups. Last year, over 2,500 students volunteered through Kent Union with members raising over £85k for local and national charities. In addition, RaG (Raise and Give) organised a number of events and challenges for their members including Jailbreak, a Colour Run, London to Paris cycle ride and a Kilimanjaro Trek. Kent Union also had 23 community action groups all delivering positive social change within the local community, for example Canterbury Homeless Outreach who deliver food to homeless people in the city centre.

The Union runs a wide range of student activities, including around 250 student-run clubs and societies boasting over 5,600 student members. The University and Kent Union provide students with free membership to academic societies, which has seen their membership continue to grow in 2019/20. Additionally, Kent Union hosts an award winning student-run radio station, one of only five student radio stations in the UK to have a full FM licence and the oldest student radio station in the country, and a student newspaper that has been produced since December 1965.

Kent Union continued to run GK Unions, the students' union provision on the joint Medway campus, on behalf of, and funded by, the Universities of Kent and Greenwich. GK Unions provides an advice centre, student activities team, non-alcoholic social and study space, a bar and catering outlet and space for student groups to undertake their activities, in a purpose-built £5m student hub. The Union also works to support students at the University's Centres in Paris and Brussels, providing training for student reps on both sites, supporting student groups.

In Canterbury, Kent Union operates two food convenience stores which this year, with collaboration from the University, were converted to Co-op Franchise stores. Both continue to be owned and operated by Kent Union, but under the Co-op brand, meaning the Kent Union Retail department continues to employ over 100 students each year, while being able to offer a wider range of groceries, hot and cold food to go, and fresh and frozen foods, with special offers and competitive pricing that produce greater value-for-money for students. The arrival of Covid-19 resulted in the temporary closure of the Parkwood Co-op shop in March 2020, although the main supermarket, Union Plaza Co-op, remained open throughout lockdown, providing an invaluable service to the students who remained on-campus.

The Union also runs the Venue, a 1,200 capacity, purpose-built night-club on the Canterbury campus of the University, which due to Covid-19 has not been able to open since March 2020. However, the Union prides itself on running the Venue in a socially responsible manner, providing students with a safe entertainment facility on campus. In addition to this, the Union continues to run the Oaks Day Nursery on the Canterbury

campus, providing 95 places for children of University and Kent Union staff and students.

Kent Sport continues to develop a diverse and inclusive programme of sport and physical activities for staff and students of all ages and abilities across the Canterbury and Medway campuses, utilising a wide range of facilities to meet increasing student demand for sport and physical activity. Construction of the new Indoor Tennis and Events Arena commenced in 2019/20 and is now substantially complete. This venue provides students with a state-of-the-art tennis and netball facility. Our activities in 2019/20 were significantly curtailed from March 2020 as a result of the national lockdown and the need to close sports facilities. We refunded our members and successfully re-opened later in a COVID-secure manner before the 2020/21 academic year. We keep the quality of our facilities under review and have identified some priority remedial works for 2020/21. The relationship between Kent Sport and Kent Union continues to be strong.

Arts and Culture play a significant role in the life of the University of Kent. We are committed to embedding creativity in the lives of our students, staff and local communities, as well as playing a leading role in the development of cultural and creative industries in the UK and beyond. In Canterbury we offer an innovative, engaging and high quality arts programme for students, staff and the community with our award winning Colyer-Fergusson Concert Hall and Gulbenkian theatre and cinema. The Gulbenkian, an Arts Council of England National Portfolio Organisation, continues to develop its ground breaking work and commitment to the creative empowerment of children and young people. Students on both the Canterbury and Medway campuses can also take part in a wide range of extra-curricular music making. At our Medway campus we are working in partnership with Medway Council to develop an arts programme in the Galvanising Workshop and Royal Dockyard Church.

Our programme of activity was impacted by the closure of campus due to Covid-19 from March 2020, but the Gulbenkian has since reopened safely with a significantly reduced level of activity. The Gulbenkian was awarded £120k from the Arts Council in 2019/20 to redevelop its café spaces and more recently was awarded £140k from the Cultural Development recovery fund which will mitigate losses due to Covid-19 restrictions.

### Student residences and catering

Kent's Commercial Services provides a varied choice of quality student accommodation to 6,500 students across our Canterbury and Medway campuses.

At the start of the 2019/20 academic year we hit our highest accommodation occupancy levels in three years. This continued until March 2020 when the UK Government introduced a country-wide lockdown in response to the Covid-19 pandemic. The vast majority of students left campus with considerable impact on accommodation and catering income, with a significant portion of our staff in this area subsequently furloughed. Despite this, several hundred international and shielding students did stay in accommodation between March and August 2020. Our residences have now fully reopened to students for September 2020 entry, in a Covid-secure environment.

Our catering team started the year well, being awarded the prestigious 'Member of the Year' Award at the 2019 TUCO Annual Conference. TUCO is the leading professional membership body for 'in house' caterers operating in the higher and further education sector. The appeal and viability of our catering outlets is kept under review – the three outlets refurbished in 2018/19 (Hut 8, Dolche Vita and Mungos) saw increased activity as a result, while the underperforming Cargo Bar at Medway, was permanently closed in September 2019. The catering team has played a significant and active role in supporting students throughout the pandemic including those who have needed to quarantine or to go into isolation. Between March and October 2020 over 6,000 meals were distributed to students in these two categories.

Our award-winning residential conference business was expecting its busiest summer since the Olympic year, 2012. The disruption to the travel industry and worldwide tourism led to the loss of all conference and bed and breakfast business in the summer of 2020, with landmark events such as the Lambeth Conference postponed to 2021 and beyond. In 2019/20 the residential accommodation at the Canterbury campus received the 'Best University Accommodation for Groups' award for the 13th year in succession and maintained its 4 star and 5 star rating following an inspection by Visit England.

### Growing internationally respected research and our postgraduate community

Our Research and Innovation Strategy places research at the heart of the University's work, bringing improvements to society, the economy and the environment and encouraging a culture of creativity and intellectual freedom among our students and staff. Following our strategy we aim to increase our delivery of world-leading research, so that our work becomes better known, to ensure that our research is available to and used by those who need it most and to ensure that our research and innovation is fully and appropriately funded, so that we are able to work to the best of our ability and to support and develop our postgraduate community.

Since achieving a strong performance in the most recent national Research Excellence Framework (REF2014) and a ranking of 17th for Research Intensity out of 122 multi-subject universities in the Times Higher, the University continues to increase its research income and to attain the highest standards of research as judged by international measures. Research income was expected to increase further in 2019/20, for the seventh consecutive year, to over £20m. However, as in other areas, the disruption caused by Covid-19 and the national lockdown meant that progress on many projects was delayed, although income is expected to rise again in 2020/21. Our research strategy to achieve further growth is being embedded, with the development of a number of interdisciplinary signature research themes to be launched. While much of our international research was impacted by the pandemic we continue to work virtually with our research partners, and continue to focus support to work with academics and aid agencies from around the world working together to address UN Sustainable Development Goals.

Despite this year's challenges, Kent retains its reputation for excellence in international indicators. This consolidated performance, coupled with the increased activity levels, will underpin our submission to REF2021 where we aim to increase the proportion of world-leading (4\*) research outputs to 40% as well as the number of highly cited articles by 25%, and help to achieve our goal of being recognised internationally for our research excellence.

## STRATEGIC REPORT (CONT)

Kent's Graduate Strategy aims to establish and support an active postgraduate community that provides an excellent and inclusive student experience. In 2019/20 the University provided a postgraduate scholarship fund of over £12m from a range of sources including UK Research and Innovation (UKRI) to support our postgraduate community. For 2020/21 our recruitment of postgraduate research students has fallen, primarily due to the impact of Covid-19, which has especially impacted those coming from overseas. We are hoping that UKRI's decision to allow up to 30% international applicants to its funded consortia might help reverse this trend in subsequent years, with Kent having agreed to waive the fee difference between home and overseas fees for these applicants. Similarly, we also hope that the announcement of a post-study work visa extension for PhD graduates might also help mitigate this. However, the recruitment environment for 2021/22 remains increasingly challenging, as a result of Brexit, Covid-19, visa complexities and the implications of student debt. We have begun work on reviewing our academic and scholarship offering to postgraduates in order to ensure it better supports recruitment of top-quality applicants and offers good value for money.

The new Global Challenges Doctoral Centre is bedding in very successfully and all our postgraduate researchers continue to make a significant contribution to the University's research profile, including to Kent's Research Excellence Framework submission. Our postgraduate training environment is enriched through collaboration with other research-intensive institutions and membership of now four prestigious doctoral training consortia. Most recently we were successful in bidding for a partnership with the Universities of Southampton and Portsmouth in Biosciences. This partnership (SoCoBio) got off to a flying start by recruiting nine Kent students for 2020. We obtained good results in the Postgraduate Research Experience Surveys for 2019/20, though against a much smaller benchmarked group due to Covid-19. Kent had minor drops across several themes, a notable exception being the 14.8% increase for Teaching Opportunities. Preparations are well underway to bid to OfS for its BAME scholarships scheme<sup>1</sup> and we await imminent news of our Leverhulme Doctoral Centre bid, linked to the new Signature Research Theme on migration.

Our Postgraduate Taught Experience Survey results remain strong. Compared with the sector as a whole, Kent is still placed in the second quarter for Overall Satisfaction and achieved a notable improvement in satisfaction in the previously low-scoring area in relation to the Students' Union (+8.9%), no doubt resulting from the introduction of a new Postgraduate Sabbatical officer. Portfolio reviews were undertaken to develop and diversify our PGT offer with more innovative programmes and modes of delivery, including developing the use of our Brussels campus, January start dates, and online provision. It is hoped this can help mitigate the recruitment of international students which fell sharply for 2020 entry.

### Fostering innovation and enterprise in our students and within our region

The University's success with Knowledge Transfer Partnerships contributes to the innovation and productivity growth of businesses, ultimately influencing the productivity growth of the region.

Knowledge Exchange and Innovation (KEI), the University's dedicated business and innovation gateway, has a strong regional engagement focus and works with the Local Economic Partnership, SELER, to provide

a range of high profile, well-regarded activities for the local business community. This includes the nationally recognised Employability Points Scheme recognising students' employability skills. The scheme is sponsored by over 150 businesses providing internships, work shadowing opportunities. The scheme has approximately 8,600 students engaged in the programme.

In addition to the Employability Points Scheme, KEI run the Student Business Innovation programme. Student Innovation is promoted through KEI's dedicated Hub for Innovation & Enterprise. Students can interact across a range of different pathways:

- **Student Knowledge Exchange** – Our programme aims to involve students with industry to encourage them to innovate. The programme is focused on solving a strategic business problem by involving the students in developing the solution;
- **Innovation Weekender** – The EIRA Innovation Weekender offers 80 students a residential weekend of teamwork, creative thinking and innovation, working on outdoor activities and business challenges set by our industry partners;
- **Kent i-Teams** – this programme links the most innovative and creative students with industry facilitating solutions to real world business challenges. Students are selected from across all academic disciplines, working with the support of their team mentor and the Kent Invicta Chamber of Commerce across a six-week period receiving mentorship and training;
- **Student Business Start-up** – Run by Kent Business School's ASPIRE team, the Business Start-up Journey, is an inspirational 12-week programme, providing a step-by-step guide to starting a business. Working alongside other student entrepreneurs in the Division's purpose-built facilities, students can test the strength of their idea and develop it until it is a fully rounded proposal. Students learn how to assess risk, turn challenges into opportunities and develop leadership, communication, presentation and team working skills.

### Increasing international opportunities and engagement

Kent's commitment to international collaboration and partnership remains a defining feature of our institutional approach. Our updated Internationalisation Strategy, taking us from 2019 to 2025, aligns with our new institutional strategy and links our approach to global engagement with the importance of international knowledge diplomacy. It also seeks to take advantage of opportunities to extend the reach and impact of our education and research. Our international partnerships continue to support the University in realising its strategic objectives through enhancing and deepening international partnerships with institutions that share Kent's founding principles and values.

Now more than ever our approach to international partnerships must, and will, remain agile; 2019/20 has seen unprecedented levels of change, from the continued complexities surrounding Brexit, to the political unrest in Hong Kong and student repatriation, to Covid-19, which has resulted in a significant reduction in overseas travel during 2019/20. Drawing on technological advancements, we are expanding the number of programmes that offer opportunities for a period of study abroad through designing a flexible international mobility experience which is fit for all students in this changing world. Whilst uncertainty surrounding Brexit is enduring, community and networks across our European partners remain strong. Our Catch up with Kent series, launched online in the summer of 2020, has proved a very successful platform in keeping an open dialogue with our international partners.

<sup>1</sup> [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/pgf-funding-competition-improving-access/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/pgf-funding-competition-improving-access/)



Our engagement in Europe is built on four key areas: postgraduate programmes in a location relevant to the subject; university partnerships across Europe; research networks for shared knowledge; and civic engagement and innovation linked to regional business and local government. Our recognised study centres in Brussels and Paris embody our main European focus and show our ongoing commitment to European engagement and partnerships in the 2025 strategy, accompanied by local partnership exchanges in Athens and Rome. The challenges of operational and financial sustainability, Covid and Brexit have led to a full review of postgraduate delivery in Brussels and Paris and we are exploring new opportunities and new markets for the next 10 to 20 years, like the new MA in Global Health Policy in Brussels to address a changing world of health. They recruit students attracted by high quality research-informed teaching delivered in a location with employability opportunities. We have numerous exchange opportunities with Erasmus and other European partnerships. There are new research and innovation opportunities in Europe and a newly signed agreement with regional partners in Lille, Ghent and KU Leuven for bilateral links post-Brexit, linked to the 'Strait Committee' project for inter-regional local business and local government engagements. The commitment of the University of Kent to Europe can also be seen in our newly introduced 25% discounted international fees for EU students post-Brexit for the next few years.

### Modernising the University estate

The current financial performance of the University means that no new major buildings are planned for construction during the next five years. The focus continues to be on improving the utilisation of our existing buildings to maximise our space efficiency to support the growth of the University. This will mean that there is a need to continually monitor the condition of our existing buildings and ensure that they are fit for purpose. The five-yearly condition survey of the University's built assets was undertaken in 2019/20 and this is now being analysed to understand the investment required to maintain the estate in a functional and fit-for-purpose condition. Despite the current financial constraints, there have been some notable achievements in delivering major capital facilities during 2019/20, namely:

- The completion of the £13.6m new building for the Kent and Medway Medical School ready to welcome the first cohort of students in 2020/21. The building is designed to accommodate a 50% growth in current allocated student numbers from 100 to 150 per annum in future years. It includes a lecture theatre and a state-of-the-art GP training suite which has already attracted interest from GP practices in the region;
- Work is almost complete on the £3m Jennison Workshop refurbishment. This will provide facilities for the new Mechanical Engineering programme, and includes an engineering workshop and fabrication facilities to support teaching and research, as well as a dedicated maker-space for innovation, collaboration and the development of skills.
- The £4m covered tennis court project is underway with stage one completed and tennis courts available to use. Overall completion has been delayed to Spring 2021 by the impact of the lockdown during this year. In addition to covered tennis courts, this facility will also provide conferencing and exhibition space that will increase capacity and opportunities to generate additional conference income. Furthermore, the large flat floor area can also be used to provide further, much needed, academic examination facilities.

The estates team are also working to support the ongoing restructure of the University and will seek to co-locate teams in their new directorates and review provision of space for the newly formed Divisions with the aim to bring these together where they are geographically spread across the Estate. The relocation of several academic departments, as part of this project, from our Medway campus to the Canterbury campus is in its planning stage and the preparatory works and moves are due to be completed in summer 2021. Completion of these moves will allow review of the leased property held on the Chatham Historic Dockyard and is expected to generate cost savings.

Work is also well underway to realise value from surplus assets. A sale of land in Medway is now expected to complete in early 2021 and we have identified at Canterbury six suitable and achievable locations for future redevelopment which should be duly allocated within the emerging Local Plan. These disposal sites offer an excellent opportunity to promote sustainable urban extensions on the edge of the Canterbury campus for housing and complimentary commercial uses for future residents and students. Receipts from these sites will be reinvested into the University to further strengthen and modernise our facilities, our offer and our ability to continue investing into the city.

### Sustainability

Work has progressed on the renewal of the University's Energy Centre and associated plant in academic buildings and colleges across the Canterbury campus which are served by the district heating main. During summer 2020 Phase 1 of improvements to the Central Boiler House was completed. Work in this project included electrical distribution, pump replacements, new controls, wiring and main boiler control panels for the two remaining boilers that were still running on the old systems. Work was focused on the criticality of the plant. Phase 2 of the improvement programme is planned for summer 2021 and includes replacement of critical plant in the boiler house and plant rooms that is significantly past its life expectancy and has a high risk of failure. Further works are anticipated for summer 2022 to replace the 4 main boilers in the boiler house along with plant and equipment in Keynes and Darwin colleges. This series of works are helping to ensure resilience in our estate and improve energy efficiency as part of the Universities work to achieve its CO2 reduction target of 23% in scope 1 and 2 emissions measured against the 2005 baseline by 2020 as set out in our Carbon Management Plan.

Kent's environment management system continues to be compliant with ISO 14,001:2015. However, the long-term vision of the Estates Department and the Safety Health and Environment Unit, who administer the management system, is that sustainability should be embedded within all of the activities of the University as business as usual. Rather than being seen as yet another administrative burden, sustainability should be regarded as reducing costs and generating additional income. The link between saving energy and reducing costs is simple. However, incorporating the principles of sustainability into academic programmes can have the potential of producing new courses of study that are much more attractive to a new generation of potential students who are more environmentally aware. An example could be the design of carbon zero buildings.

Kent's sustainability activities and initiatives are summarised in the 'Sustainability at Kent' report, which can be found on the Estates website: [www.kent.ac.uk/estates/sustainability/index.html](http://www.kent.ac.uk/estates/sustainability/index.html)

## STRATEGIC REPORT (CONT)

### Reshaping and responding – our people strategy

In 2018/19 the University set out a strategy under the banner “Organising for Success” (O4S) to improve its performance and agility and shift its culture and structures to better support accountability and empowerment. During 2019/20 this strategy was adjusted to deliver increased levels of staff cost savings (reflecting the University’s overall financial context) while still achieving the key strategic benefits of the project – including empowered leadership and streamlined processes. The accompanying need to rebalance the level of University expenditure on staff costs to take it closer to the 56% sector benchmark drove, alongside this restructuring, a programme of staff cost savings in both academic and professional service areas. These twin and related initiatives meant that 2019/20 has been a year of major change for the University and its staff, and has presented many challenges – not least the need to retain staff confidence and productivity during a period of uncertainty, transformation and the start of a global pandemic that had significant implications for financial sustainability and ways of working.

The reshaping of the university structure and organisation under O4S resulted in major change, with nearly 500 seeing some change to their current role, or being asked to move to a new role. This level of organisational change inevitably created the risk of redundancy for some and the University has worked with its Staff Representatives and Trades Unions, as well as its leaders, to manage and mitigate the impact on its staff. Considerable effort has been expended on programme of engagement, consultation and training to enable staff to weather the change process successfully, and an Employee Assistance Programme has been put in place. New leadership appointments in line with these structures were also a priority, with appointments made from Autumn 2019 and new leadership teams in place by the Spring of 2020 ready to support the implementation of the wider restructuring. To further assist in this process, and to generate sustainable savings, the University ran a Kent Voluntary Severance Scheme in phases throughout 2018/19 and 2019/20. During this same period the University also presented a major new Reward Strategy, the product of two year’s work, aimed at ensuring it could continue to compete for staff, recognise excellence and ensure value for money in its pay arrangements.

Alongside the rest of the sector and economy the University had to react quickly to the national lockdown in March 2020 aimed at limiting the impact of Covid-19. Policy developments took place quickly across a range of areas from pay policy to working at home. The University furloughed 800 mainly front-line staff in recognition of the significant impact of Covid-19 on its summer/conference income and mobilised to place its educational content on-line. University staff rose magnificently to these on-going challenges and were supported through an innovative University-crafted “Cope Framework” and “Risk Assessment & Concern Conversations” reflecting the emphasis placed on safety and staff well-being.

Pleasingly, despite change and upheaval throughout 2019/20 work on embedding equality and diversity continued through with the achievement of five further Athena Swan awards bringing the total held by Schools at Kent to 13.

Looking ahead to 2020/21 the University will fully implement its O4S restructuring, implement its Reward Strategy, respond to the financial impact of Covid-19 with a range of temporary staff cost saving measures, respond to the reality of Brexit, consider how best to respond to the on-going financial challenges around its pension schemes, begin work on the Race Equality Charter and submit its Athena Swan Silver application.

### Financial summary

The table below summarises the underlying financial performance in each year after adjusting for the impact of significant one-off items, and shows the composition of the Deficit for the year reported in these financial statements.

The University has a reported total surplus for the year of £12.3m, although this includes a one-off reduction in the provision for the Universities Superannuation Scheme (‘USS’) deficit recovery plan of £32.7m, arising from the new Schedule of Contributions agreed following the finalisation of the 2018 Actuarial Valuation of the scheme. This offsets the large increase seen in the provision in 2018/19 in relation to the 2017 Actuarial Valuation and similar substantial movements will have been seen in other Higher Education Institutions that participate in the USS.

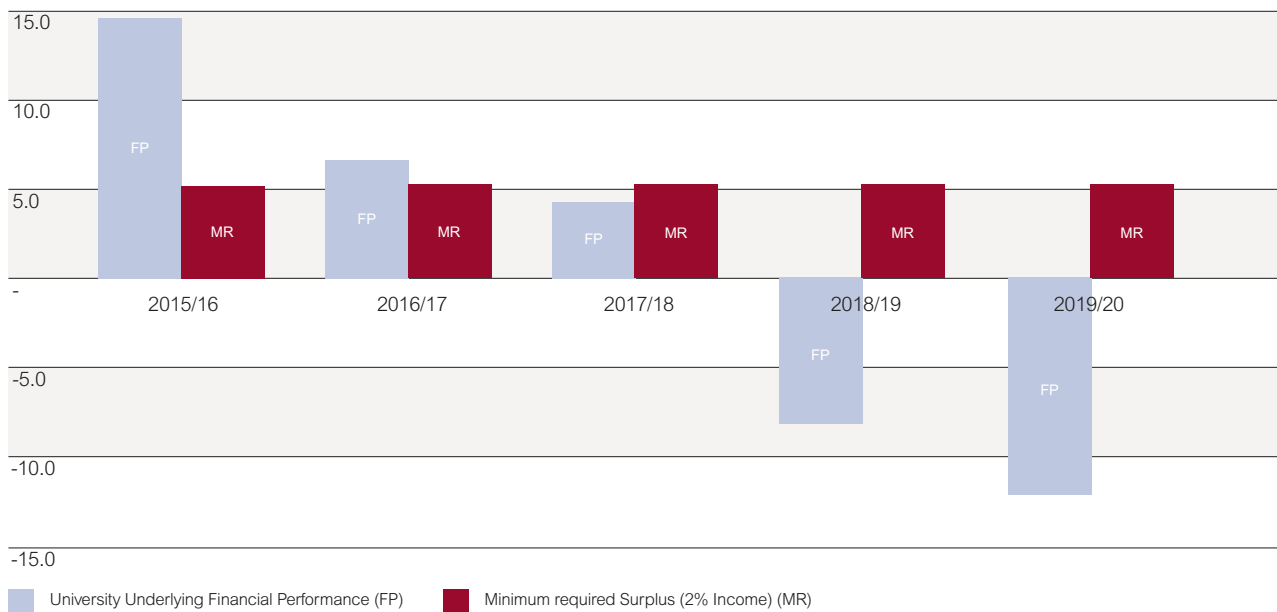
During the year, the second phase of the Kent Voluntary Severance Scheme (KVSS) was completed, resulting in a cost for the year of £10.2m. This scheme was approved and launched in April 2019 to support resizing and reshaping the institution, and was subsequently reopened with a focus on reducing staff costs which had risen to an unsustainable level as a result of the external pressures and constraints outlined previously in this report.

The underlying financial performance excludes these significant one-off items, as well as the gain from the sale of Crossways, the former official residence of the Vice-Chancellor, as shown in the table below:

	2019/20 £000	2018/19 £000	Change (%)
<b>Total underlying income</b>	<b>259,487</b>	266,435	(2.6)%
<b>Total underlying expenditure</b>	<b>(269,985)</b>	(274,255)	(1.6)%
<b>Unrealised loss on investments</b>	<b>(1,471)</b>	(96)	
<b>Underlying financial performance</b>	<b>(11,969)</b>	(7,916)	51.2%
Movements in pension scheme deficit provision (one-off movement & in-year release)	<b>33,817</b>	(45,252)	
Cost of voluntary severance scheme	<b>(10,240)</b>	(6,911)	
Sale of tangible assets	<b>728</b>	-	
<b>Statutory Surplus / (Deficit) for the Financial Year</b>	<b>12,336</b>	(60,079)	

## Financial Performance 2015/16 – 2019/20

£m



In 2019/20 the financial performance was also significantly affected by the impact of Covid-19. This is estimated to have amounted to a net loss of £6.5m, consisting of lost income from operations of £11.7m, offset by £3.9m of expenditure reductions and receipt of £1.3m from government funded Job Retention Scheme.

On taking account of the above, we would be reporting an underlying deficit for the year of £5.5m, an improvement of £2.4m from the previous year on a like-for-like basis, reflecting the progress made against our Financial Improvement Plan. The commentary provided below on the performance for the year is based on the overall results for the year, before adjusting for the estimated Covid-19 effect.

The underlying financial performance shown in the table above, represents -4.6% of total income (2018/19: -3.0%), which is below the 2% minimum required level set in the University's Financial Framework, designed to ensure that sufficient cash is generated for the maintenance of the estate and new capital investment to meet the estates strategy. The associated Adjusted Net Operating Cashflow as a percentage of income (see Financial Highlights, earlier) of 2.2% (2018/19: 4.3%) also falls below our internal target of 9%, and has worsened since last year. This decline in operating performance reflects the impact of Covid-19 during the year, particularly on income from residences and catering, as the closure of the University from April to July 2020 resulted in extremely low numbers of students remaining on campus and the closure of all catering outlets and leisure facilities. Notwithstanding this, the University recognises the underlying financial challenges due to sustained external cost pressures and income growth constraints, with a Financial Improvement Plan now in place and significant work undertaken during the year to ensure our on-going financial sustainability.

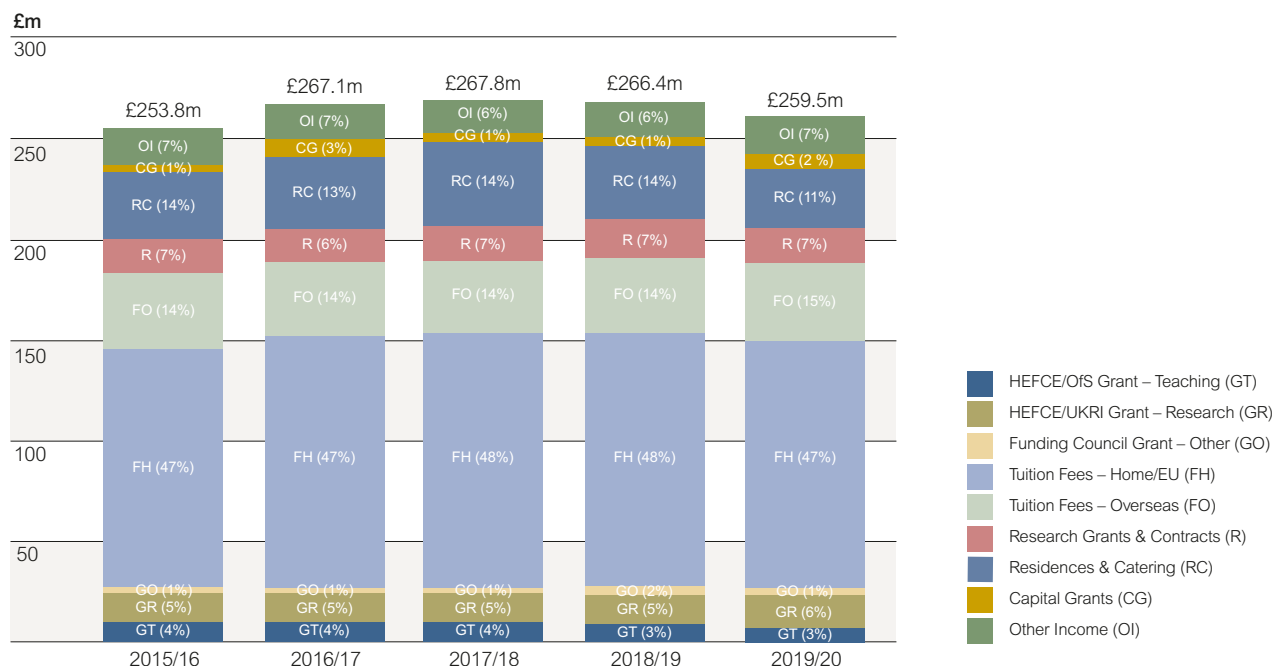
## Income

Total income fell by £6.9m (2.6%) in the year to £259.4m but this is after taking account of an estimated loss of £11.7m due to the impact of Covid-19 on activity levels, particularly during lockdown as student residences were closed after the Easter break. Excluding this, the underlying income has increased by £4.8m (1.8%), largely due to some significant and welcome capital grants and donations received as part-funding for the construction of the new building for the Kent and Medway Medical School (KMMS), which opened in August 2020. This is separate from the capital grants received from the Funding Councils, the Office for Students (OfS) and Research England (RE), which support the overall programme of improvements of teaching and research facilities across campus.

Income from tuition fees has fallen by £2.0m (1.2%) since last year. A reduction in the number of full-time Home/EU students (-£4.7m), has been partly offset by increased income from Overseas (£2.1m) and part-time students (£1.4m). This fall in full-time Home/EU students reflects the increasingly competitive market for student recruitment in UK HE. This competition is primarily driven by the falling real value of the Home/EU undergraduate tuition fee, which has not increased in line with inflation since its launch in 2012, alongside a reduction in the number of 18-21 year-olds available to enter Higher Education. Significant work has been done over the past two years to respond to the challenges of this changing environment, including significant attention to conversion activity following the offer of a place to prospective students, raising awareness of Kent's Clearing opportunities, and the appointment of a new Director of Marketing. This has been further supported by an increased focus on income generation at academic school level through growth in areas of high demand or the introduction of new programmes.

## STRATEGIC REPORT (CONT)

### Analysis of income 2015/16 – 2019/20



The increase in income from part-time students reflects the continued growth of our Centre for Higher and Degree Apprenticeship, with new programmes continuing to be developed.

Recurrent grants from Funding Councils were £1.2m higher than last year, with a reduction of £0.5m in the recurrent teaching grant being more than offset by increased investment in research and innovation. In addition to this capital grants of £1.7m (2018/19: £2.4m) were received from the OfS and RE to support the provision of new and improved teaching and research facilities through the University's capital programme. Other grants from Funding Councils, in relation to specific projects and activities, fell by £1.5m during the year due to reduced activity in this area.

Income from Research Grants and Contracts decreased by £1.9m (9.7%) in the year to £17.7m. The Covid-19 lockdown resulted in the closure of laboratories on campus, reducing the level of activity in this area during the year. The University worked with funders to agree extensions for the completion of affected projects and activity is expected to increase in 2020/21 as work re-starts. Income from consultancy and innovation grants and contracts has increased by £0.1m (2.5%) in the year, partly due to the start of the three-year Eastern Arc project, which includes consultancy work with local businesses. Work is on-going to monitor performance and ensure that the activity continues to grow in the future and is supported by a newly restructured central team of staff supporting Research and Innovation work across all academic areas.

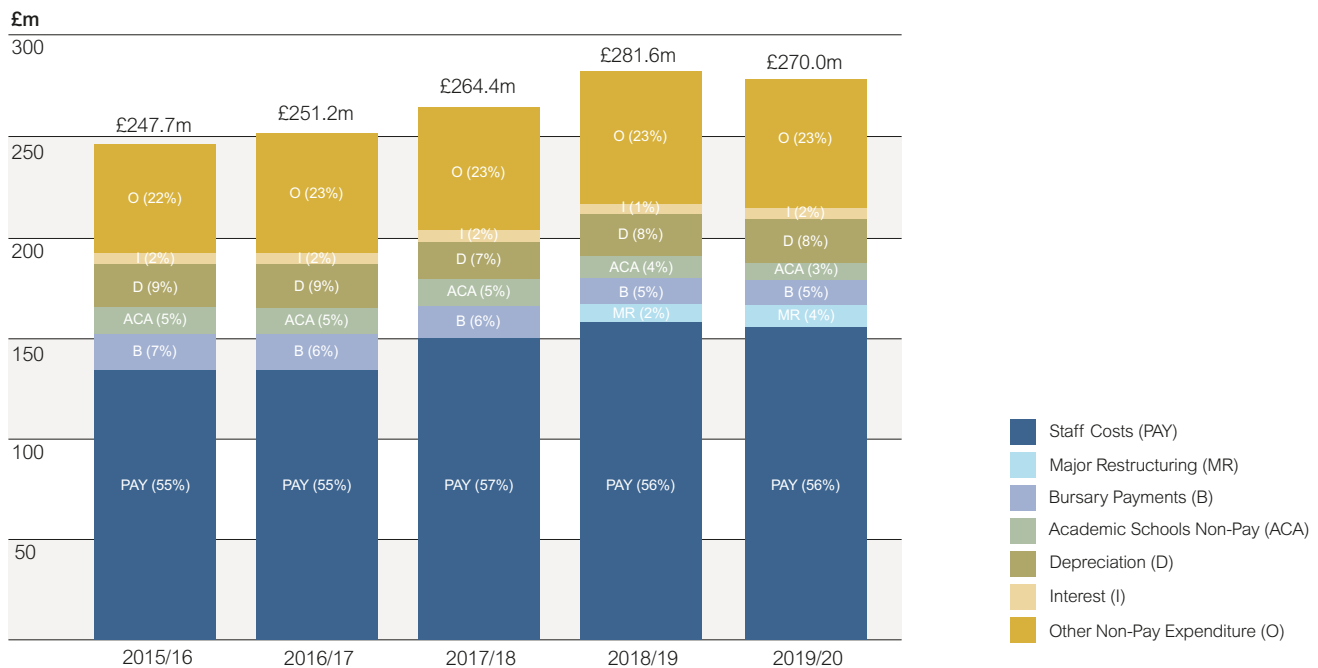
As noted above, income from Residences and Catering operations has suffered significantly from the impact of Covid-19 during the year, falling by £7.7m compared to last year. The national lockdown from April 2020 meant that the campus was closed, and student residences did not re-open after the Easter break. This lost income has been partly offset by reduced costs in this area and the furloughing of associated staff under the Government's Job Retention Scheme (JRS), but such a large reduction could not be wholly offset. Before the closure of the residences on campus, occupancy rates had increased to 98.65% at Canterbury, compared to 93.7% in 2018/19, with some places offered to returning students in order to mitigate the reduced student intake during the year.

Income from all other activities has increased by £5.5m during the year to a total of £19.1m. This includes an increase of £4.2m in capital grants and donations, particularly in relation to funding for the construction of the new KMMS building. There is also an increase of £1.9m in grants received for specific activities, which will be matched by expenditure in these areas and includes £1.3m of JRS grant funding from the government in relation to furloughed staff. General revenue donations and endowments received in the year have risen by £0.3m (36.5%), partly due to the Fundraising Campaign for the new Kent and Medway Medical School, which was formally launched in October 2019.

### Expenditure

Staff pay expenditure, excluding the movement in the provision for pension deficit recovery plans and exceptional costs relating to major restructuring, fell by 1.7% in the year to £155.8m. Whilst this follows

## Analysis of expenditure\* 2015/16 – 2019/20



a reduction in spend on seasonal staffing, particularly for housekeeping, catering and estates management, due to the closure of campus during lockdown, this shows that the restructuring programme initiated in 2018/19 is starting to deliver results. Total staff numbers have also fallen during the year, with a reduction of 72 FTE (2.4%), spread across most types of staff, with the exception of academic and teaching staff, which have increased slightly. Employments costs continue to experience inflation, with a national pay award of 1.8% effective from August 2019, plus additional increments and promotions, as well as the increased cost of employers' contributions for the USS pension scheme, which rose from 19.5% to 21.1% from October 2019. (See Note 29 for more details).

The University monitors its staff expenditure (excluding movements in pension provisions and costs of major restructuring) as a percentage of income with a financial framework upper limit of 55%. During the year, this measure rose from 59.5% to 60.9%, as the reduction in staff costs was more than offset by the significant loss in income during the year as a result of Covid-19. Good progress has been made this year to address this through the University's Financial Improvement Plan, which will continue during 2020/21 and 2021/22, aiming to identify recurrent savings in areas of contraction, weaker income generation and non-core activity.

The provision for the Universities Superannuation Scheme ('USS') deficit recovery plan decreased by £32.7m during the year as a result of the new schedule of contributions following the finalisation of 2018 valuation of the scheme. Other movements in the provision include the annual release against staff costs during the year, plus other movements reflecting changes in UK gilt yields and updated assumptions on pay

inflation and staff growth rates. There is no provision required for the Superannuation Arrangements of the Universities of London ('SAUL') pension scheme as the previous valuation as at March 2017 showed the scheme to be in surplus. New valuations of both schemes as at March 2020 are currently underway and the University continues to work closely with SAUL and also with Universities UK, in respect of USS, to put pressure on The Pensions Regulator around the framework, which, we believe, is not suited to a scheme such as USS, but also to ensure an affordable and sustainable long-term solution that provides the best post-retirement benefits possible for our staff.

Other Operating Expenses have decreased by £5.5m (5.6%) in the year to £85.5m as all areas of the University were asked to reduce non-essential expenditure as mitigation to the loss of income due to Covid-19. There have also been a number of targeted efficiency initiatives led by the Procurement team, and work is on-going to ensure value for money in all areas. Within this overall cost, scholarship and bursary payments to students totalled £13.9m, including those funded from within Research grants, with a further £4.3m of fee waivers, aimed at improving student recruitment, which have been set against reported income from tuition fees. This reflects the continued commitment of the University to widening access to higher education, although there has been an overall reduction of £0.7m in the total cost of scholarships due to the reduction in student numbers. Expenditure on running Academic Schools has fallen by £2.4m during the year.

Expenditure on General Educational expenditure has increased by £1.3m in the year. This includes an increase of £1.2m in the provision for bad debts on tuition fees and other general activities, as the

## STRATEGIC REPORT (CONT)

recoverability of outstanding balances has been reviewed in the light of Covid-19. This also includes the additional investment in student recruitment activities, with an increase of £0.5m in this area, reflecting the competitive nature of recruitment amongst HEIs as the demographics of 18-21 year olds continues to fall.

The operating costs of Residences and Catering facilities have fallen by £1.2m in the year, reflecting the significant reduction in activity in this area as a result of the campus closure. Conversely, payments to third party residence operators have increased by £1m, including an increase of £0.7m in payments relating to rental guarantees for empty rooms at Medway. Premises costs have, however, reduced by £2.2m, which includes reductions in utilities costs and upkeep of grounds and buildings due to the campus closure during lockdown. Essential maintenance works continued where possible during this period, however, to ensure that facilities remain fit-for-purpose and up to the expectation of our staff, students and visitors and a major programme of work was achieved to ensure a Covid-safe campus ready for the end of lockdown.

Depreciation charged in the year was £0.5m higher than in 2018/19. Much of this increase relates to new building projects brought into use during the year, including the Kennedy building, which houses the School of Economics, and provides additional general teaching facilities on the Canterbury campus.

Interest paid on borrowing is £1.3m higher than last year. This includes an increase in interest payments on existing borrowing as a result of the new financing agreement entered into in January 2020; more information on this is provided in Note 17. The finance cost arising from the unwinding of the provision for the USS deficit recovery plan is £0.5m higher than last year as a result of changes to the pension scheme last year. This will reduce from 2020/21 following the reduction in the provision this year.

### Cash flow

Net cash received from Operating Activities during the year was £8.2m, a decrease of £5.7m from 2018/19. This reflects the impact of Covid-19 and the tightening squeeze on operations as shown in the declining underlying financial performance above. This is, however, £7.9m better than the agreed plan for the year, despite the impact of Covid-19, showing the good progress made on the Financial Improvement Plan during the year and the success of mitigating actions taken to address income shortfalls in the third term. Overall cash balances at the end of the year are £14.7m higher than the plan for the year at £27.8m, including a planned transfer of £12.3m from current asset investments. The University monitors its available liquid reserves and aims to ensure cash levels held are equivalent to a minimum of 40 days' worth of expenditure at any time; as at 31 July 2020 these liquid reserves represented around 40 days' expenditure, excluding depreciation, (2019: 51 days). However, at its lowest point, at the end of April, the value of liquid reserves held by the University fell to around 21 days' expenditure. This reduction in cash levels in April is due to the timing of Home/EU undergraduate tuition fee receipts from the Student Loans Company (SLC), with 50% of this annual income being received in the third week of May.

The value of current asset investments held has decreased by £12.3m during the year, as the majority of investments have now been liquidated, in line with the plan for the year, in order to maintain the operating cash balance. As at 31 July 2020 the University had net debt of £75.4m (2019: £79.6m) meaning that the cash and cash equivalents held were lower than the outstanding value of loans. This is within the University's Financial Framework and financial covenants agreed with lenders.

### Balance sheet

The University's Consolidated Balance Sheet has improved during the year, as the reduction in the pension provision has more than offset the deficit from operations during the year, with Net Assets of £266.9m (2019: £254.5m). However, there is now a net current liability of £13.5m, compared to net current assets of £0.8m in 2018/19; this results in a current asset ratio of 0.79 (2019: 1.01). Receivable balances have reduced by £0.4m, reflecting the reduction in activity in the latter part of the year, as well as on-going work to ensure that outstanding balances are actively pursued. The provision for bad debts has increased by £1.5m during the year consisting of £0.3m in relation to accommodation debts, and £1.2m in relation to tuition fees outstanding and other general debtors and is now £5m in total. Current liabilities have increased by £4.5m during the year, including an increase of £7.5m in funds received in advance for research projects as activity has been affected by the Covid-19 lockdown, particularly in those areas relying on access to scientific lab facilities. This is expected to reduce during the next year as work on projects gets underway again. Other deferred income has also increased by £1.9m during the year. This is partly offset by a reduction of £5.8m in payments due within 1 year on borrowing, as capital repayments were deferred to December 2021 as part of the agreement with the University's lenders in January 2020. More information on this can be found in Note 17.

The University's Balance Sheet recognises a provision for USS at 31 July 2020. This provision reflects the present value of the increased employer contributions being made under the deficit recovery plan agreed on completion of the 2018 actuarial valuation. The provision has reduced by £33.8m during the year, of which £32.7m relates to the new recovery plan. As discussed below, in the Section "Future Outlook and Risks", work is now underway on a 2020 actuarial valuation for USS which may result in a requirement for increased funding. Dependent on the decisions made this may result in an increase in this provision. Full details of the pension schemes and their annual funding position can be found in Note 29 to the financial statements.

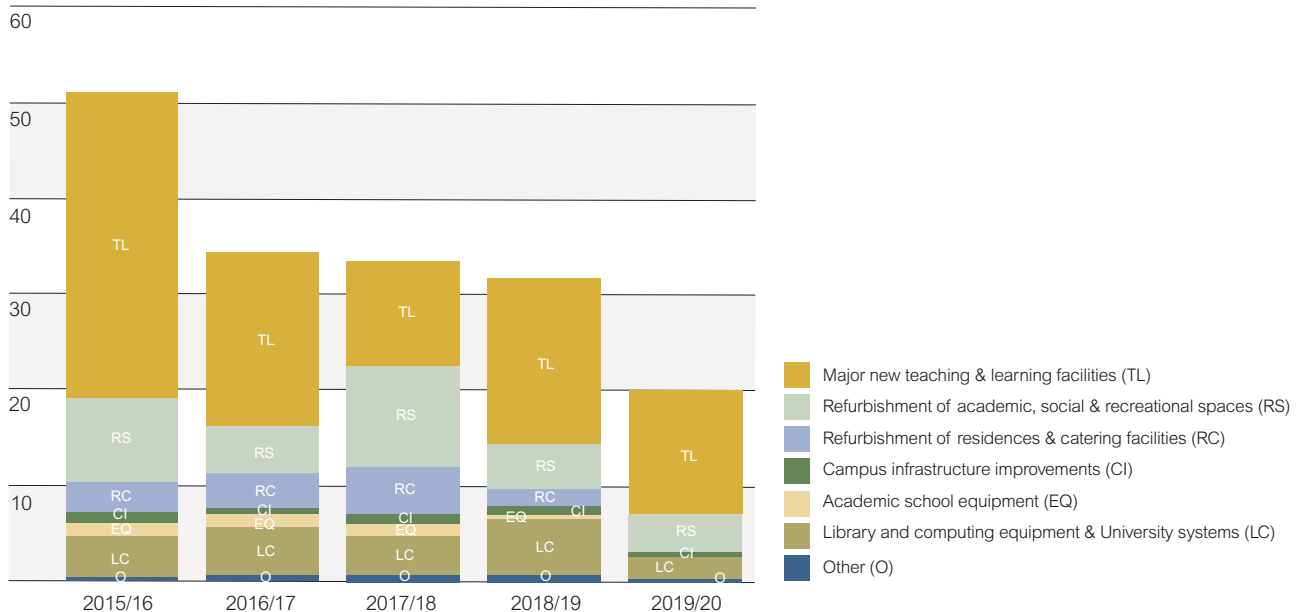
### Capital expenditure and long-term borrowing

Capital expenditure amounted to £19.9m (2018/19: £31.8m) in the year. The reduction reflects the need to balance the on-going investment in the University's estate and systems, with the careful management of available cash balances. Spend during the year included the completion of the Pears Building, a new purpose-built facility for the Kent & Medway Medical School (KMMS), providing offices and teaching spaces including a GP training space. Work has also progressed on a major refurbishment to provide facilities for the new Mechanical Engineering programme and support teaching and research in this area. The chart below provides a breakdown of expenditure against different elements of the capital programme over the past five years. Work has also progressed on a major project to upgrade the Wi-Fi system across the University, and a major project to replace the student data system is almost complete.

The capital programme for the next five years was agreed by the University's Council in July 2020 and has been developed in conjunction with the University's Estates Strategy. Due to further expected challenges in income generation over the next few years and the need to conserve cash, the associated funding strategy does not include any further borrowing and has been developed to ensure the overall affordability of the operating requirements as well as capital developments. As a result,

## Capital expenditure 2015/16 – 2019/20

£m



the projected capital spend for the 5 year period from 2020/21 is just £67.6m compared to spend of £170.7m over the past 5 years. Our priorities during this time will be on delivering the facilities for the expansion of academic schools that are recruiting well or will be recruiting to new programmes, completing the conversion of our tennis courts, which will provide year-round sports facilities for students as well as high quality space for hiring our during our conference season, keeping up the quality of the residential estate, as well as ensuring a safe and well-maintained campus at both Medway and Canterbury.

Outstanding bank loan debt has fallen by £1.0m during the year. The agreement with the University's lenders in January 2020 included the deferral of capital repayments from that time until December 2021; this reduction in borrowing reflects the repayments made up to that point. More information on the agreement can be found in Note 17. Overall borrowing levels stand at 40% of total income (2019: 39%), with the slight increase due to the abnormal reduction in income levels during the year.

### Future outlook and risks

Alongside the rest of the UK HE Sector, the Covid-19 pandemic has hit the University's activities significantly in the second half of 2019/20 and is anticipated to create further challenges throughout 2020/21. Kent has gone a long way towards mitigating the financial effects including:

- Participation in the Government's Job Retention Scheme;
- Immediate action by the senior management team to reduce expenditure wherever possible including halting all non-essential projects and spend, removing previously allocated budgets and tightening financial controls;

- Implementation of a University-wide pay freeze for 12 months from 1 August 2020 with senior officers, including the entire Executive Group, taking pay cuts of between 10-20% for the coming year;
- The temporary reduction by some other staff of their working hours.

These have been difficult and challenging decisions to take but, in such an unprecedented and extreme economic environment, were deemed necessary. The University's senior leadership team and Council are extremely grateful for the goodwill that staff members have demonstrated, particularly as so many are also working additional hours to respond to the pandemic and ensure our students and staff are protected and properly supported.

In the 2018/19 Annual Report we outlined our Financial Improvement Plan, which is expected to deliver operational and financial sustainability over the period to 2022/23. Despite the difficulties created by Covid-19, great strides have been made in delivering many of the goals. While an underlying deficit has been reported for 2019/20 this is in line with expectations. The planned reduction in staff costs is well underway, with over £14m of the required £17.3m savings having been identified and committed to by the end of 2019/20. Early indications show that the University, while still likely to report a deficit in 2020/21 as a result of shortfalls in accommodation and catering income, is performing ahead of its original budget despite these ongoing Covid-19 effects. Although student recruitment was expected to be adversely affected, Home/EU undergraduate intake was well ahead of expectation and Home/EU postgraduate recruitment has also held up well, although not to such an extent.

## STRATEGIC REPORT (CONT)

The University has continued to work closely with its lenders, keeping them updated on developments and its response to Covid-19. In January 2020, a financing package was agreed providing specific funding of £17m to December 2021 (see note 17), together with a seasonal Revolving Credit Facility (RCF) of up to £15m at peak periods designed to address expected cash flow volatility. Thus far, the University has not needed to draw down on this RCF and is only expecting to need to utilize a small part of this approved facility at its peak period in April 2021, prior to funds being received from the Student Loans Company.

Under the agreed Financial Improvement Plan it was anticipated that cash flow pressures and in-year volatility would continue to be particularly acute at certain times of the year over the following two years, after which operating cash flows would return to sustainable levels. In support of the University during this time, an extension to the previously agreed financing package has now been agreed, providing facilities to July 2024. To minimize the support required during this time, the University has already identified and implemented a number of further levers aimed at improving underlying performance. In particular, further, deeper, cost control over capital and non-pay expenditure has been put into effect and will remain in place until income levels have increased to be able to sufficiently sustain a higher level of spend. As always, all efforts are being made to preserve the high quality student educational and broader experience and to ensure that future income generation is not put at risk.

### Risks

The biggest risk, by far, on the short-term financial performance of the University, is Covid-19. During the initial lockdown from March to July 2020, the University lost an estimated £7.8m in residential and catering income as well as substantial revenues from conference income. A further lockdown, imposed in England in January 2021, has resulted in further financial impacts, with refunds of six-weeks' worth of accommodation fees being offered to students who have been unable to return to our residences due to the restrictions. In its scenario planning, the financial impact of a further extension to this lockdown and a subsequent reduction in students living on campus in term 3 has been modelled, as well as a more severe, government-led policy of preventing students from returning to residential accommodation on campus. The University feels it can adequately respond to both scenarios, drawing on its own cash reserves and with the support of the existing Revolving Credit Facilities and new facilities now agreed with its lenders as well as implementing policies to reduce spend.

The next greatest risk arises from the outcome of the 2020 actuarial valuations currently underway within the two main pension schemes in which the University and its staff participate. Both schemes, the Universities Superannuation Scheme ('USS') and the Superannuation Arrangements of the University of London scheme ('SAUL') are undertaking their triennial valuations, as at 31 March 2020, to be concluded by 30 June 2021. As a result of Covid-19, financial markets at this time were in a very poor state so USS is expecting to report a substantial deficit which, without any change being made to the benefits delivered by the scheme, would require from its members (employers and employees) a significant increase in contributions. SAUL is also anticipating increased contributions from its members to address an increasing contribution strain in the cost of future service accrual. The University continues to engage with USS, through UUK-led consultations, and with SAUL, through employer membership of the SAUL Negotiating Committee.

The continuing freeze on Home/EU undergraduate tuition fees, that has been in place since 2012<sup>2</sup>, is expected to be on-going for the foreseeable future, putting further pressure on the University's ability to operate sustainably. Growth in student recruitment or income diversification will therefore be necessary, as set out in the Financial Improvement Plan, in order to sustain resources at the planned level. Further risks are associated with the longer-term review of funding for Higher Education and the threat of significant reductions or further inflationary freezes to tuition fees, which may not be fully mitigated by top-ups from the Government, remains and continues to put the sector's long-term viability at risk. The sector will continue to lobby for more targeted Government support such that the negative impact on students can be minimised.

Alongside this, the student recruitment environment is expected to remain intensely competitive for all students. With the current demographic reduction in the numbers of 18-24 year-olds in the UK until 2022/23 and the unknown impact of Brexit or longer-term impact of Covid-19 on overseas recruitment, it is expected that the number of students available and wanting to study in the UK will continue to fall. To mitigate the impact on EU recruitment, the University has made a decision to discount its tuition fees, charged to EU students, for a transitional period of two years. This is aimed at holding market share of this important and valued student group and reinforcing and building on the University's reputation as the UK's European University. Notwithstanding these actions we have prudently assumed that our EU recruitment will be adversely impacted in future years.

The risks outlined above are considered to be those most significant to Kent. There are, of course, other risks and issues faced by the wider Higher Education sector that have persisted for some time and continue to be monitored and updated as further information becomes available. In particular, the increasing compliance burdens that are placed on the sector through the UK Visa and Immigration requirements, data reporting, Competition and Markets Authority guidance and requirements of the sector regulator, the Office for Students (OfS). Whilst we recognise and appreciate that some lenience has been provided throughout the period of the Covid-19 pandemic, this increased level of regulation adds an overall administrative burden, and operating cost, without leading to immediate tangible benefits to the student experience. At Kent these areas of regulation are monitored regularly and further investment and reallocation of resources has been put into these areas of assurance and risk management to ensure we remain compliant.

### Budget for 2020/21 and going concern assessment

The restrictions and constraints put in place by the UK government and government bodies across the world in their response to Covid-19 had been anticipated to have a severe impact on student recruitment in 2020/21. As a result, the University had prudently budgeted for a shortfall in recruitment. Huge efforts were put in across the University and by the Recruitment and Marketing teams to minimise these losses, a strategy that appears to have been successful in not only mitigating the impact of Covid-19 but in reversing the trend of a declining market share that had been seen in previous years. Current estimates, based on registrations to date, show that recruitment levels of Home/EU students have, overall, been maintained at normal levels, giving rise to a significant improvement in forecast income and cash reserves for the year. It has also been pleasing to see a highly successful recruitment of the first cohort to the Kent and Medway Medical School, jointly managed between the

2 With the exception of a £250 uplift to the higher £9,000 fee from 2016/17.



University of Kent and Canterbury Christ Church University, with an intake of Home/EU students exceeding its original allocated number of places.

Within the broader operating Budget for 2020/21, the adverse impact on income streams of Covid-19 restrictions and constraints offset partly by the extensive mitigation put in place by the University's management team to reduce expenditure have been combined to deliver a budget with an underlying deficit of £31m for the year and an Adjusted Net Operating Cash Flow of -6.3% of income and year-end cash reserves equivalent to just 5 days expenditure; this would, ordinarily, be at the absolute limits of acceptability. The overall gross impact of Covid-19 on this budget has been severe, estimated at c£26m, but after actions taken to mitigate this impact, are estimated at £13m, with a further £4m cash improvement generated through the deferral of planned capital spend. The main focus of this budget, however, was to preserve cash reserves at a level that ensured the continuing operations of the University without the need for any further support from its lenders.

The latest forecasts reflecting the improved student recruitment together with a higher level of casual pay savings, but offset by a further expected decline in trading and commercial income and the impacts of the January 2021 lockdown on student residence income, demonstrate that this position has improved. Staff costs are forecast to be around 60% of income, the underlying deficit will reduce to £16m and cash reserves at the next year-end are now forecast to be at a level equivalent to 29 days expenditure.

This improved forecast operating performance for 2020/21, and the ongoing impact on cash reserves of planned future activity levels in 2021/22, together with the nature and extent of the risks identified above, has been considered by the University's Council in its review of going concern. An essential part of this review has been to stress test key assumptions within these forecasts and, in particular, consider how Covid-19 might lead to a further deterioration in income, liquidity and compliance with financial covenants. The University has developed and analysed a plausible worst case scenario which models the combined adverse impacts of:

- an extension to the January 2021 lockdown until the end of the academic year which would potentially reduce accommodation income by £7m;
- a shortfall in the recruitment of UK students to undergraduate programmes in September 2021- equivalent to a reduction in planned intake of 200 students, or £1.8m of tuition fee income; and
- an increase in contributions to the University's two main pension schemes, taking effect from 2021/22, and which would cost £3m in that year alone.

The University's review has assessed the quality and scale of mitigating actions available to address these adverse impacts on liquidity and covenant compliance, and demonstrated that these can successfully be resolved through the reduction of planned non-pay expenditure in 2020/21 and 2021/22, particularly with the ongoing deployment of an 'essentials only' spend policy, and through the management of the timing of re-investment in staff posts where they become vacant. Taking all the above into account, and with the knowledge that additional mitigating actions remain available in the event of further adverse circumstances, the Council considers that the University can comply with its lending covenants and has adequate resources to continue in operational existence for the foreseeable future, being a minimum of twelve months from the date these accounts are approved. For this reason, these accounts are prepared on a going concern basis.

## Management of performance and risks

The University measures its performance against peers and internal targets and reports annually on relevant key performance indicator (KPI) data to the University's Council. Following the recent Strategy refresh exercise, our KPI measures focus on five key areas to track delivery against the plan to 2025. These are Education, Research, Civic Mission, Sustainability and Governance. Monitoring is performed over baskets of individual KPIs. Specific areas of sustainability assessed include student recruitment, income generation, cash reserves and adequacy of the estate.

Other indicators monitored within this process include sector positioning, student satisfaction, completion and employability, research income generation and research impact as well as a range of measures of social and environmental impact. Each individual KPI is reported using a traffic light system to determine whether performance is on target or whether intervention or remedial action is required to improve performance. This information is consistent with data reported in returns submitted to OfS in the Annual Accountability process. Throughout the year, Council members received reports across the range of the University's activity, summarising performance in these areas. These included updates on student applications and registration, national and international league table rankings, research awards and partnerships and equality, diversity and inclusivity. The University also reports progress made against objectives set out in the Institutional Plan.

## Conclusion

This year has been extremely challenging but, considering the level of organisational change and the difficult operating environment created by the Covid-19 pandemic, we are immensely proud of just how much has been achieved during this time. This would not have been achieved without the tremendous efforts and dedication from all our staff, many of which have also worked, and continue to work, tirelessly to support our students and ensure the University remains in operation at this unprecedented time.

Throughout this year, we have made significant headway into the delivery of our Financial Improvement Programme and the changes we have made have put us firmly on the path to the return to operational and financial sustainability. Whilst some of this change has been difficult and we will miss those staff that have left us under voluntary redundancy schemes, this has enabled us to reshape and resize accordingly, standing us in good stead to respond to the remaining challenges we face over the next few years. In particular, with the restructuring and strengthening of the leadership team and the substantial progress made in delivering new organisational structures through Organising for Success, including the launch of six new academic Divisions, Kent enters 2020/21 in a far stronger position. It is through these Divisions, and with the excellent support and expertise provided by our Professional Service teams, that the University will succeed and deliver its strategy, Kent 2025.

Finally, I would like to thank all staff, past and present, for the considerable hard work, support and continuing efforts and I look forward to a bright and successful future for the University.

**Professor Karen Cox**  
Vice-Chancellor and President  
12 February 2021

# STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL

The Statement which follows is provided to enable readers of the Annual Review and Financial Statements of the University to obtain a better understanding of its governance and legal structure and applies to the 2019/20 financial year and to the date of the approval of the audited financial statements.

## Values

The University of Kent is committed to providing high quality teaching, scholarship and research for public benefit. The University's values, published in its Strategy 2025 are as follows:

"We have always been a university that equally values education and research, believing that one enhances the other. We work as a community, based on collegiality. Freedom of speech within the law and freedom of inquiry are fundamental. We are outward looking, we embrace change and are willing to do things differently and see things differently. We value excellence and we support potential, wherever it may be found. **Our university is based on equality, diversity, respect and we value each other. We are international in outlook.**"

The University published its Ethics Code in May 2019 and conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities given in The Higher Education Code of Governance published by the Committee of University Chairs (CUC) in December 2014 (updated September 2020). The University conducts its affairs in an open and transparent manner. Its constitutional documents, its financial statements (including the corporate governance statements) and details of its governance structures (including membership of the Council and all related committees) are publicly available on the University's website [www.kent.ac.uk/governance/charity.html](http://www.kent.ac.uk/governance/charity.html). The agendas and minutes of Council meetings are published on the University's website and are available to all staff and students of the University. The University is committed to achieving best practice in all aspects of Corporate Governance.

## Constitution

The University is an exempt charity whose legal status derives from a Royal Charter originally granted in 1965 and subsequently updated. The University's objects, powers and framework of governance are set out in the Charter and supporting Statutes and Ordinances. The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

**The Council** is the supreme governing body, responsible for the exercise of the University's powers, oversight of the management and administration of the revenue and property of the University and its affairs. Council is responsible for ensuring the sustainability of the University and the protection of its reputation. It has overall responsibility for the mission and strategic vision of the institution and for ensuring that the interests of key stakeholders are met. Council membership consists of staff, students and lay members who are external to the University. The majority is held by the lay membership and the chair and deputy chair must be lay members. Members do not receive any payment for their work in relation to the Council. Members may, however, claim reimbursement of associated travel costs and expenses.

A Statement of the Council's Primary Responsibilities may be found on the University's website at [www.kent.ac.uk/governance/council/documents.html](http://www.kent.ac.uk/governance/council/documents.html).

This encompasses matters relating to the University's mission, vision and strategic aims; the appointment of senior officers and external members/officers; amendments to the University's Royal Charter, Statutes and Ordinances; corporate level financial matters and decisions; institutional performance and other requirements arising from the University's constitutional framework, external institutions and legislation.

**The Senate** is the academic authority of the University and draws its membership (50 members in 2019/20) mostly from the academic and research staff and students of the University. Senate is responsible for the teaching and research work of the University. The Vice-Chancellor and President is ex officio Chair of Senate. The Senate has a range of boards to undertake much of the detailed work including the Education Board, the Graduate School Board, the Research and Innovation Board and the faculty boards.

The review of the effectiveness of Senate continued in 2019/2020 and, at its meeting on 9 October 2020, Council approved updated Ordinances 6, 7 and 8, which reflected an updated membership of the Senate (following the Senate Effectiveness Review and the Organising for Success restructure) and the mechanisms for appointing the elected members, from the 2020/2021 academic year.

**The Court** is a large formal body comprising about 450 members, chaired ex officio by the Chancellor. Many members of the Court are external, representing the regional community and other bodies with an interest in the work of the University. Other members include professorial staff and representatives of academic and non-academic staff and the student body. It provides an opportunity for the region to have an association with the University and provides a forum where members can be briefed and comment on key University activities and developments. The Court meets once a year and receives an annual review of the University and the annual accounts.

**The Vice-Chancellor and President**, the University's principal academic and administrative officer, has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the "Securing student success: Regulatory

framework for higher education in England”, from the Office for Students, the Vice-Chancellor and President is the Accountable Officer of the University and in that capacity can be required to appear before the Public Accounts Committee. The Vice-Chancellor and President is required to provide an annual report to Council each Autumn on matters delegated by the Council and those arising from the Statutes.

As chief executive of the University, the Vice-Chancellor and President advises the Council on the development of institutional plans, policies and strategy, the identification and planning of new developments and shaping of the institutional ethos. The Deputy Vice-Chancellors, Director of Finance and other senior academic and administrative officers all contribute in various ways to aspects of this work but Council, as the University’s governing body, has ultimate responsibility for University activities, for determining its future direction and for fostering an environment in which the University’s mission is achieved.

The Secretary of the Council (and of the Court) is appointed by the Council under the provisions of the University Statutes. The Secretary has a key role in ensuring good governance. The Secretary maintains a Register of Interests of members of the Council and other staff which is available for consultation.

### The Work of the Council and its Committees

Council has at least four business meetings and one strategy meeting each academic year. In the 2019/20 year there were eight business meetings. Key activities in 2019/20 included: the progress of the Kent and Medway Medical School, the Institute for the Creative and Cultural Industries, recruitment, reviewing Council membership, financial sustainability, mental health, regarding the NSS and the Council Effectiveness Review. It has maintained oversight of the University’s implementation of its duties under the Counter Terrorism and Security Act, the Modern Slavery Act and its responsibilities to protect free speech within the law.

Council has monitored institutional performance through Key Performance Indicators and league tables. Council is committed to equality, diversity and inclusivity and it has approved an annual report on the University’s progress in this area. It has maintained an oversight of donations and fundraising through the consideration of the annual report from the Development Office and it has maintained an oversight of academic governance. It has received regular reports of the meetings of Senate and reports on student recruitment, the National Student Survey and a report on student complaints and appeals including complaints to the Office of the Independent Adjudicator. Council considered an Annual Report of the Senate, an Annual Provider Review and the Annual Assurance Return and authorised the Chair of Council and the Vice-Chancellor and President to sign the Annual Assurance Return for submission.

Council spent a considerable time discussing the higher education environment in 2019/20, particularly regarding the response to Covid-19, recruitment issues, Brexit mitigation and financial sustainability generally. The aim of the discussions has been to ensure that the University is able to make progress in realising its objectives and take appropriate steps to mitigate risks.

Much of Council’s detailed work is initially handled by committees. These committees, listed below, have written terms of reference and specified membership, including external members (from whom Council generally appoints chairs), designated quorums and generally meet two or three times per year.

**The Finance and Resources Committee** oversees all financial matters of the University and reports regularly to Council. It uses an agreed Financial Framework to guide its deliberations. It is responsible for scrutinising the University’s budgets and financial forecasts and makes recommendations to Council for approval. It reports on the financial performance of the University on a quarterly basis and scrutinises the end of year financial statements in the light of comments from the External Auditors and the Audit Committee before making a recommendation to Council. University expenditure is governed by a scheme of delegation. The Finance and Resources Committee considers proposals for large items of expenditure and makes recommendations for items over £2m to Council for approval.

**The Audit Committee** has responsibility for making recommendations to Council for the appointment of the External and Internal Auditors. The Committee regularly considers reports from Internal Audit and the views of the External Auditors. It considers the annual update of the Risk Register and reviews the Risk Register each term. It considers regular reports on Value for Money and oversees the University’s Corporate Standards for Data Quality. The Committee submits regular reports to Council summarising key aspects of its work. On the basis of its work throughout the year, the Committee makes an Annual Report to Council where it provides an opinion on the adequacy and effectiveness of the University’s arrangements for risk management, control and governance; for promoting economy, efficiency and effectiveness (value for money) and the arrangements for the management and quality assurance of data returned to the Higher Education Statistics Agency (HESA), The Student Loans Company, and other bodies. The Audit Committee conducted a review of its effectiveness in 2018/19 and reported the outcomes to Council.

**The Lay Nominations Committee** is responsible for making recommendations to Council for the appointment of lay members. In fulfilling this responsibility it takes account of the balance of skills across the membership and the need for Council to be effective as the governing body. It also takes account of the University’s policy on equality, diversity and inclusivity and has made a particular effort to improve the gender balance of Council membership. Four new lay members were recruited to Council for 2018/19 through an open competition and the recruitment process is under way for new members to join in 2020.

**The Remuneration Committee** is responsible for considering the remuneration of the University’s Vice-Chancellor and President, Deputy Vice-Chancellors and the Director of Finance. In fulfilling this responsibility it considers performance against objectives set and benchmarking information from peer group institutions. The Committee reports to Council and provides a note of its methodology and the rationales for its decisions. The Committee also oversees the senior pay and reward practices for the University.

# STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (CONT)

**The Safety, Health and Environment Executive Committee** is responsible for the University's safety, health and environment policies, their effectiveness and how they might be enhanced, setting performance standards and determining action where standards are not met. It provides an Annual Report to Council and reports regularly on issues as they arise.

**The Ethics Committee** was established by Council at its meeting in October 2016. The Committee has approved an overarching Ethics Code for the University which was published in the 2018/19 year. The Committee maintains oversight of the Code of Practice for the Protection and Freedom of Speech and the work of other bodies concerned with ethical matters including: the Anti-bribery and Corruption Review Group; the Development Office regarding fundraising; the Research Ethics and Governance Committee and the International Partnerships Approval Panel.

## Effectiveness of Council and its Committees

There was an Internal Review of Council Effectiveness during the 2018/19 academic year conducted by the Secretary to Council.

An external consultancy, Halpin, was appointed to lead a Review in the 2019/2020 academic year. The final report was delivered in April 2020 and its recommendations and considerations were reported to Council and will be considered further. From the Executive Summary:

- '1 The University of Kent is navigating its way through a number of considerable challenges for the UK higher education sector. These include increased regulatory pressure from the Office for Students (OfS), greater competition for home and international students and the consequences of Brexit. At the time of writing, it is also having to manage the significant consequences of Covid-19 on its communities and finances.*
- 2 Despite these challenges, the Council largely works cohesively and delivers good outcomes. It has a committed and qualified membership, an experienced and well respected Chair and, particularly since the appointment of the current Vice-Chancellor Karen Cox in 2018, the relationships between Council and the Executive Group are strong. There is regular reflection on governance effectiveness and potential opportunities for improvement.*
- 3 We found several elements of good practice during this review. This includes evidence that Council demonstrates agility and responsiveness to need and makes effective use of external experts in sub-committees. It also has well-managed agendas, a helpful mix of formal and informal governance activity and a clear understanding of the Council role in relation to the Executive Group. The Secretariat is also well-regarded, receptive and responsive.*
- 4 Within this context, this review considers to what extent the University's governance is effective, follows best practice and supports the University to deliver its strategic plans. Our findings show that although Council works well, there are some key opportunities to improve its effectiveness. Our review makes 19 recommendations and 20 suggestions, summarised in Appendix 1.*

*The number of these should not be interpreted as an indication of any failure of governance, as this number is typical of a review of this type which is designed to give as much detail and guidance as possible."*

Any enquiries about the constitution and governance of the University should be addressed to the Secretary of the Council.

## Statement of internal control

The University Council is responsible for ensuring the maintenance of a sound system of internal control that supports the achievement of the University's mission and strategic aims and objectives while safeguarding the public and other funds and assets for which the University is responsible, in accordance with the responsibilities assigned to the Council in the University's Charter and Statutes and the requirements of the Office for Students.

The University's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve institutional mission, strategic aims and objectives. It is an ongoing process which seeks to identify the principal risks to the achievement of the University's mission, strategic aims and objectives, to evaluate the nature and extent of those risks and to manage them by appropriate controls and mitigation. The profile and exposure to risk and the level of assurance over risk and internal control given by internal audit activity are monitored regularly so that any necessary remedial action can be taken. This process was in place for the year ended 31 July 2020 and up to the date of approval of the Financial Statements for 2019/20 and it accords with the guidance from the Office for Students.

An internal audit of risk management in 2019/20 identified that while there are strengths in the Risk Management process, there is scope for improvement and gave a 'limited assurance' opinion over this process. In particular, the review made five recommendations, including two at Priority 1, which indicates a significant weakness requiring immediate attention, which were that there should be better integration of risk exposure monitoring with the University's risk appetite and that local risk registers should be put in place throughout the University. A project is now underway to address all recommendations and enhance the risk management system for 2020/21.

In summary, key aspects of the University's overall system of internal control, for which the Council has overall responsibility, are as follows:

- Every three or five years Council approves a new University Plan; the version in effect for the period of these accounts was that for 2020-2025 (and may be seen on the University's website as Our Strategy: Kent 2025). Council approved this at the start of the 2018/19 academic year and will monitor progress towards its objectives;
- Council meets regularly to consider strategic, policy and oversight matters. These include the status of risks in the University's Risk Register (based on the institutional Plan and compiled on an objective scoring basis, including an evaluation of the likelihood and impact of risks becoming a reality) and annual reports from the Audit Committee and the Head of Internal Audit, each including an evaluation of the assurance provided by internal controls;

- The Vice-Chancellor and President and Executive Group are responsible for the management of the University, including oversight of risk management and consideration of termly monitoring reports on risk and value for money (VfM);
- Internal Audit's work, focusing on areas considered to be high risk, plays a valuable role in providing assurance on the adequacy and effectiveness of risk management, control and governance arrangements and VfM. The Internal Audit Strategic Plan is regularly reviewed and flexed to address any issues that may arise;
- The Audit Findings Report of the External Auditors includes recommendations on improvements to internal controls identified during the course of the audit work. These are reviewed by management and actions taken where appropriate;
- The Audit Committee meets at least four times a year and receives regular reports from the Head of Internal Audit which include an independent opinion on the University's system of control and recommendations for improvement, and the termly monitoring reports on risk management and VfM. It also reviews progress on implementing Internal Audit and External Audit recommendations;
- The University's system of risk management covers the full range of risks across the University, including business, operational, financial and compliance and focuses on reviewing the most important risks, the Significant or Contingency Risks, and the actions taken to mitigate them, in its termly monitoring reports. The Risk Register is reviewed by Executive Group, Audit Committee and then approved by Council.
- The Significant or Contingency Risks for the year are addressed through action plans to ensure risks can be tracked, managed and mitigated to a level that conforms to the University's Risk Appetite, wherever possible. Progress against action plans and the status of these risks is reported via a Strategic Risk Dashboard. Termly reports are reviewed by Executive Group and Audit Committee.

Council has undertaken an overall assessment of the effectiveness of risk management and internal control, informed by reports from the Audit Committee, the External Auditors in their Management Letter, the Internal Auditor, from the Vice-Chancellor and President, from other executive officers.

Council considered that, in the light of all the evidence, the University's internal control was sound for 2019/20 and to the date of its approval of these Financial Statements, and that is hereby confirmed for the record. The evidence taken into account by Council included the observations of the External Auditors on the Financial Controls, the Internal Audit Annual Report which provided "satisfactory assurance" and the outcomes of Internal Audit reviews over recent years, consideration of the arrangements for risk management and value for money and assurances from management on the prompt progress in addressing recommendations.

Signed on behalf of the University of Kent on 12 February 2021 by:

**Dame Ursula Brennan**  
Chair of the Council

**Professor Karen Cox**  
Vice-Chancellor and President

# STATEMENT OF THE RESPONSIBILITIES OF THE UNIVERSITY'S COUNCIL

**In accordance with the University's Charter of Incorporation, the Council is "the supreme governing body of the University and ...[is] responsible for the exercise of the University's powers" (extract from Section 6 of the Charter).**

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP 2019) and any subsequent amendments and the Office for Students' Accounts Directions.

In addition, within the terms and conditions of the Office for Students, the Council, through its accountable officer (the Vice-Chancellor and President), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and the group and of its surplus or deficit, gains or losses, changes in reserves and cash flows of the group for that year.

In causing the financial statements to be prepared, the Council has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements;
- There is no relevant audit information of which the auditors are unaware; and
- Each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the auditors are aware of that information.

The Council has taken reasonable steps to:

- Ensure that funds from the Office for Students/Research England are used only for the purposes for which they have been given and in accordance with the Office for Students terms and conditions, Accounts Directions and any other conditions which the Office for Students and Research England may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Ensure that the University has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities;
- Safeguard the assets of the University and prevent and detect fraud, bribery and other irregularities; and
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, Directors of Divisions and professional service departments and Heads of Schools;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and Resources Committee and the Council; and
- A professional Internal Audit Office whose annual programme takes into account matters included in the Risk Register and is approved by the Audit Committee in line with the Statement of Internal Control.

# INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF THE UNIVERSITY OF KENT



Grant Thornton UK LLP  
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## Opinion

We have audited the financial statements of the University of Kent (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise the Consolidated and University statements of Comprehensive Income and Expenditure, the Consolidated and University statements of financial position, the Consolidated and University statements of Changes in Reserves, the Consolidated statement of cash flows, a summary of significant accounting policies and notes to the financial statements. 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 the parent university's affairs as at 31 July 2020, and of the group's and the parent university's income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018.

## Basis for opinion

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

## The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Council and the related

disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group and parent university's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group and parent university's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group and parent university associated with these particular events.

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

In our evaluation of the council's conclusions, we considered the risks associated with the group and parent university's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group and parent university's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and parent university will continue in operation.

## Other information

The Council are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1-72, other than the financial statements and our auditor's report thereon. Our opinion on the financial

*Continued overleaf*

# INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF THE UNIVERSITY OF KENT (CONT)



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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 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.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them; and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

## Matters on which we are required to report by exception

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

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

## Responsibilities of the Council for the financial statements

As explained more fully in the Statement of responsibilities of the Council set out on page 36, the Council is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the

Council 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 Council are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our Report

This report is made solely to the University's Council, as a body, in accordance with the Charter of the University. Our audit work has been undertaken so that we might state to the university's Council those matters we are required to state to it 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 University's Council as a body, for our audit work, for this report, or for the opinions we have formed.

**Grant Thornton UK LLP**  
Statutory Auditor, Chartered Accountants, London

12 February 2021



# CONSOLIDATED & UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

## FOR THE YEAR ENDED 31 JULY 2020

	Note	Consolidated & University	
		2019/20	2018/19
		£000	£000
<b>Income</b>			
Tuition Fees & Education Contracts	1	161,536	163,501
Funding Council Grants	2	28,634	29,579
Research Grants & Contracts	3	17,663	19,565
Other Income	4	49,196	52,069
Investment Income	5	1,389	938
Donations & Endowments received	6	1,069	783
<b>Total Income</b>		<b>259,487</b>	<b>266,435</b>
<b>Expenditure</b>			
Staff Costs	7	155,766	158,446
Restructuring Costs	7	10,240	6,911
(Decrease) / Increase to pension provision arising from change in Schedule of Contributions	7	(32,651)	44,777
Other Operating Expenses	9	85,528	90,584
Depreciation	11	21,983	21,474
Interest & Other Finance Costs	8	5,542	4,226
<b>Total Expenditure</b>		<b>246,408</b>	<b>326,418</b>
<b>Surplus/(Deficit) before other gains</b>		<b>13,079</b>	<b>(59,983)</b>
Loss on Investments		(1,471)	(96)
Gain on sale of tangible assets		728	-
<b>Surplus/(Deficit) and Total Comprehensive Income/(Expenditure) for the year</b>		<b>12,336</b>	<b>(60,079)</b>
Represented by:			
Endowment comprehensive expenditure for the year		(940)	(384)
Restricted comprehensive income for the year		290	341
Unrestricted comprehensive income/(expenditure) for the year		12,986	(60,036)
		<b>12,336</b>	<b>(60,079)</b>

All income and expenditure recognised above relates to continuing operations.

# STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2020

	Statement of Comprehensive Income and Expenditure			
	Endowment £000	Restricted £000	Unrestricted £000	Total £000
<b>Consolidated</b>				
<b>Balance at 1 August 2018</b>	<b>5,119</b>	<b>454</b>	<b>309,021</b>	<b>314,594</b>
Surplus/(deficit) for the year	168	633	(60,880)	(60,079)
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(552)	(292)	844	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(384)</b>	<b>341</b>	<b>(60,036)</b>	<b>(60,079)</b>
<b>Balance at 1 August 2019</b>	<b>4,735</b>	<b>795</b>	<b>248,985</b>	<b>254,515</b>
Surplus/(deficit) for the year	(371)	458	12,249	12,336
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(569)	(168)	737	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(940)</b>	<b>290</b>	<b>12,986</b>	<b>12,336</b>
<b>Balance at 31 July 2020</b>	<b>3,795</b>	<b>1,085</b>	<b>261,971</b>	<b>266,851</b>
<b>University</b>				
<b>Balance at 1 August 2018</b>	<b>5,119</b>	<b>454</b>	<b>308,986</b>	<b>314,559</b>
Surplus/(deficit) for the year	168	633	(60,880)	(60,079)
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(552)	(292)	844	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(384)</b>	<b>341</b>	<b>(60,036)</b>	<b>(60,079)</b>
<b>Balance at 1 August 2019</b>	<b>4,735</b>	<b>795</b>	<b>248,950</b>	<b>254,480</b>
Surplus/ (deficit) for the year	(371)	458	12,249	12,336
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(569)	(168)	737	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(940)</b>	<b>290</b>	<b>12,986</b>	<b>12,336</b>
<b>Balance at 31 July 2020</b>	<b>3,795</b>	<b>1,085</b>	<b>261,936</b>	<b>266,816</b>

# CONSOLIDATED & UNIVERSITY STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2020

	Note	Consolidated		University	
		2020 £000	2019 £000	2020 £000	2019 £000
<b>Non-current assets</b>					
Tangible Fixed Assets	11	425,498	428,163	425,498	428,163
Fixed Asset Investments	13	1,271	1,385	1,271	1,385
		<b>426,769</b>	429,548	<b>426,769</b>	429,548
<b>Current assets</b>					
Stocks		671	832	671	832
Trade & Other Receivables	14	21,528	21,912	21,528	21,912
Current Asset Investments	15	833	13,152	833	13,152
Cash & Cash Equivalents		27,760	24,797	27,760	24,797
		<b>50,792</b>	60,693	<b>50,792</b>	60,693
<b>Creditors: amounts falling due within one year</b>	16	<b>(64,313)</b>	(59,855)	<b>(64,348)</b>	(59,890)
<b>Net current assets</b>		<b>(13,521)</b>	838	<b>(13,556)</b>	803
<b>Total assets less current liabilities</b>		<b>413,248</b>	430,386	<b>413,213</b>	430,351
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(109,751)</b>	(105,408)	<b>(109,751)</b>	(105,408)
<b>Provisions</b>					
Pension Provisions	18	(36,646)	(70,463)	(36,646)	(70,463)
		<b>(36,646)</b>	(70,463)	<b>(36,646)</b>	(70,463)
<b>Net assets</b>		<b>266,851</b>	254,515	<b>266,816</b>	254,480

	Note	Consolidated		University	
		2020 £000	2019 £000	2020 £000	2019 £000
<b>Restricted reserves</b>					
Endowment reserves	20	3,795	4,735	3,795	4,735
Restricted reserves	21	1,085	795	1,085	795
		<b>4,880</b>	5,530	<b>4,880</b>	5,530
<b>Unrestricted reserves</b>					
General Reserve		261,971	248,985	261,936	248,950
<b>Total reserves</b>		<b>266,851</b>	254,515	<b>266,816</b>	254,480

The financial statements on pages 39 to 69 were approved by the Council on 12 February 2021 and signed on its behalf by:

**Professor Karen Cox,**  
Vice-Chancellor and President

**Robert Scruton,** Chair of the Finance  
and Resources Committee

**Lisa-Jane Crudgington-Higham,**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

	Note	2019/20 £000	2018/19 £000
<b>Cash Flow from Operating Activities</b>			
Surplus/(deficit) for the year		12,336	(60,079)
<b>Adjustment for non-cash items</b>			
Depreciation	11	21,983	21,474
Loss on investments		1,471	96
Decrease/(increase) in stock		161	(42)
Decrease/(increase) in debtors	14	67	(2,837)
Increase in creditors	16/17	9,851	9,896
(Decrease)/increase in pension provision	18	(33,817)	45,252
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(1,389)	(938)
Interest payable	8	4,429	3,670
Endowment income	20	(50)	(47)
Gain on the sale of tangible fixed assets		(728)	-
Capital grant income	2/4	(6,067)	(2,478)
<b>Net cash inflow from operating activities</b>		<b>8,247</b>	<b>13,967</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible assets		1,331	-
Capital grant receipts		6,067	2,478
Investment income	5	1,396	945
Payments made to acquire tangible assets	11	(19,812)	(34,888)
New non-current asset investments	13	-	(219)
Withdrawal of deposits		10,962	10,188
		(56)	(21,496)
<b>Cash flows from financing activities</b>			
Interest paid	8	(3,969)	(3,596)
Endowment cash received	20	50	39
New secured loans	17	1,046	-
Repayments of amounts borrowed		(2,355)	(5,476)
		(5,228)	(9,033)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>2,963</b>	<b>(16,562)</b>
Cash and cash equivalents at beginning of the year		24,797	41,359
Cash and cash equivalents at end of the year		27,760	24,797

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

## A General Information

The University of Kent was established by Royal Charter in 1965. It is an exempt charity in accordance with Schedule 3 of the Charities Act 2011. The University is registered with the Office for Students. The address of the registered office is:

The University of Kent  
The Registry  
Canterbury  
Kent CT2 7NZ  
United Kingdom

## B Basis of preparation

These financial statements have been prepared in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OFS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and has applied the relevant public benefit requirements of UK laws and accounting standards.

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments.

The financial statements are prepared in sterling which is the functional currency of the University and rounded to the nearest £'000.

### Going concern

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, which forms part of these Financial Statements. This report also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis, which the Council consider to be appropriate for the following reasons.

The University Council have reviewed the financial forecasts, which cover a period to at least 31 July 2022, and have stress-tested key assumptions within these, in particular with consideration of how the Covid-19 pandemic may affect operations and impact on liquidity and compliance with banking covenants. Further detail on this is provided within the Strategic Report on pages 29-31. These reviews demonstrate that, even in the event that the January 2021 lockdown is extended for the duration of the academic year, the University can cope with a plausible worst case scenario that see a reduced number of students in residence on campus throughout the remainder of this year, with a potential substantial reduction in income. This scenario also includes the possibility of future increases in employer pension contributions in 2021/22 and a further risk of shortfalls in future student recruitment. Through the use of available mitigation levers, involving the further

reduction of planned pay, non-pay and capital spend, the full impact of this plausible worst case scenario can be adequately addressed. Specifically, new financing facilities agreed in December 2020 will provide sufficient headroom in liquidity and within the thresholds of banking covenants to cope with such downside scenarios. These facilities also extend the University's existing financing agreement that expires at December 2021 through to July 2024. In these scenarios, and after examining further risk sensitivities that could arise over the coming year together with the mitigating actions available, including further use of cash management mechanisms, deferral of spend, and in extreme circumstances, the reduction of planned spend, the Council considers that the University has adequate resources to continue in operational existence for the foreseeable future, being a minimum of twelve months from the date these accounts are approved.

Consequently, the Council is confident that the University will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## C Basis of consolidation

The consolidated financial statements include the University and all of its subsidiary undertakings. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS102, the activities of Kent Union have not been consolidated because the University does not exert control or dominant influence over those activities.

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS102) to not produce a cash flow statement for the University in its separate financial statements.

## D Income recognition

### Tuition fees

Income from tuition fees is stated gross and recognised over the related study period. Where the tuition fee has been reduced by a payment discount or University fee waiver, the income receivable is shown net of the discounted amount. University funded bursaries and scholarships paid to students are accounted for gross as expenditure.

### Revenue grants

Grants funding, including funding council block grant, research grants from government sources, and grants (including research grants) from non-government sources are recognised as 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 in the Statement of Financial Position and released to income as the conditions are met.

### Donations and endowments

Non-exchange transactions without performance related conditions are accounted for as donations or endowments.

Donations and endowments with donor imposed restrictions on the use of the funds (which do not amount to performance conditions) are recognised as income within the Consolidated Statement of Comprehensive Income and Expenditure when the University becomes

CONTINUED OVERLEAF

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

entitled to them. Income is retained within a restricted reserve until such time that expenditure is incurred in line with the restrictions. This income is then released to general reserves through a reserve transfer.

Income in respect of donations and endowments without donor imposed restrictions is recognised in income when the funds are receivable and recorded within unrestricted reserves.

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

There are four main types of donations and endowments identified within reserves:

- 1 Restricted donations – the donor has specified that the donation must be used for a specific purpose;
- 2 Unrestricted permanent endowments – the donor as specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University;
- 3 Restricted expendable endowments – the donor has specified a particular purpose, other than the purchase or construction of tangible assets and the University has the power to use the capital;
- 4 Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be used for a specific purpose.

### Investment income

Income from cash deposits and investments is credited to income in the period in which it is earned.

### Capital grants

Grants or Donations received from any source for the purpose of purchasing or constructing fixed assets are recognised as income as performance conditions are met. This will normally be at the point the asset is brought into use, or in line with phased completion of large construction projects, depending on the terms of the grant.

### Other income

All other income for the sale of goods and services, including Residences and Catering, is recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customer, or the terms of the contract have been satisfied

## E Agency arrangements

Any funds that the University receives and disburses whilst acting as agent on behalf of a funding body and where the University is exposed to minimal risk or enjoys minimal economic benefit in relation to the transaction, such as externally funded bursaries and scholarships where the funder determines the recipient, are excluded from the Consolidated Statement of Comprehensive Income. Any commissions received in this respect are credited to the Consolidated Statement of Comprehensive Income and Expenditure as earned.

## F Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. All resulting exchange differences are taken to the Consolidated Statement of Comprehensive Income in the period in which they arise.

## G Employee benefits

### Short-term employee 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 (such as holiday allowances) are accrued within staff costs and measured as the additional amount the University expects to pay as a result of unused entitlement.

### Post-employment benefits (pensions)

Retirement benefits for most employees of the University are provided by the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL).

From 1 October 2016 USS changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS102 "Employee benefits", the University therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme.

The University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit. Therefore, a provision is recognised for the contributions payable which arise from the agreement, to the extent that they relate to the deficit, with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

SAUL is a multi-employer defined benefit scheme. The assets of the scheme are held in separate trustee administered funds. The scheme operates as a "Last Man Standing" scheme so that in the event of the insolvency of any of the participating employers, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation. Informal reviews of the position of the schemes are carried out between formal valuations. The University is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme.

## H Tangible fixed assets

### Land and buildings

Land held was valued as at 31 July 2014 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. A valuation was prepared in accordance with the requirements of the RICS Valuation – Professional Standards, April 2015, and FRS 102. The valuation was undertaken on a Fair Value basis and has been reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

In keeping with the transitional rules set out in FRS102 this land valuation is retained to be used as its 'deemed cost' going forward. Land purchased since 1 August 2014 is shown at cost. Freehold land is not depreciated.

Buildings are included in the Balance Sheet at cost less accumulated depreciation. Finance costs which are directly attributable to the purchase or construction of land and buildings are capitalised as part of the cost of those assets.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July each year. They are not depreciated until they are brought into use. Once a building is brought into use any elements with significant value and a materially different life are depreciated separately from the main structure.

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

Depreciation on buildings is provided on a straight-line basis over their expected useful economic lives as follows:

Building structure	80 years
Roofing & windows	30 years
Mechanical & electrical systems	25 years
Refurbishment of general facilities	15 years
Refurbishment of residential facilities	10 years
Refurbishment of dining & trading facilities	5 years

Where assets are recognised in respect of service concession arrangements or finance leases they are valued at the present value of future minimum lease payments. These assets are depreciated over the length of the lease term, or where lower, the useful economic life of the asset as above.

Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS102. A review of the impairment of a fixed asset is also carried out if events or changes in circumstances indicate that the carrying value of the fixed asset may not be recoverable.

### Site works

Site works on University campuses, when capitalised, are depreciated over useful economic lives as follows

Infrastructure works	30 years
Groundworks & landscaping	25 years
Roads, footpaths & car parks	15 years

### Equipment

Equipment and software costing less than £20,000 per individual item or group of related items is written off in the year of acquisition. All other equipment and systems developments are capitalised at cost. Costs relating to major system developments in progress are not depreciated until the system is brought into use.

Capitalised equipment and systems are depreciated over its useful economic life as follows:

General equipment and furniture	5 to 10 years
Major Management Information System developments	8 years
Computer equipment and systems	3 to 5 years
Equipment acquired for specific research or other projects	Project life (generally 3 years)

All depreciation charges are calculated annually from the year in which they come into use.

Where Tangible Fixed Assets are acquired with the aid of specific grants, the cost is capitalised and depreciated in accordance with the above policy, with the related grant income recognised in line with Accounting Policy D.

## I Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value.

Other investments are initially recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment.

Investments in funds intended to be held for the long term in order to generate ongoing income to fund activities are reported as fixed asset investments. All other funds are reported as current asset investments.

Any subsequent increase or decrease in value is recognised within the Consolidated Statement of Comprehensive Income and transferred to restricted or unrestricted reserves as appropriate.

## J Stocks

Stock is held at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

## K Taxation

The University is an exempt charity within the meaning of Schedule 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 UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act (CTA) 2010, and section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

In the event that non-primary purpose trading losses arise, the University treats the trades concerned as falling within Section 44 of the CTA 2010 as being carried out on a commercial basis with a view to realisation of gain within the larger undertaking of the University so that Section 37 of the CTA 2010 applies to allow the non-primary purpose loss to be offset against the surplus for which tax exemption is disapplied by virtue of the existence of the non-primary purpose trading loss.

The University receives no similar exemption in respect of VAT. Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

As commercial organisations, the University's subsidiary companies are subject to corporation tax and VAT.

## L Financial instruments

The University has applied the recognition, measurement and disclosure requirements of sections 11 and 12 of FRS 102 in relation to basic and complex financial instruments.

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment. Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the legal form. Financial liabilities are initially measured at transaction price (including transaction cost) and subsequently held at amortised cost.

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

### Cash & cash equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are, in practice, available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits (maturity generally being less than three months from the placement date) and other instruments held as part of the University's treasury management activities.

Cash and cash equivalents contains sums relating to endowment reserves which have restrictions on their use. Note 20 summarises the balances of restricted endowment funds.

## Loans

Loans are measured at amortised cost using the effective interest method and are subject to an annual impairment review.

### Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised immediately in the Statement of Comprehensive Income.

## M Provisions

### General

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

### Pension

Provisions are recognised in respect of the University's pension schemes as detailed in Accounting Policy G.

## N Leases & service concession arrangements

### Operating leases

An operating lease is defined as one where the lessor retains most of the risks and rewards of ownership of the asset.

All operating lease payments are included in the Consolidated Statement of Comprehensive Income in the period to which the payment relates. Future liabilities under such operating leases are disclosed as a financial commitment in the notes to the accounts.

Rental payments received are credited to the Consolidated Statement of Comprehensive Income in the period to which the income relates. Lease premiums received at the start of a lease are credited to the Consolidated Statement of Comprehensive Income as rental income over the minimum lease term.

### 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.

Assets acquired by finance lease and the associated lease liability are reported at the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

### Service concession arrangements

Service concession arrangements are lease arrangements whereby the lessor also provides services (eg maintenance and operation) alongside provision of the assets and any significant residual value of the asset passes to the University at the end of the lease. Any service concession arrangement liability is valued at the present value of future minimum lease payments with a corresponding asset being created within Property, Plant and Equipment assets and depreciated in line with accounting policy H.



## O Accounting for jointly controlled assets and operations

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of the transactions from joint operations and jointly controlled assets in the Statement of Comprehensive Income.

## P Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held in a permanently restricted fund which the University must hold in perpetuity.

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

## Q Significant estimates and judgements

The University considers the following areas to be significant areas of estimates or judgements which could have a significant impact on the financial statements.

### Significant accounting estimates

#### Recoverability of debtors

The provision for doubtful debts is based on our estimate of the expected recoverability of these debts. Assumptions are made based on the level of debtors which have defaulted historically, combined with current economic knowledge. The provision is based on the current situation of the customer, the age of the debt and the nature of the amount due.

#### Retirement benefit obligations

As the University is contractually bound to make deficit recovery payments to USS, these are recognised as a liability on the balance sheet. The provision is based on the USS deficit recovery plan agreed after the 2018 actuarial valuation, which requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028.

The major assumptions used to calculate the current provision required in relation to this obligation are:

	2020	2019
Discount rate	0.73%	1.58%
Salary growth*	3.5%	3.5%

\* The assumptions on salary growth includes the estimated impact of inflation as well as increments & promotions on total staffing costs.

#### Depreciation

The useful economic lives used in the calculation of depreciation charges are a significant area of estimate. The lives used in these financial statements for all groups of fixed assets are shown in accounting policy H and the impact can be seen in note 11

## Significant judgements and assumptions

### Income recognition

Judgement is applied in determining the value and timing of certain items of income to be included in the financial statements. This includes determining when performance conditions have been met, and determining the income associated with partially delivered services, where the delivery has not been fully completed at the end of the financial year.

### Pension scheme assumptions

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the surplus or deficit for the year in accordance with section 28 of FRS102. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the Recovery Plan in existence at the date of approving the financial statements.

### Service Concession Arrangements

Contracts have been reviewed and judgement applied in determining whether they meet the criteria for Service Concession arrangement. The treatment of these arrangements is shown in accounting policy N, and information on these contracts and their impact in the financial statements is shown in Note 11.

### Revaluation of Land

The valuation of the land now taken forward as deemed cost is a significant judgement, based on an external valuation as at 31 July 2014 but reviewed annually by management for any indication of impairment. Further information on the basis of the valuation and the impact on the financial statements can be seen in Note 11.

### Financing Arrangement

The financing agreement signed in January 2020 modified the terms of the existing loan arrangements. Under FRS 102 s11, a substantial debt modification should be treated as if the original debt was extinguished, and a new liability recognised. The changes to all loans have therefore been assessed to determine the level of change. The University is satisfied that the changes to the interest rate and timing of capital repayments for loans from National Westminster Bank and Scottish Widows do not constitute a significant debt modification. Loans from the European Investment bank were previously unsecured, and have now been secured in addition to the changes to interest rates and capital repayment dates. This constitutes a significant change in accordance with FRS102 s11. Further information is provided in note 17.

# NOTES TO THE ACCOUNTS

## 1 Tuition fees and education contracts

	2019/20 £000	2018/19 £000
Full-time Home & EU Students	114,703	119,423
Full-time International Students	38,918	36,772
Part-time Fees	5,654	4,291
Research Training Support Grants	1,121	1,590
Short Course Fees	1,140	1,425
	<b>161,536</b>	<b>163,501</b>

## 2 Funding council grants

	2019/20 £000	2018/19 £000
<b>Recurrent Grant</b>		
Teaching & Research funding (OfS; RE)	24,387	23,203
Higher Education Innovation Fund (HEIF)	1,366	1,382
Capital Grants (CIF)	1,738	2,378
<b>Specific Grants</b>		
Education and Skills Funding Agency (ESFA)	331	1,375
All Other Grants	812	1,241
	<b>28,634</b>	<b>29,579</b>

## 3 Research grants and contracts

	2019/20 £000	2018/19 £000
Research Councils	6,966	8,747
UK Based Charities	2,549	2,160
UK Industry & Commerce	282	444
Government (UK & EU)	6,947	7,059
Other Grants and Contracts	919	1,155
	<b>17,663</b>	<b>19,565</b>

Note: The source of grant and fee income included in Notes 1-3 above is as follows:

	2019/20 £000	2018/19 £000
Grant income from the OfS	9,814	11,464
Grant income from other bodies	25,455	25,487
Fee income for research awards (excl. VAT)	156,986	157,802
Fee income for non-qualifying courses (excl. VAT)	3,375	4,274
Fee income for taught awards (excl. VAT)	1,175	1,425
	<b>196,805</b>	<b>200,452</b>

#### 4 Other income

	2019/20 £000	2018/19 £000
Residences, Catering & Conferences	29,037	36,732
Other Income Generating Activities	6,162	7,097
Other Revenue Grants	4,325	2,423
Capital Grants (non-funding council)	4,329	100
Other Income	5,343	5,717
	<b>49,196</b>	<b>52,069</b>

Income from Residences, catering and conferences has fallen by £7.7m compared to 2018/19. This is due to the impact of Covid-19 as the campuses were closed from April 2020 as part of the national lockdown.

'Other capital grants' in 2019/20 relates to funding received from grants and donations in relation to the construction of a new building on the Canterbury campus for the Kent and Medway Medical School.

'Other income' includes rental income on University owned properties, fees and charges received in relation to non-commercial activities and income received for the provision of non-standard services to students.

The balance of grant funding held within deferred income until performance conditions are met is reported in Note 16.

#### 5 Investment income

	2019/20 £000	2018/19 £000
Investment Income on Endowments	97	358
Other Investment Income	1,190	372
Other Interest Receivable	102	208
	<b>1,389</b>	<b>938</b>

#### 6 Donations and endowments received

	2019/20 £000	2018/19 £000
New Endowments	50	47
Donations with Restrictions	440	495
Unrestricted Donations	579	241
	<b>1,069</b>	<b>783</b>

## NOTES TO THE ACCOUNTS (CONT)

### 7 Staff costs

The average number of persons (including senior post holders) employed by the University during the year expressed as full time equivalents (FTE) was:

	2019/20 Avge FTE No.	2018/19 Avge FTE No.
Academic Staff	904	890
Research Staff	186	193
Teaching only Staff *	58	51
Academic Related Staff	556	582
Clerical Staff	675	706
Manual & Ancillary	390	416
Technical	140	143
	<b>2,909</b>	<b>2,981</b>

\*Teaching only staff relates to postgraduate students who are also paid a salary for the provision of teaching services to undergraduate students.

The above figures exclude 102 FTE (2018/19: 176 FTE) in relation to employees classified as Casual workers that are paid by timesheet.

#### Staff Costs for the above persons:

	2019/20 £000	2018/19 £000
Wages & Salaries	123,436	125,616
Social Security Costs	12,224	12,523
Other Pension Costs (Note 29)	22,385	20,388
Movement in Pension Deficit Recovery Plan Provision	(34,930)	44,696
Restructuring Costs	10,240	6,911
	<b>133,355</b>	<b>210,134</b>

In 2018/19 the University launched the Kent Voluntary Severance Scheme (KVSS) with the aim of reducing our staff costs in the future. This scheme had two phases, with the majority of restructuring costs in 2018/19 relating to agreed redundancies within the first phase and costs in 2019/20 relating to agreed redundancies within the second phase, including those arising from the University's organisational change programme, Organising for Success (O4S). All other Restructuring Costs relate to early retirements and redundancy payments arising from major restructuring of University activities.

The pension provision movement consists of movements to the total provision offset by the unwinding of existing provisions against additional contributions paid in the year. This includes a one-off decrease in the provision of £32.7m following the completion of the 2018 valuation in September 2019, which partly reverses the one-off increase to the provision in 2018/19 arising from the completion of the 2017 valuation. This is shown separately from other staff costs on the face of the Statement of Comprehensive Income and Expenditure.

## 7 Staff costs (cont)

### Staff Costs by Department:

	2019/20 £000	2018/19 £000
Academic Departments	90,465	90,088
Academic Services	10,854	10,752
Research Grants & Contracts	9,749	9,321
Student & Staff Facilities	6,823	6,820
General Educational Expenditure	8,219	8,247
Administration & Central Services	13,965	14,073
Residences & Catering	9,311	9,995
Premises	6,032	6,179
Pension provision movements (excluding one-off movements)	(2,279)	(81)
Other	2,627	3,052
<b>Sub-total</b>	<b>155,766</b>	<b>158,446</b>
Restructuring Costs	10,240	6,911
(Decrease) / increase in pension provision arising from change in Schedule of Contributions	(32,651)	44,777
<b>Total Staff Costs by Department</b>	<b>133,355</b>	<b>210,134</b>
Payments for loss of office included in total staff costs above	10,962	7,796
Number of staff to which this relates	253	219

Included within the cost of payments for loss of office in 2019/20 is £10.2m in relation to KVSS (2018/19: £6.7m).

### Access and Participation expenditure – staff costs

Included within total staff costs reported above, costs in relation to Access and Participation activities are:

	2019/20 £000
Access Investment	2,050
Financial Support	-
Disability support (excl. expenditure included above)	1,140
Research and Evaluation	49
	<b>3,238</b>

2019/20 is the first year of the requirement under the Access and Participation plan agreed with the OfS, therefore no prior year comparatives are needed.

## NOTES TO THE ACCOUNTS (CONT)

### 7 Staff costs (cont)

#### Senior Staff pay:

	Number of Staff	
	2019/20	2018/19
Basic annual salary (per 1.0 FTE)		
£100,000 - £104,999	4	11
£105,000 - £109,999	5	2
£110,000 - £114,999	6	3
£115,000 - £119,999	9	6
£120,000 - £124,999	6	1
£125,000 - £129,999	1	2
£130,000 - £134,999	5	4
£135,000 - £139,999	1	2
£140,000 - £144,999	1	-
£145,000 - £149,999	-	1
£150,000 - £154,999	-	-
£155,000 - £159,999	-	-
£160,000 - £164,999	-	-
£165,000 - £169,999	-	1
£170,000 - £174,999	2	2
...		
£240,000 - £244,999	1	1

#### Key Management Personnel

Key management personnel, identified by the University as members of its Executive Group, are those persons having authority and responsibility for planning, directing and controlling the activities of the institution. Staff costs includes compensation paid to key management personnel consisting of salary and benefits including any employer's pension contribution and other equivalent payments.

	2019/20 £000	2018/19 £000
Key management personnel compensation	2,027	1,179

The Executive Group of the University of Kent consists of 15 (2018/19: 6) people including the Vice-Chancellor. During the year, as part of the University's organisational change project: O4S, the membership of the Executive Group was extended to reflect the new senior management structure and now includes all Directors of Academic Divisions. The costs shown here reflect the part-year compensation for those staff joining during the year.

#### Remuneration for the Vice-Chancellor and President

	2019/20 £000	restated 2018/19 £000
<b>Professor Karen Cox</b>		
Basic salary	225	240
Payments in lieu of pension contributions	34	37
Pension contributions	5	5
<b>Total Emoluments for the Year</b>	<b>264</b>	<b>282</b>

## 7 Staff costs (cont)

From 1 April 2020 the Vice-Chancellor and President took a voluntary 12-month pay reduction of 20% as part of the financial mitigation against the impact of Covid-19 on the University.

The restatement for 2018/19 relates to the £5k pension contributions paid by the University to the pension scheme in relation to death in service benefits. All other amounts remain unchanged.

The Vice-Chancellor and President's basic salary in 2019/20 was 7.92 times the median pay of all staff (2018/19: 9.42 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor and President's total remuneration in 2019/20 was 8.42 times the median total remuneration of staff (2018/19: 9.66 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

Where the median pay ratio is calculated on a full time equivalent basis for all staff, the pay ratio is distorted by the inclusion of a high number of (mainly student) staff on flexible/atypical timesheet contracts where we aim to provide employment experience. Given the distorting effect of these contracts on the pay ratio, a ratio which excludes these staff is also given (below) for comparison purposes.

The Vice-Chancellor and President's basic salary in 2019/20 was 6.58 times the median basic salary of all substantive staff (2018/19: 7.45 times). The Vice-Chancellor and President's total remuneration in 2019/20 was 6.72 times the median total remuneration of all substantive staff (2018/19: 7.39 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its substantive staff.

## Justification for salary of Vice-Chancellor and President

### University Context

With almost 20,000 students, the University of Kent is a substantial and complex institution which plays an important role in the regional economy of Kent, contributing £0.9bn for the south-east economy and employing over 5,000 members of staff, the majority of whom live in the area.

Awarded a gold rating, the highest, in the UK Government's Teaching Excellence Framework (TEF), we were presented with the Outstanding Support for Students award at both the 2017 and 2018 Times Higher Education (THE) Awards. We are one of the country's leading academic institutions producing world-class research, rated internationally excellent and leading the way in many fields of study. We are a forward-thinking research institution, committed to the transformative power of education and research and to the development and support of our students and staff. Our aim is to deliver one of the best education and student experiences, enhanced by a research-rich environment that enables and inspires our students.

Over the last year, Kent has had a number of successes including welcoming our first intake of students to the Kent and Medway Medical School, the first medical school in the county opened in collaboration with Canterbury Christ Church University. We received a number of prestigious honours, including the Queen's Anniversary Prize for the work of the Durrell Institute of Conservation and Ecology and the 2019 Healthcare Pioneer Award, and also received a €3.9m grant for a project that aims to provide a historical cultural and social understanding of the roots of immigration.

The University of Kent has a strong presence in Medway, focussing on research led programmes at two sites in Pembroke and the Chatham Historic Dockyard and has recently been awarded £4.3m from the Cultural Development Fund towards the development of the Thames Estuary area as Europe's largest creative corridor, making it a world-leading location for creative and cultural industries.

Over the last two years, Higher Education has experienced financial, regulatory and political challenges as well as the more recent Covid-19 pandemic, creating truly unprecedented challenges for the sector. In response, Kent has embarked on a significant change programme to ensure it can adapt quickly to a changing environment, building upon our current strengths and launching new programmes in medicine, science, engineering while also introducing a series of measures to improve its financial sustainability in the longer term.

## NOTES TO THE ACCOUNTS (CONT)

### 7 Staff costs (cont)

#### Value and performance of the Vice-Chancellor and President

In reviewing the performance of the Vice-Chancellor and President, it was acknowledged that the environment has been a particularly challenging one with both industrial action and the impact of the demographic dip. Given this context, the extensive feedback collected by the Chair of Council from a wide range of stakeholders, and the assessment of progress against objectives (including the development of a refreshed institutional strategy), the Committee concluded the Vice-Chancellor is achieving progress against all her objectives. It was also noted that the Vice-Chancellor was perceived by many to be in a strong position to lead the institution through the current challenging environment. Given this performance, and that the Vice-Chancellor's pay was below the target pay zone for her role as set out in the University's Senior Reward Policy (based on peer group market data), the Committee determined that a modest increase would normally be appropriate. They noted also however that the Vice-Chancellor wished to decline any such award, given the financial environment, and acceded to her wish that no pay award be made.

#### Process for determining pay of the Vice-Chancellor and President

As a part of its commitment to transparency, the Remuneration Committee has developed a Senior Reward Policy, published on the University website. This policy is applicable to the Vice-Chancellor and President, as well as the members of the Executive Group, and incorporates requirements relating to individual performance assessment, including appraisal on detailed objectives, and the link to pay decisions. The Chair of Council prepares a detailed appraisal of the Vice-Chancellor and Presidents' performance against objectives on the basis of 360-degree feedback from internal and external stakeholders, which is submitted to the Remuneration Committee. In addition, as a part of its governance role, the Remuneration Committee monitors the application of Kent's reward policies across all staff groups, including other senior staff.

The University's Remuneration Committee makes all decisions on pay for the Executive Group of the University (including the Vice-Chancellor and President), with delegated responsibility for decision-making on these matters from Council. The Committee consists of members of Council, and going beyond the requirements of the CUC Code, a student member and a staff member. An external advisor, with experience of senior pay elsewhere in the public and HE sectors joined the Committee in this year.

The Vice-Chancellor is not a member of the Remuneration Committee. No members of staff, including the Vice-Chancellor, are present at Remuneration Committee during discussions about their own remuneration.

A report of the Committee's decisions is made to Council each year. The University makes a transparent and detailed disclosure on how the Remuneration Committee determines senior pay in its Annual Review & Financial Statements, and follows OfS requirements on senior pay and the CUC Governance Code.



## 8 Interest and other finance costs

	2019/20 £000	2018/19 £000
Loan Interest	4,429	3,857
Pension Scheme Finance Costs	1,113	556
Other Interest charged	-	(22)
Less: Capitalised Interest (Note 11)	-	(165)
	<b>5,542</b>	<b>4,226</b>

## 9 Other operating expenses

	2019/20 £000	2018/19 £000
Academic Departments	7,993	10,437
Academic Services	8,112	9,106
Research Grants and Contracts	3,309	4,980
Bursary Payments to Students	13,369	14,543
Student & Staff Facilities	4,924	6,284
General Educational Expenditure	7,809	6,553
Administration & Central Services	2,965	2,561
Residences & Catering	18,146	18,344
Premises	13,692	15,931
Other Expenses	5,209	1,845
	<b>85,528</b>	<b>90,584</b>

	2019/20 £000	2018/19 £000
Other Operating Expenses include:		
Operating Lease Rentals:		
Land and buildings	1,179	999
Other	477	366
Auditors' Remuneration for audit services for the year	151	76
Auditors' Remuneration for prior year audit services recognised in the current year	75	19
Auditors' Remuneration for non-audit services for the year	12	49
Auditors' Remuneration for prior year non-audit services recognised in the current year	-	6

Auditors' remuneration for non-audit services in 2018/19 largely consists of a fee for the triennial audit of US GAAP compliant financial statements, plus the fee for the annual compliance audit, both in respect of the compliant return in relation to US student loans.

Auditors' remuneration for prior year audit services recognised in the year relates to additional fees charged in relation to the completion of the review of going concern up to the signing of the 2018/19 financial statements.

## NOTES TO THE ACCOUNTS (CONT)

### 9 Other operating expenses (cont)

#### Access and Participation expenditure

	2019/20 £000
Access investment	2,519
Financial support	3,453
Disability support	1,252
Research and Evaluation	49
	<b>7,273</b>

The total spend reported here includes £3,238k included in total staff costs and reported in Note 7.

2019/20 is the first year of the requirement under the Access and Participation plan agreed with the OfS, therefore no prior year comparatives are needed.

The University's Access and Participation plan, agreed with the OfS, is available on the University website at: [www.kent.ac.uk/ems/access-agreements/](http://www.kent.ac.uk/ems/access-agreements/)

### 10 Surplus/(Deficit) on operations for the year

The Surplus/(Deficit) on operations for the year is made up as follows:

	2019/20 £000	2018/19 £000
University surplus/(deficit) on operations for the year	12,336	(60,079)
Surplus generated by subsidiary companies	-	-
	<b>12,336</b>	<b>(60,079)</b>

Details of the University's subsidiary companies can be found in Note 13.

## 11 Tangible fixed assets

	Consolidated and University				
	Land and Buildings £000	Service Concession Arrangement Assets £000	Assets Under Construction £000	Equipment and Systems £000	Total £000
<b>Cost or Valuation</b>					
At 1 August 2019	531,473	10,172	25,071	48,245	<b>614,961</b>
Additions	1,895	-	-	3,120	<b>5,015</b>
Assets under construction	-	-	14,906	-	<b>14,906</b>
Transfers	21,629	-	(21,629)	-	<b>-</b>
Disposals	(1,916)	-	-	(1,013)	<b>(2,929)</b>
At 31 July 2020	<b>553,081</b>	<b>10,172</b>	<b>18,348</b>	<b>50,352</b>	<b>631,953</b>
<b>Depreciation</b>					
At 1 August 2019	163,388	1,332	-	22,078	<b>186,798</b>
Charge for the Year	17,332	142	-	4,509	<b>21,983</b>
Disposals	(1,313)	-	-	(1,013)	<b>(2,326)</b>
At 31 July 2020	<b>179,407</b>	<b>1,474</b>	<b>-</b>	<b>25,574</b>	<b>206,455</b>
<b>Net Book Value</b>					
<b>At 31 July 2020</b>	<b>373,674</b>	<b>8,698</b>	<b>18,348</b>	<b>24,778</b>	<b>425,498</b>
At 1 August 2019	368,085	8,840	25,071	26,167	<b>428,163</b>
Financed by:					
Capital Grant	44,489	-	1,347	461	<b>46,297</b>
Other	329,185	8,698	17,001	24,317	<b>379,201</b>
	<b>373,674</b>	<b>8,698</b>	<b>18,348</b>	<b>24,778</b>	<b>425,498</b>

During the year, the former residence of the Vice-Chancellor and President, with a NBV of £0.6m, was sold for £1.3m. The disposal of land and buildings above relates to this sale, and the net gain is reported in the Statement of Comprehensive Income. Equipment disposals in the year relate to the removal of fully depreciated assets, which are no longer in use, from both cost and accumulated depreciation.

Land was acquired both by gift and purchase (historic cost of £5.8m) and is stated at a valuation of £132.7m (2019: £133.2m), after the sale completed during the year, and not depreciated. A valuation was prepared by Gerald Eve LLP, a regulated firm of surveyors, in accordance with the requirements of RICS Valuation – Professional Standards April 2015, on a fair value basis as at 31 July 2014, and is reported under the special assumptions to exclude any development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced. The land was included in the Balance Sheet at this valuation, which was taken forward as deemed cost under the exemption on transition to FRS102 and the excess of the valuation over original cost was taken to the General Reserve. As at 31 July 2020 a review of property values has found no indications of impairment as defined in section 27 of FRS102.

No interest has been capitalised in the year (Note 8). Total interest capitalised to date included in the cost of Land and Buildings, amounts to £2.7m at 31 July 2020 (2019: £2.7m).

## NOTES TO THE ACCOUNTS (CONT)

### 12 Service concession arrangements

The University has two service concession arrangements where delivery has commenced. These relate to the student accommodation at the Turing and Keynes developments, built and operated by UPP Limited. For the Keynes Extension the minimum guarantee had expired before 1 August 2014, therefore no liability is recorded in these financial statements. For Turing College the minimum guaranteed payment period expired during 2014/15, therefore no liability is recorded in these financial statements.

The assets relating to these agreements are held within fixed assets and depreciated over the life of their respective agreements.

### 13 Fixed asset investments

	Consolidated and University	
	2020 £000	2019 £000
Cost of Investment in Subsidiary Companies	-	-
Cost of Investment in Other Companies (Incl. Spin-Out Companies)	65	65
Investment in funds	1,101	1,218
Bonds	93	87
Long term cash deposits	12	15
	<b>1,271</b>	<b>1,385</b>

Name of Subsidiary Companies	Holding	
Canterbury Business School Limited	100% owned	Dormant
Invicta Technology Investments Limited	100% owned	Dormant
Kent Business School Limited	100% owned	Dormant
Kent Enterprise Limited	100% owned	Dormant
Kent Management School Limited	100% owned	Dormant
Kent Property Services Limited	100% owned	Dormant
Summer Academy Limited	100% owned	Dormant

### 14 Trade and other receivables

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Amounts falling due within one year:				
General Receivables	6,894	9,740	6,894	9,740
Research Grants and Contracts	8,382	5,667	8,382	5,667
Prepayments & Accrued Income	6,252	6,505	6,252	6,505
	<b>21,528</b>	<b>21,912</b>	<b>21,528</b>	<b>21,912</b>

## 15 Current asset investments

	Consolidated and University	
	2020	2019
	£000	£000
Short-term investment in funds	-	11,961
Short-term deposits	833	1,191
	<b>833</b>	<b>13,152</b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with less than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

## 16 Creditors: amounts falling due within one year

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank Loans Due for Repayment (Note 17)	-	5,786	-	5,786
Research Grants Received on Account	18,508	11,003	18,508	11,003
Deferred Income	13,498	11,622	13,533	11,657
Creditors & Accrued Liabilities	26,111	25,071	26,111	25,071
Taxation and Social Security	6,196	6,373	6,196	6,373
	<b>64,313</b>	<b>59,855</b>	<b>64,348</b>	<b>59,890</b>

As a result of the agreement entered into with the Lenders on 29 January 2020, there are no loan repayments due within 1 year as at 31 July 2020. Further detail on this can be found in Note 17.

### Deferred Income

Included within deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Capital Grants	-	-	-	-
Other Grant income	2,845	1,447	2,845	1,447
	<b>2,845</b>	<b>1,447</b>	<b>2,845</b>	<b>1,447</b>

## NOTES TO THE ACCOUNTS (CONT)

### 17 Creditors: amounts falling after more than one year

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Borrowing secured on University Land & Buildings	103,136	31,966	103,136	31,966
Unsecured Bank Loans	-	72,479	-	72,479
Less: Loans repayable within one year	-	(5,786)	-	(5,786)
	<b>103,136</b>	<b>98,659</b>	<b>103,136</b>	<b>98,659</b>
Other Long-Term Liabilities	6,615	6,749	6,615	6,749
	<b>109,751</b>	<b>105,408</b>	<b>109,751</b>	<b>105,408</b>
Payable as Follows:				
Due between one and two years	17,750	7,130	17,750	7,130
Due between two and five years	16,420	17,034	16,420	17,034
Due after five years	75,581	81,244	75,581	81,244
	<b>109,751</b>	<b>105,408</b>	<b>109,751</b>	<b>105,408</b>
<b>Lender</b>	<b>Amount £000</b>	<b>Interest rate (%)</b>	<b>Term (years)</b>	<b>Maturity Date</b>
National Westminster Bank plc	4,898	8.77	25	Jan 2022
National Westminster Bank plc	6,487	7.43	25	Nov 2028
National Westminster Bank plc	10,398	6.76	25	Oct 2030
Scottish Widows Limited	8,690	6.96	24	Jun 2029
European Investment Bank	46,618	4.25	25	Mar 2040
European Investment Bank	25,000	3.80	25	Sept 2042
European Investment Bank	1,045	4.39	2	Dec 2021
	<b>103,136</b>			

The above loans all meet the criteria for Basic Financial Instruments according to section 11 of FRS102.

On 29 January 2020 the University entered into new financing arrangements with its existing lenders. This included the agreement of new terms that will apply to all existing borrowing facilities up until 31 December 2021, incorporating a new suite of financial covenants, harmonised across all three lenders.

As a result of this new arrangement, from the date of the related agreement, the interest rates payable on existing loans have changed from those previously reported. The updated interest rates are shown in the table above. These new terms also included a re-profiling of the existing repayment schedule, under which capital repayments on all loans have been deferred to December 2021. As a result, at 31 July 2020, there are no repayments due within 1 year.

Under FRS102 s11 the changes to loans from the European Investment Bank under the new arrangement, including the provision of security, constitute a significant debt modification. As required by FRS102, these loans have therefore been treated as if they were extinguished, and new liabilities have been recognised. As the new liability has been recognised at the same value as the previous outstanding balance, and no cash movements took place, this has not resulted in any charges through the Statement of Comprehensive Income and Expenditure or Statement of Cashflows, but these loans are now analysed as secured borrowings above.

The new arrangement also gives rise to the effective establishment of new loans from the European Investment Bank (EIB). These are repayable in full, along with the deferred capital repayments on all other borrowing, in December 2021.

In January 2020, the University also arranged financing through a seasonal Revolving Credit Facility, jointly with Scottish Widows Limited and National Westminster Bank plc, to address cash flow volatility at peak pressure points in the year. The facility provides variable levels of funding of up to £14.7m, which will be made available to the University during specified periods, in an agreement that expires on 30 September 2021. There is a non-utilisation charge whilst the funds remain committed but undrawn, the financial impact of which is not significant to the accounts, but which is being expensed to the Statement of Comprehensive Income as it is incurred.

All loans are now secured against University owned land and buildings on both the Canterbury campus and the Medway campus.

Some of the financing arrangements set out above have now been superseded in an agreement that has been executed following the year-end. Details of this are set out in note 30, and specifically incorporate a further rescheduling of the repayments that would have fallen due in December 2021.

## 18 Provisions for liabilities

	Obligation fund deficit on USS £000	Consolidated and University Other Pension £000	Total Pension Provision £0000
Balance at 1 August 2019	70,413	50	70,463
Utilised in the Year	(306)	-	(306)
Additions in Year	-	-	-
Reduction in provision – change in recovery plan	(33,511)		(33,511)
<b>Balance at 31 July 2020</b>	<b>36,596</b>	<b>50</b>	<b>36,646</b>

### Pension Deficit

The obligation to fund past deficits on the University's Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the agreed deficit recovery plan. In calculating this provision, management have estimated future staffing levels and salary inflation for the duration of the contractual obligation. Key assumptions are set out below and further information is provided in Note 29.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in Note 29. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a result of change in the Schedule of Contributions agreed with the USS Trustee and the level of deficit contributions contractually committed to under the revised Schedule, the deficit provision has decreased by £33.5m from the previous year. Further detail on the assumptions used to calculate the provision are provided in Accounting Policy Q (Significant estimates and judgements). See also Note 7 (Staff costs) and Note 29 (Pension schemes).

The Other Pensions Provision relates to amounts payable to part-time members of staff following decisions by the European Court of Justice, pending the outcome of UK Industrial Tribunal cases. The amount provided is based on assessment of individual cases based on prior claim experience.

## NOTES TO THE ACCOUNTS (CONT)

### 19 Financial instruments

The carrying value of the University and Group's financial assets and liabilities are summarised by category below:

	Note	Consolidated		University	
		2020 £000	2019 £000	2020 £000	2019 £000
<b>Financial assets</b>					
Measured at fair value through Income and Expenditure:					
Investments (Incl. endowments)	13/15	<b>1,194</b>	13,266	<b>1,194</b>	13,266
Cash deposits	13/15	<b>845</b>	1,206	<b>845</b>	1,206
Cash & Cash Equivalents		<b>27,760</b>	24,797	<b>27,760</b>	24,797
Measured at undiscounted amount receivable:					
Trade and other receivables	14	<b>15,276</b>	15,407	<b>15,276</b>	15,407
Measured at cost less impairment:					
Investment in other companies	13	<b>65</b>	65	<b>65</b>	65
		<b>45,140</b>	54,741	<b>45,140</b>	54,741
<b>Financial liabilities</b>					
Measured at undiscounted amount payable:					
Trade and other creditors payable	16	<b>44,619</b>	36,074	<b>44,619</b>	36,074
Salix revolving green fund	17	<b>320</b>	320	<b>320</b>	320
Measured at amortised cost:					
Loans payable	17	<b>103,136</b>	104,445	<b>103,136</b>	104,445
		<b>148,075</b>	140,839	<b>148,075</b>	140,839

The University and Group's income, expenditure, gains and losses in respect of financial instruments are summarised below:

	Note	Consolidated		University	
		2020 £000	2019 £000	2020 £000	2019 £000
Interest income / (expense):					
Interest receivable from financial assets measured at fair value through Income and Expenditure	5	<b>1,389</b>	938	<b>1,389</b>	938
Interest payable for financial liabilities measured at amortised cost	8	<b>(4,429)</b>	(3,835)	<b>(4,429)</b>	(3,835)
		<b>(3,040)</b>	(2,897)	<b>(3,040)</b>	(2,897)
Fair value gains / (losses):					
Gain / (loss) on financial assets measured at fair value through Income and Expenditure		<b>(1,471)</b>	(96)	<b>(1,471)</b>	(96)
		<b>(1,471)</b>	(96)	<b>(1,471)</b>	(96)



## 20 Endowment reserves

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Consolidated and University	
					2020 Total £000	2019 Total £000
Balance at 1 August						
Capital	456	538	994	3,080	4,074	4,680
Accumulated Income	-	437	437	224	661	439
	456	975	1,431	3,304	4,735	5,119
New Endowments	-	1	1	49	50	47
Investment Income	8	32	40	57	97	358
Expenditure	(8)	(32)	(40)	(529)	(569)	(552)
Transfer between permanent and expendable	-	(20)	(20)	20	-	-
Increase in Market Value of Investments	(82)	(66)	(148)	(370)	(518)	(237)
Total endowment comprehensive income / (expenditure) for the year	(82)	(85)	(167)	(773)	(940)	(384)
<b>Balance at 31 July</b>	374	890	1,264	2,531	3,795	4,735
Represented by:						
Capital Value	374	663	1,037	2,303	3,340	4,074
Accumulated Income	-	227	227	228	455	661
	374	890	1,264	2,531	3,795	4,735
<b>Analysis by Purpose</b>						
Chairs & lectureships	-	697	697	339	1,036	1,291
Student financial support	-	66	66	1,244	1,310	1,604
Prize funds	-	6	6	199	205	232
Other	374	121	495	230	725	859
Capital initiatives	-	-	-	519	519	749
	374	890	1,264	2,531	3,795	4,735
<b>Analysis by Asset</b>						
Equities					1,124	4,410
Bonds					79	87
Cash & Short term deposits					2,592	238
					3,795	4,735

## NOTES TO THE ACCOUNTS (CONT)

### 21 Restricted reserves

	Revenue Grants £000	Donations £000	Consolidated and University	
			2020 Total £000	2019 Total £000
Balance at 1 August	71	724	795	454
New Grants	18	-	18	138
New Donations	-	440	440	495
Expenditure	(4)	(164)	(168)	(292)
Balance at 31 July	85	1,000	1,085	795
			2020 £000	2019 £000
<b>Analysis by Purpose</b>				
Scholarships and bursaries			868	569
Research support			30	31
Prize funds			85	71
Other			102	124
			1,085	795

### 22 Cash and cash equivalents

	Note	1 August 2019 £000	Consolidated and University	
			Cash flows £000	31 July 2020 £000
Cash and cash equivalents		24,797	2,963	27,760
Bank overdraft	16	-	-	-
		24,797	2,963	27,760

### 23 Consolidated reconciliation of net debt

	Note	2020 £000	2019 £000
<b>Net Debt 1 August 2019</b>		<b>79,648</b>	
Movement in cash and cash equivalents	22	2,963	
Other non-cash changes		(7,235)	
<b>Net Debt 31 July 2020</b>		<b>75,376</b>	
<b>Change in Net Debt</b>		<b>(4,272)</b>	
		2020 £000	2019 £000
<b>Analysis of net debt:</b>			
Cash and cash equivalents		27,760	24,797
Borrowing falling due within one year		-	5,786
Borrowing falling due after more than one year		103,136	98,659
<b>Net Debt</b>		<b>75,376</b>	<b>79,648</b>

## 24 Capital commitments

	Consolidated and University	
	2020	2019
	£000	£000
Contractual Commitments at 31 July	2,086	11,365

## 25 Financial commitments

At 31 July, there were commitments under non-cancellable operating leases as follows:

	Consolidated and University			
	Land and Buildings	Other	Total	Total
	£000	£000	2020	2019
			£000	£000
Paid during year	1,179	477	1,656	1,365
Payable within one year	1,087	678	1,765	1,345
Payable within two and five years inclusive	2,780	1,997	4,777	3,511
Payable after five years	3,727	-	3,727	3,590
	7,594	2,675	10,269	8,446

## 26 Contingent liabilities

A contingent liability exists in relation to the agreement with a third party contractor who continues to maintain student residences it constructed on behalf of the University. Under this agreement the University is contracted to pay the difference between actual rooms occupied and an agreed minimum level of occupation. For the 2019/20 financial year this payment amounted to £1.8m (2018/19 £1.13m).

## 27 Related party transactions

### Council members: expenses and related party transactions

During the 2019/20 financial year expenses totalling £2,849 (2018/19: £4,419) were paid to 10 members of Council while acting in their role as Trustees (2018/19: 14 members). Council members do not receive remuneration in respect of their Trustee roles.

As the University's Council includes members drawn from public and private sector organisations, some transactions take place with organisations in which a member of Council may have an interest. However, all such transactions are conducted at arm's length and in accordance with the University's Financial Regulations and normal procurement procedures. There is no direct benefit to Members of Council.

The University maintains a Register of Interests and if a potential conflict of interest arises, the member concerned would identify this and not take part in any discussions and decision making on these matters. The table below shows transactions with related parties of the University, including members of Council (see page 5). All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length under normal market conditions and in accordance with the University's financial regulations and normal procurement procedures.

## NOTES TO THE ACCOUNTS (CONT)

### 27 Related party transactions (cont)

Year ended 31 July 2020

	Amounts Receivable £000	Amounts payable £000	Balance due to/(from) the University £000
University of Kent Academies Trust	-	31	(7)
Canterbury City Council	5	22	20
House of Commons	2	-	-
Kent Union	5,505	2,323	1,479
KM Television Ltd	3	327	(5)
Longfield Academy	-	6	-
Maidstone and Tunbridge Wells NHS Trust	204	28	(9)
Medway Council	5	32	6
Mid Kent College	-	50	-
SAUL Trustee Company	8	-	2

### 28 Linked charities

The University has carried out a review and does not have any linked charities.

### 29 Pension schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL).

The total pension cost for the University and its subsidiaries are:

	2019/20 £000	2018/19 £000
Contributions to USS	17,712	15,581
Contributions to SAUL	4,647	4,784
Contributions to Other Schemes	27	23
Total Pension Cost (Note 7)	22,385	20,388

## 29 Pension schemes (cont)

### USS Pension Scheme

The total pension cost for the University charged to the Statement of Comprehensive Income in the year 2019/20 was £17,711,561 (2018/19: £15,581,244). This includes £1,456,882 (2019: £1,374,037) outstanding contributions at the balance sheet date.

The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2019/20 the percentage was 19.5% up to 30 September 2019, and 21.1% from 1 October 2019 (2018/19: 18% to 31 March 2019, 19.5% from 1 April 2019).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the University cannot identify its share of the USS Retirement Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 actuarial valuation are described below. More detail is set out in the Statement of Funding Principles.

<b>Discount rate (forward rates)</b>	Years 1-10: CPI +0.14% reducing linearly to CPI -0.73% Years 11-20: CPI +2.52% reducing linearly to CPI +1.55% by year 21 Years 21+: CPI +1.55%
<b>Pension Increase (CPI)</b>	Term dependant rates in line with the differences between Fixed Interest and Index Linked yield curves, less 1.3% pa

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

<b>Mortality base table</b>	<b>2018 valuation</b> <b>Pre-retirement:</b> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females <b>Post-retirement:</b> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
<b>Future improvements to mortality</b>	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

## NOTES TO THE ACCOUNTS (CONT)

### 29 Pension schemes (cont)

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males (Females) currently aged 65 (years)	24.4 (25.9)	24.6 (26.1)
Males (Females) currently aged 45 (years)	26.3 (27.7)	26.6 (27.9)

The funding position of the scheme has been updated since the valuation date on an FRS102 basis:

Existing Benefits	2020	2019
Scheme assets	£66.5bn	£67.4bn
Total scheme liabilities	£96.9bn	£92.0bn
FRS 102 total scheme deficit	£30.4bn	£24.6bn
FRS 102 total funding level	69%	73%
Key assumptions used are:		
Discount rate	2.59%	2.44%
Pensionable salary growth	4.20%	2.11%

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021, at which point the rate will increase to 6%. The 2020 deficit recovery provision reflects this plan. Further information on the current provision for the deficit recovery plan is included in accounting policy Q – Significant Judgements and Estimates.

The change in the deficit recovery plan from that agreed as part of the 2017 valuation has resulted in a substantial decrease in the deficit provision, from £70.4m to £36.6m, as set out in Note 18. £32.7m of this decrease is attributable to the change in the deficit contributions contractual commitment. See also Note 7 in respect of significant one-off pension costs.

#### SAUL Pension Scheme

The University participates in the Superannuation Arrangements of the University of London (“SAUL”), which is a centralised defined benefit scheme within the United Kingdom. SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings (“CARE”) basis.

The University is not expected to be liable to SAUL for any other current participating employer’s obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer may be spread across the remaining participating employers and reflected in the next actuarial valuation.

SAUL’s statutory funding objective is to have sufficient appropriate assets to meet the costs incurred by the Trustee in paying SAUL’s benefits as they fall due (the “Technical Provisions”). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members’ accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

## 29 Pension schemes (cont)

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in June 2018 and are due to be reviewed at SAUL's next formal valuation as at March 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trust and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE salaries.

The University is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole the market value of SAUL's assets was £3.2bn representing 102% of the liabilities for benefits accrued up to 31 March 2017.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The University accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. Cash amounts) in accordance with paragraph 28.11 of FRS102.

As there was a Technical Provisions surplus at 31 March 2017 there is no defined benefit liability (ie. the present value of any deficit contributions due to SAUL) to be recognised by the University.

The SAUL pension cost for the University was £4,646,839 (2018/19: £4,784,173). This includes £375,394 (2019: £399,349) outstanding contributions at the balance sheet date.

## 30 Events after the reporting period

### Financing arrangements

On 23 December 2020 the University entered into an agreement to amend and extend the financing arrangements with its existing lenders. This has included agreement of updated terms that will apply to its existing borrowing facilities up until 31 July 2024, including revisions to the suite of financial covenants, harmonised across all three lenders. All loans continue to be secured against University owned buildings on both the Canterbury campus and the Medway campus.

Details of the existing loans are set out in note 17. The interest rates payable on two of the seven loans have been subsequently been reduced in the new agreement.

The amended terms include a re-profiling of the existing repayment schedule, with capital repayments up to April 2023 being deferred.

The agreement also continues the financing through a seasonal Revolving Credit Facility, jointly with Scottish Widows Limited and National Westminster Bank plc to address cash flow volatility at peak pressure points in the year. The facility provides variable levels of funding of up to £12.4m, which will be made available to the University during specified periods, in an agreement that expires on 31 May 2022. There is a non-utilisation charge whilst the funds remain committed but undrawn, the financial impact of which is not significant to the accounts, but which will be expensed to the Statement of Comprehensive Income.

### Impact of Covid-19 Pandemic

On 4 January 2021, England entered a further period of lockdown in order to reduce the rate of transmission of the Covid-19 virus which required that students delay their return to University campuses after the Christmas holiday period and that all University teaching, with few limited exceptions in particular disciplines, would switch to online only. In response the University has offered the equivalent of a six-week rent refund to students unable to access their campus accommodation and has sought to limit expenditure to essential spend only to manage the financial impact. Given the on-going national situation, the full return of all our students to campus remains very unclear and the impact of further extensions to the lockdown and potential consequent impacts on income generation have been evaluated in the University's Going Concern Assessment.

# AWARDS, APPOINTMENTS, PROMOTIONS & DEATHS

## Awards

- Kent Law School alumna Dr Lucy Scott-Moncrieff was presented with a Lifetime Achievement Award in October 2019 at the prestigious annual Law Society Excellence Awards for solicitors in England and Wales.
- Dr Janine Robinson from the Durrell Institute of Conservation & Ecology (DICE) was awarded the RSPB's (Royal Society for the Protection of Birds) Conservation Science Award 2019 for Outstanding PhD.
- Professor Irma Clots-Figueras, from the School of Economics, received the XVIII Banco Sabadell Foundation Award for Economic Research 2019.
- Dr Rocio von Jungenfled, Lecturer in Digital Media in the School of Engineering and Digital Arts, received the BCS AI Award at The Lumen Prize awards 2019.
- Kent students from the School of Arts and KTV Film won Best Student Film (Feature) at the 2019 Los Angeles Film Awards, with their film *You Won't Remember Me*. It also won Best Indie Feature and Best Thriller at the New York Film Awards and Best Student Feature at the Festigious International Film Festival.
- The University won the Outstanding Library Team category of the Times Higher Education (THE) Awards 2019.
- Dr Rory Loughnane, Senior Lecturer in Early Modern Studies, won the 2019 The Calvin & Rose G Hoffman Prize for distinguished scholarly work on Christopher Marlowe.
- In January 2020, Senior Law Lecturer Dr Suhraiya Jivraj was recognised as a Senior Fellow of the Higher Education Academy (recently rebranded Advance HE).
- The School of Psychology became the first university to achieve accreditation for three of its student programmes, including two undergraduate programmes, BSc (Hons) Business Psychology and BSc Business Psychology with a Placement Year and the taught postgraduate programme, MSc Organisational and Business Psychology. The accreditation came from the Association for Business Psychology (ABP), under its 2020 standards.
- The School of Biosciences' full portfolio of undergraduate programmes was formally accredited by both Royal Society of Biology (RSB) and the Institute of Biomedical Science (IBMS).
- Professor of Health Policy Stephen Peckham, Director of CHSS, was appointed NIHR Senior Investigator (SI) – an award given by the National Institute for Health Research to outstanding national research leaders.
- The University received a highly prestigious Queen's Anniversary Prize for Higher and Further Education for the work of the Durrell Institute of Conservation and Ecology (DICE). The presentation was made at a ceremony at Buckingham Palace on 20 February 2020.
- The NODA (National Operatic and Dramatic Association) awarded the University of Kent Players an accolade for Excellence in Drama for their production of Gail Young's *Bothered & Bewildered* in 2019.
- Senior Lecturer Dr Rachel McCrea, from the School of Mathematics, Statistics and Actuarial Science (SMSAS), was awarded the Guy Medal in Bronze by the Royal Statistical Society (RSS), while Emeritus Professor Byron Morgan, also in SMSAS, received the Barnett Award.
- The University's online simulation game 'One Hour Degree' for potential students was shortlisted in the Digital Innovation category in the 2020 Guardian University Awards.
- Kent's Hospitality department won the HHH Green Award at The Triple H Awards 2020, with Durga Rai being shortlisted for the Cleaning Technician of the Year Award.
- Dr Rory Loughnane, Senior Lecturer in Early Modern Studies at the School of English, was awarded the Plumer Visiting Fellowship in Early Modern English Literature at St Anne's College, University of Oxford.
- Two Durrell Institute of Conservation and Ecology (DICE) alumni were named winners of the prestigious Whitley Awards 2020. Patricia Medici was a Gold Winner for her research into tapirs as conservation flagships in Brazil and Rachel Ikemeh was awarded for her work advancing participatory conservation action for rare chimpanzees in Nigeria.
- Final year Law LLB student Xavier Alexis-Greenfield and second year LLB student Tayla Dwyer of Kent Law School won the Michael Sherrard Award, in recognition of advocacy skills and dedication on the path to becoming a barrister.
- Peter Clarkson, Professor of Mathematics at the University of Kent's School of Mathematics, Statistics and Actuarial Science (SMSAS), was awarded the Senior Anne Bennett Prize by the London Mathematical Society (LMS).
- Kent retained its European Commission HR Excellence in Research (EIR) Award following a six-year review.
- Kent Union set a precedent by becoming the first Student Union to publish an accessibility statement, highlighting the accessibility of its website in accordance with defined standards, Web Content Accessibility Guidelines (WCAG) 2.1 AA and complying with the public sector regulations.
- Winners of this year's Kent Student Awards were announced via a video live-stream broadcast to all students via the University's YouTube channel in July 2020. The overall 'Student of the Year' award, chosen from the category winners, was presented to Paul-Georg Ender for his outstanding efforts in improving accessibility on campus and for Kent digitally.
- Hayley Mulenda, a second-year student studying Sociology and Social Policy at Kent's School of Social Policy, Sociology and Social Research (SSPSSR), received The Diana Award 2020 for her efforts to support mental health globally.
- Dr Debbie Reed, the University's Head of Digital and Lifelong Learning, received an award for her outstanding contribution to the dental nursing profession in 2020.

## University of Kent Honorary Degrees 2019/20

At the November 2019 Degree Congregations, the following honorary degrees were conferred:

In Canterbury Cathedral:

- Harry Christophers CBE
- Ann Furedi

In Rochester Cathedral:

- Anthony Van Laast MBE
- Es Devlin OBE

There was no Degree Congregation ceremony in July 2020 due to the restrictions of Covid-19, therefore no honorary degrees were conferred.

## Appointments

- Kerry Barber, Director of Operations – Human and Social Science
- Dr Sinead Critchley, Director of Governance and Assurance (Secretary to Council)
- John Crook, Director of Operations – Computing, Engineering and Mathematical Sciences
- Simone Davies, Director of Marketing, Outreach, Recruitment and Admissions
- Mark Ellis, Director of University Operations
- Tim Farrow-House, Head of Development
- Dr Lucy Foley, Director of Student Services
- Professor Marian Garcia, Director of Division – Kent Business School
- Professor Peter Hydon, Director of Division – Computing, Engineering and Mathematical Sciences



- Professor Simon Kirchin, Director of Division – Arts and Humanities
- Rachel MacPhee, Director of Operations – Study of Law, Society and Social Justice
- Amanda Ollier, Director of Operations – Arts and Humanities
- Professor Claire Peppiatt-Wildman, Director of Division – Natural Sciences
- Professor Georgina Randsley de Moura, DVC Strategy, Planning and Performance
- James Redmond, Director of Operations – Natural Sciences
- Professor Richard Reece, DVC Education and Student Experience
- Paul Verrión, Director of Operations – Kent Business School
- Professor Shane Weller, Director of Division – Arts and Humanities
- Professor David Wilkinson, Director of Division – Human and Social Sciences
- Professor Toni Williams, Director of Division – Study of Law, Society and Social Justice

## Promotions

### Promotions to Professor

#### Division of Arts and Humanities

- Prof Julie Anderson, History
- Prof Juliette Pattinson, History
- Prof Henrik Schoenefeldt, Architecture and Planning
- Prof Anna Schaffner, Comparative Literature

#### Division of Computing, Engineering and Mathematical Sciences

- Prof Richard Guest, Electronics and Digital Arts
- Prof Rachel McCrea, Mathematics, Statistics and Actuarial Science

#### Division of Human and Social Sciences

- Prof Markus Bindemann, Psychology
- Prof Matthew Skinner, Anthropology and Conservation

#### Kent Business School

- Prof Joseph Amankwah-Amoah

#### Division for the Study of Law, Society and Social Justice

- Prof Lindsay Forbes, Social Policy, Sociology and Social Research
- Prof Karen Jones, Social Policy, Sociology and Social Research

#### Division of Natural Sciences

- Prof John Dickinson, Sports and Exercise Science
- Prof James Hopker, Sports and Exercise Science

#### Education Directorate

- Prof Kathleen Quinlan

## Promotions to Reader

### Division of Arts and Humanities

- Dr Patricia Novillo-Corvalan, Comparative Literature

### Division of Computing, Engineering and Mathematical Sciences

- Janet Carter, Computing

### Division of Human and Social Sciences

- Dr Kirsten Abbot-Smith, Psychology
- Dr Judith Bovensiepen, Anthropology and Conservation
- Dr Ian Bride, Anthropology and Conservation
- Dr Lindsey Cameron, Psychology
- Dr Aleksandra Cichocka, Psychology
- Dr William Collier, Economics
- Dr Tatyana Humle, Anthropology and Conservation
- Dr Sarah Johns, Anthropology and Conservation

### Kent Business School

- Dr Michele Bigoni

### Division for the Study of Law, Society and Social Justice

- Dr Katharine Bradley, Social Policy, Sociology and Social Research
- Dr Hyo Yoon Kang, Law
- Dr Sara Kendall, Law
- Graham Tegg, Law
- Ann-Marie Towers, Social Policy, Sociology and Social Research
- Dr Joy Zhang, Social Policy, Sociology and Social Research

### Division of Natural Sciences

- Dr Alessia Buscaino, Biosciences
- Dr Ben Goult, Biosciences
- Robert Green, Physical Sciences
- Dr Gurprit Lall, Pharmacy
- Dr Lex Mauger, Sports and Exercise Science
- Dr Christopher Serpell, Physical Sciences
- Dr Nigel Temperton, Pharmacy
- Dr Anastasios Tsaousis, Biosciences

## Promotions to Senior Lecturer/Senior Research Fellow

### Division of Arts and Humanities

- Dr Laura Bailey, Modern Languages and Linguistics
- Dr Efrosyni Boutsikas, Classical and Archaeological Studies
- Dr Lavinia Brydon, Arts
- Dr Ian Cooper, Modern Languages and Linguistics
- Dr Ruth Herbert, Music and Audio Technology
- Dr Claire Jones, History

- Dr Christina Kim, Modern Languages and Linguistics
- Dr Aki Pasoulas, Music and Audio Technology
- Dr Kaitlyn Regehr, Arts
- Dr Kelli Rudolph, Classical and Archaeological Studies
- Dr Richard Watkins, Architecture and Planning

### Division of Computing, Engineering and Mathematical Sciences

- Dr Maria Kalli, Mathematics, Statistics and Actuarial Science
- Dr Eleni Matechou, Mathematics, Statistics and Actuarial Science
- Dr Jason Nurse, Computing
- Dr Clelia Pech, Mathematics, Statistics and Actuarial Science
- Dr Rocio von Jungefeld, Electronics and Digital Arts

### Division of Human and Social Sciences

- Dr Amrit Amirapu, Economics
- Dr Chris Deter, Anthropology and Conservation
- Dr Charles Devellennes, Politics and International Relations
- Dr Adelina Gschwandtner, Economics
- Dr David Kelly, Psychology
- Dr Banshi Malde, Economics
- Dr Anirban Mitra, Economics
- Dr Mathan Satchithanathan, Economics
- Dr Anthony Savager, Economics
- Dr Yaniv Voller, Politics and International Relations

### Kent Business School

- Dr Carmen Stoian

### Division for the Study of Law, Society and Social Justice

- Dr Thomas Akoensi, Social Policy, Sociology and Social Research
- Philippa Bruce, Law
- Dr Donal Casey, Law
- Dr Robert De Vries, Social Policy, Sociology and Social Research
- Dr Tracee Green, Social Policy, Sociology and Social Research
- Dr Edward Hogg, Social Policy, Sociology and Social Research
- Vanisha Jassal, Social Policy, Sociology and Social Research
- Dr Bridget Ng'andu, Social Policy, Sociology and Social Research
- Richard Pendry, Journalism
- Stacey Rand, Social Policy, Sociology and Social Research
- Dr Gavin Sullivan, Law
- Dr Trude Sundberg, Social Policy, Sociology and Social Research

## AWARDS, APPOINTMENTS, PROMOTIONS & DEATHS (CONT)

- Rhian Taylor, Social Policy, Sociology and Social Research

### Division of Natural Sciences

- Dr Peter Ellis, Biosciences
- Dr Victoria Mason, Physical Sciences
- Dr Emma Veale, Pharmacy

### Digital and Lifelong Learning & International Programmes Directorate

- Dr Lyne Josse, Digital and Lifelong Learning
- Dr Kirsti Taylor, Digital and Lifelong Learning

### Education Directorate

- Dr Julia Hope

### Deaths

- Moreen Biron, a retired Tonbridge Centre tutor, died on Monday 9 December 2019. Moreen's broad knowledge of architecture, design and the decorative arts inspired students for over 30 years and she will be fondly remembered by all who worked with her or were taught by her.
- Gary Blundell, operator and service desk analyst in Information Services, died on 22 June 2020. Gary joined the University in 1989 and gave almost 31 years of dedicated service to Information Services, receiving wonderful feedback from colleagues, who appreciated his patience, care and sense of humour. An integral part of the IT Service Desk support team, Gary would always make time to help and support his colleagues and is much missed.
- Professor Roger Cardinal, distinguished art historian who invented the term "Outsider Art", died on 1 November 2019. Appointed as Assistant Lecturer in French at the University in October 1968, Roger was made Reader in Comparative Literature in August 1981 and Professor of Literary & Visual Studies from March 1987. Professor Cardinal, who was appointed Emeritus Professor in 2003, will be remembered as a genuinely interdisciplinary figure.
- Emeritus Professor Maurice Crosland died on 30 August 2020. Professor Crosland was appointed to the University in 1974 as Professor of the History of Science and Director of the new Unit for the History, Philosophy and Social Relations of Science. In 1994, the Unit was reconstituted as the Centre for History and Cultural Studies of Science within the School of History, and after that Professor Crosland retired and was appointed Emeritus Professor.
- Marianne du Sautoy, former PA in the Office of the Vice-Chancellor, died on 14 November 2020. Marianne, who joined the University in 2005 as PA to Professor Keith Mander, then Deputy Vice-Chancellor, worked at the University for ten years, until her retirement in 2015. Marianne made a significant impact at the University and combined years of experience, professionalism and attention to detail with kindness, charm and style. Marianne will be greatly missed by all her friends and former colleagues.
- John Goy died on 1 April 2020. John had been appointed Assistant Librarian and Cataloguer in 1964 and had worked at the Templeman Library until his retirement as Deputy Librarian in 2002 after 38 years.
- Dr Arthur Keaveney, Emeritus Reader in Ancient History, died on 23 June 2020. Arthur was appointed to the University in 1979 as Lecturer in Classics and was a very popular teacher and colleague, teaching Greek and Roman history along with Latin and Greek languages. Arthur retired as Reader in 2014 but remained closely involved with the University after that.
- Dr John Lovell died on 25 June 2020. John, who was appointed Assistant Lecturer in Economic History in 1965 and promoted to Lecturer in 1967, spent his entire career at Kent, until his retirement in 1998. John was esteemed nationally and internationally as a researcher in his specialist field, trade union history and was an approachable and devoted teacher of economic and social history.
- Wendy Pollard, former member of administrative staff, died on 16 April 2020. Appointed in 1986, Wendy worked as Secretarial Assistant in Central Secretariat and also held roles in the Student Records Office, notably on Registry Reception, and in the Congregations & Events Office, until leaving the University in 2010. Wendy was a cheerful, knowledgeable and reliable member of staff and will be remembered fondly by friends and colleagues.
- Anne Seller died on 11 November 2020. Anne was appointed to a Lectureship in Philosophy in 1964 and helped to shape the profile of philosophy at the University until her retirement in 2002. Anne's speciality was political philosophy and she played a central role in setting up the Women's Studies graduate course at the University. Colleagues and former students remember her warmly, as a wonderful teacher and a dear friend.
- Ian Stone, who was Head of the Research Grants and Contracts Office until his retirement in the mid-1990s, died on Friday 10 July 2020. Ian was appointed Administrative Assistant in the Academic Division of the Registry in May 1978 and by 1985 was Senior Assistant Registrar and Faculty Administrator for the Natural Sciences Faculty. In 1990 Ian moved to the new Research Grants and Contracts Office, as Head. He will be remembered with immense fondness by his former colleagues.
- Robin Taylor, Lecturer in Philosophy, died on 25 March 2020. Especially interested in epistemology, metaphysics and philosophy of mind, and how all three interacted in the early modern era of Western philosophy, Robin retired in 2011 after over 40 years at the University. Robin will be missed as one of the kindest of colleagues and by generations of students who appreciated the care that he took over their studies.
- Dr John Wright died on 22 March 2020. Dr Wright was appointed as Assistant Lecturer in Chemistry in 1967, promoted to Lecturer in 1968 and to Reader in Materials Chemistry in 1994, a position that he held until his retirement in 2001.

**KENT AND  
MEDWAY  
MEDICAL  
SCHOOL  
PEARS BUILDING**

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