

ANNUAL REVIEW /
FINANCIAL
STATEMENTS
2017



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INTRODUCTION

I am delighted to introduce this year's annual review.

2016/17 was another year of success, consolidating the University of Kent's position as one of the country's leading universities. We were ranked 17th for our research intensity in the 2014 Research Excellence Framework and were assessed as gold in the 2017 Teaching Excellence Framework. We have continued to improve facilities on our campuses, with the completion of both the new Sibson building for the School of Mathematics, Statistics & Actuarial Science and Kent Business School and the Templeman Library renovation and extension in Canterbury; and the Student Hub and Galvanising Shop leisure facilities at Medway.

I took up my own appointment just after the end of the period of this report. I have been delighted to discover the talent and energy that is the foundation for Kent's success. I look forward to working with both staff and students to build on this success and consolidate Kent's position as a leading teaching and research institution that is embedded in the communities that it serves.

Professor Karen Cox
Vice-Chancellor and President



HIGHLIGHTS OF THE YEAR

Gold award

Awarded a gold rating, the highest, in the UK Government's Teaching Excellence Framework (TEF).



22ND

Ranked 22nd out of 121 HE institutions in the 2018 Guardian University League Table, with a top ten position in six subject areas.

theguardian

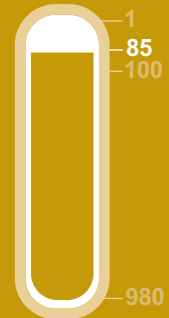
New building

Invested £37 million in Sibson, our largest ever academic building and home to Kent Business School and the School of Mathematics, Statistics and Actuarial Science.



Top 100

Ranked 85th worldwide in the 2017 International Student Table, with 28.9% of our student body classified as international.



£1 million

University arts centre, Gulbenkian, awarded National Portfolio Organisation status by Arts Council England, worth £1,095,076 over four years.



10,000 newsletters

New Community newsletter launched, reaching 10,000 Canterbury households and businesses.



THE shortlisting

One of three universities shortlisted in the Alumni Engagement Award in the Times Higher Education Leadership and Management Awards (THELMAs).



90,000 hours

Students volunteered more than 90,000 hours, both on campus and in the local community, in 2016/17.



Future leaders

One of only four UK HE institutions in the Times Higher Education Alma Mater Index (Global Executives) 2017, showing best institutions for producing senior business leaders worldwide.



Recycling record

Disposed of 2,315 tonnes of waste via controlled environmental methods – equivalent to more than 200 Tyrannosaurus-Rex.



£5 million

Kent and Greenwich universities invested £5 million to create a state-of-the-art Student Hub at Medway from a former swimming pool.



Top careers advice

Judged Best University Careers/Employability Service in the National Undergraduate Employability Awards 2017.



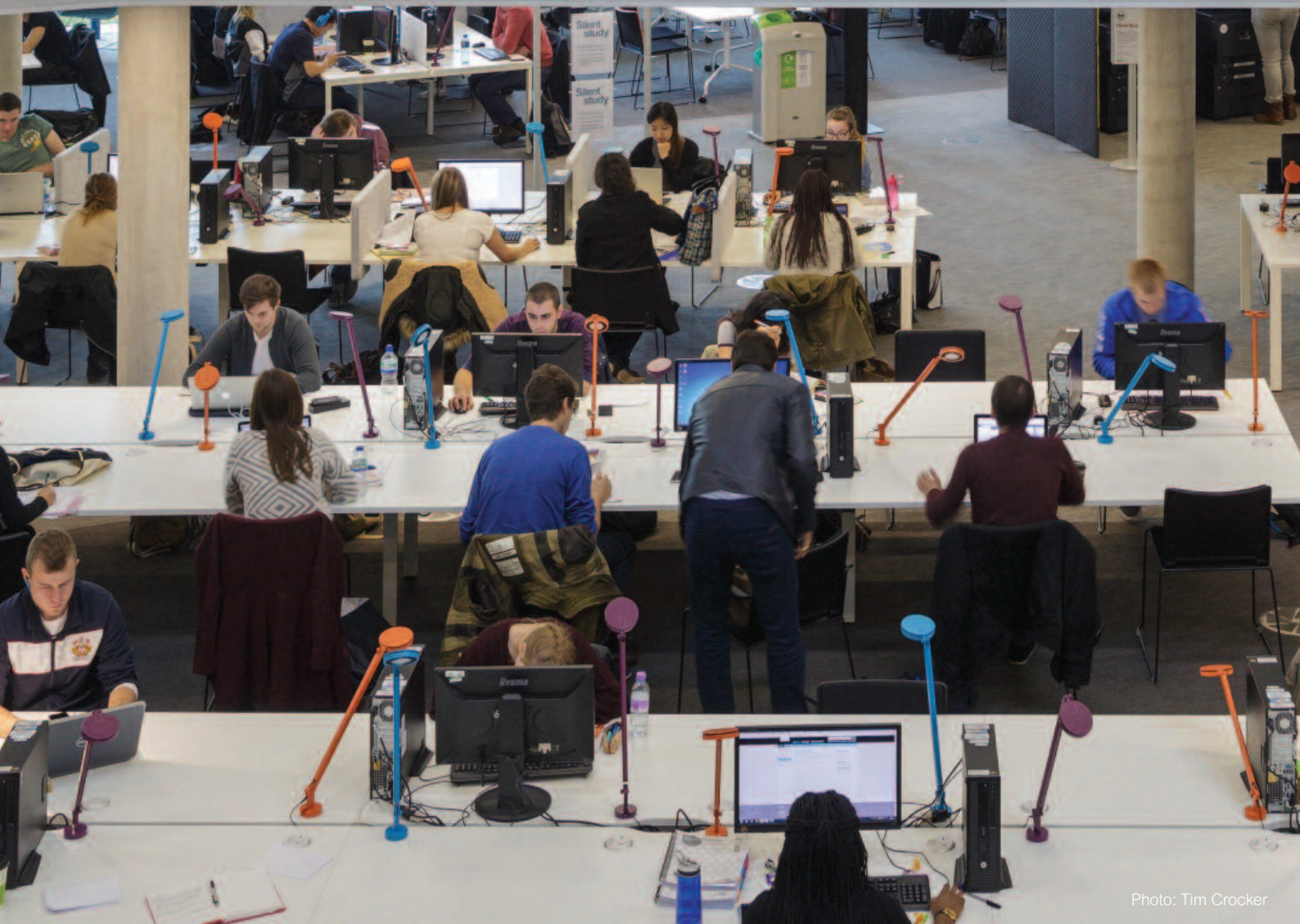


Photo: Tim Crocker

MEMBERSHIP OF THE COUNCIL

Chancellor

Dr Gavin Esler

Membership of the Council

Chair of the Council

Sir David Warren

Deputy Chair of the Council /
Chair of the Finance and Resources Committee
Vice-Chancellor and President

Bob Scruton
Professor Dame Julia Goodfellow (to 31 July 2017)
Professor Karen Cox (from 1 August 2017)
David Nightingale
Denise Everitt
Rory Murray (to 31 July 2017)
Ruth Wilkinson (from 1 August 2017)

Senior Deputy Vice-Chancellor and Provost
Senior Deputy Vice-Chancellor and Chief Operating Officer
President of Kent Union

External members

Dame Ursula Brennan
Colin Carmichael
Peter Clokey
Martin Coleman
Martin Cook
Neil Davies
Sarah Gibson
Richard Honey
Angela McNab
Andrew Newell
Heather Norton
Stevie Spring (to 31 July 2017)
Ann Sutton (to 31 July 2017)
Dr Harshad Topiwala

Staff and Student representatives

Mark Ellis
Professor John Fitzpatrick
Charlotte Guy
Sarah Hankins (to 31 July 2017)
Dr Owen Lyne
Simeon Onaji (from 1 August 2017)

Total Membership

25

Secretary of the Council

Dr Keith Lampard

The Chairs of Council committees were as follows:

Audit Committee
Finance and Resources Committee
Lay Nominations Committee
Remuneration Committee
Safety Health and
Environment Executive Committee

Peter Clokey
Bob Scruton
Sir David Warren
Sir David Warren

Denise Everitt

PRINCIPAL OFFICERS

Visitor
Chancellor
Chair of the Council
Vice-Chancellor and President

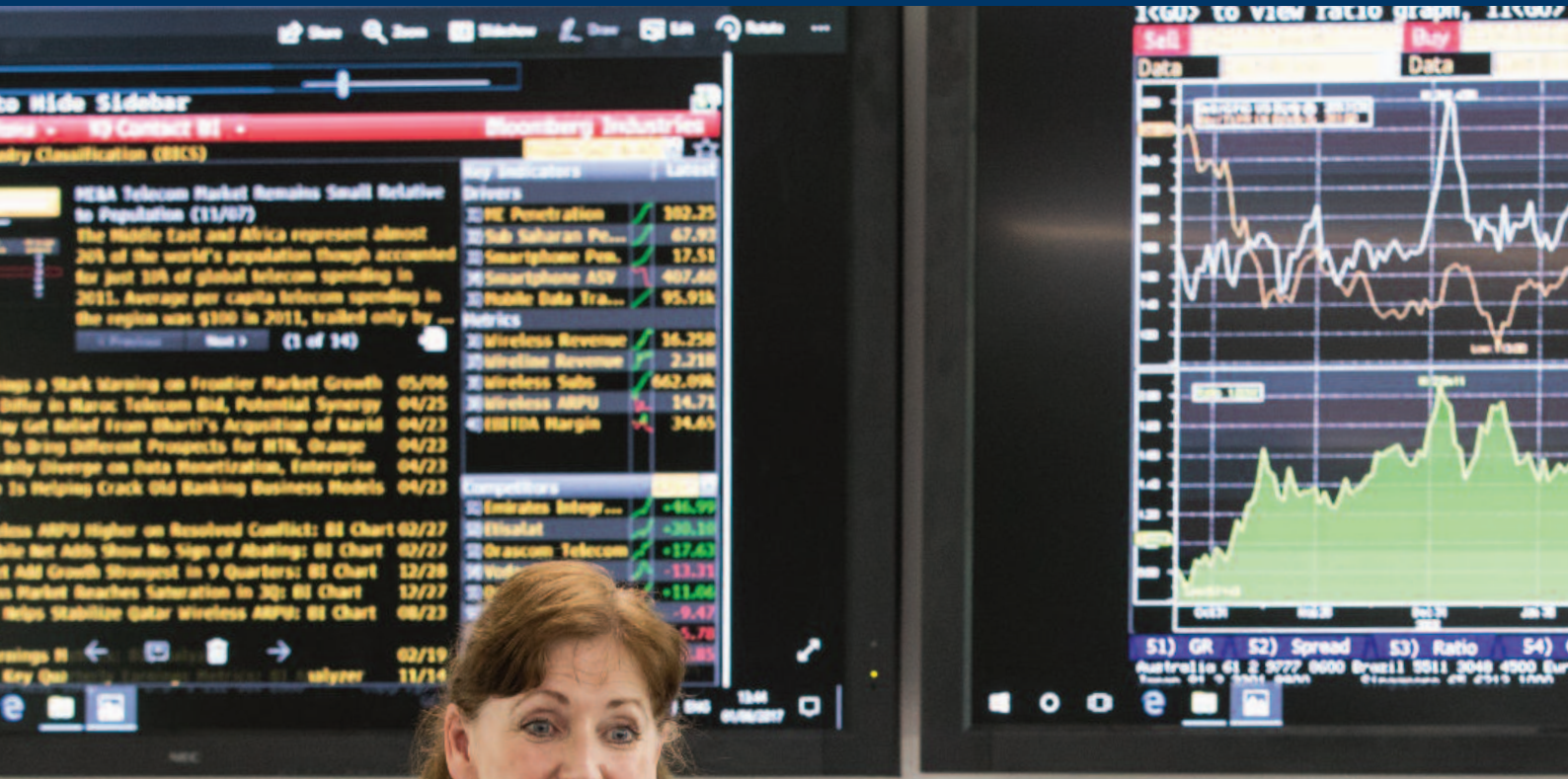
Deputy Chair of the Council
Senior Deputy Vice-Chancellor and Provost
Senior Deputy Vice-Chancellor and Chief Operating Officer
Deputy Vice-Chancellor Education
Deputy Vice-Chancellor Research & Innovation
Director of Finance
Dean of the Faculty of Humanities
Dean of the Faculty of Sciences
Dean of the Faculty of Social Sciences
Dean for Europe

Dean of the Graduate School
Dean for Internationalisation
Dean of KentHealth
Dean for Medway
Secretary of the Council (and the Court)
Senior Master
Master of Darwin and Woolf Colleges
Master of Eliot College
Master of Keynes College
Master of Rutherford College
Master of Turing College
College Master for Medway

The Lord Archbishop of Canterbury
Dr Gavin Esler
Sir David Warren
Professor Dame Julia Goodfellow (to 31 July 2017)
Professor Karen Cox (from 1 August 2017)
Bob Scruton
David Nightingale
Denise Everitt
Professor April McMahon
Professor Philippe De Wilde
Lisa-Jane Crudgington-Higham
Dr Simon Kirchin
Professor Mark Burchell
John Wightman
Professor Roger Vickerman (to 1 September 2017)
Professor Jeremy Carrette (from 1 August 2017)
Professor Paul Allain
Dr Anthony Manning
Dr Peter Nicholls
Professor Nicholas Grief
Dr Keith Lampard
Dr Wayne Campbell
Dr Jonathan Friday
Stephen Burke
Chloé Gallien
Dr Peter Klappa
Dermot O'Brien
Jane Glew







UNIVERSITY'S PUBLIC BENEFIT STATEMENT FOR 2016/2017

The University of Kent is an exempt charity regulated by the Higher Education Funding Council for England (HEFCE) on behalf of the Charity Commission for England and Wales.

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 HEFCE in its role as principal regulator on behalf of the Charity Commission.

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's Objective, set out in its Plan 2015-2020, approved by Council at its meeting on 15 October 2015, to achieve the objects of the University from the Royal Charter, is as follows:

The University of Kent, the UK's European university, will secure its position as a top 20 UK university and be a globally recognised research institution by 2020.

We will achieve this through:

- 1 The delivery of research of the highest quality, meeting international standards of excellence across the full range of our subjects.**
- 2 The provision of an excellent education to our students, delivered by world-class researchers.**
- 3 Strengthening our reputation for excellence, regionally, nationally and internationally, through effective engagement and communication with our communities and the wider world.**

The text below shows how the University has worked towards this objective, in the three key areas, and how it has delivered its charitable purposes for the public benefit.

1 The delivery of research of the highest quality, meeting international standards of excellence across the full range of our subjects

The University of Kent is active in research across its range of disciplines and contributes to the public good through scientific discovery and an enhanced understanding of economic, social, political, philosophical, ethical, artistic and cultural areas of the human experience.

As an institution we aim to maximise the positive impact our research can have on society and, in particular, our local communities. Our goal is to be embedded and invested in our region, and to help Kent thrive. From science festivals and arts exhibitions to health workshops and business seminars we are committed to public engagement with research. By engaging together, we can contribute positively to our local communities and accomplish things that will be mutually beneficial to us all.

The University's research is openly published and disseminated, and active steps are taken to apply research where economic and social benefits are identified, to tackle global challenges from age discrimination to viral epidemics and to apply for international research grants and to globally-focussed funding streams.

To illustrate the high quality of the University's research, across its three Faculties, we have chosen three research projects to focus on.

Faculty of Humanities – the legacy of child migration schemes

Gordon Lynch, Michael Ramsey Professor of Modern Theology at the University of Kent, has continued to undertake nationally significant work in relation to the legacy of child migration schemes that sent thousands of unaccompanied British children to other parts of the Commonwealth. Professor Lynch has spent 2016/17 working as an expert witness for the Independent Inquiry into Child Sexual Abuse's investigation of these migration schemes. Working with Professor Stephen Constantine from the University of Lancaster, Professor Lynch has produced nineteen briefing documents for the Inquiry and given evidence over nine days of its public hearings, providing a broad overview of the history and policy context of these schemes, as well as detailed analyses of the extent to which organisations safeguarded children from abuse. His primary research has helped to identify significant failings in monitoring systems that were meant to operate in relation to these schemes and raised questions about the ways in which some organisations continue to present their involvement in this work. The Inquiry's work has attracted international media attention and its report on this investigation is due to be published before the end of 2017.

Professor Lynch's project, *The Ballads of Child Migration*, has also continued to receive national attention. This collaborative project, with the production company Smooth Operations and leading British folk musicians, drew on Professor Lynch's research to create a series of new songs narrating the experiences of British child migrants. A set of these songs was performed at the Royal Albert Hall in April 2017 as part of BBC Radio 2's Annual Folk Awards ceremony, with simultaneous live radio broadcast. The Ballads project has also led to BBC Radio 2 commissioning a dramatization of Michael Morpurgo's novel, *All Alone on the Wide, Wide Sea*, that used songs from this project and was broadcast during the Jeremy Vine Show in August 2017.

UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)



César Rincón by César. www.flickr.com/photos/crincon

Faculty of Social Sciences – Bingo Project

Funded by the UK's Economic and Social Research Council, with one of the largest grants ever won by Kent Law School, the Bingo Project (www.kent.ac.uk/thebingoproject/index.html) is a complex, interdisciplinary three-year initiative involving research into how bingo is played and regulated in different places (England and Wales, Canada, Brazil, and online in the European Union). Commercial bingo is a globally significant and profitable gambling form, played in many counties and increasingly popular online. Bingo is also a key realm of non-commercial gambling, for charities and so on. However bingo is an under-researched area, especially when compared with casino gambling. The team of researchers involved in the project sought to inform policymakers and regulators about the importance of bingo to debates about gambling regulation, and to use bingo to transform how we think about gambling, gender, charity and the role of speculative play within everyday life.

The project involved mixed methods including interviews with 255 people involved with bingo in the four case studies; a systematic review of relevant case law, legislation, regulatory guidance, and official records of political debates; and observations of legal games to see how rules and regulations were (and were not) applied in practice.

To help ensure that the project had an impact beyond academia, it was guided by a diverse, 16 member international Advisory Group comprising lawyers, gambling businesses, and third sector organisations, as well as representatives from the UK's Gambling Commission and from five academic disciplines (law, history, sociology, criminology, and business/management studies). Besides the

academic publications stemming from the grant, the team has produced policy briefs on each of the case studies, and a comprehensive report for policymakers and regulators on what bingo can add to debates about gambling (see www.kent.ac.uk/thebingoproject/resources/Bingo_Project_report_final.pdf).

Faculty of Sciences – Study of premature babies has implications for future treatment

Darren Griffin, Professor of Genetics in the School of Biosciences, is a key figure in genomic research and has made many significant breakthroughs, such as the development of the first clinical application of a universal test for diagnosing disease in IVF embryos. Recently, a team from the University's School of Biosciences, led by Professor Griffin, set out to look for a genetic marker that might identify children at risk of problems associated with premature birth early in life so that they could embark on monitoring and treatment at the earliest opportunity. Working with doctors on the neonatal unit at the William Harvey Hospital and Brunel University, the University of Kent team published an article entitled "Preterm infants have significantly longer telomeres than their term born counterparts". It was discovered that the identification of genetic differences between premature and term-born infants might identify those at most risk and hence at greater need of treatment, to mitigate problems that could occur later in life.

Professor Griffin's laboratory has also contributed to work on developing a new cost-effective approach to mapping and assembling animal genomes and has developed a new genetic screening device and protocol that helps pig breeding.

Working in partnership

There are many other examples that demonstrate the public benefit of the research undertaken at the University of Kent. The work of specialist research units at the University of Kent, such as the Personal Social Services Research Unit and the Centre for Health Services Studies, contributes to public policy development at national level and the University's contribution to health has been enhanced by the establishment of "KentHealth", an agency within the University for overseeing, co-ordinating and communicating the University's health-related activities, to enable the University to engage more effectively with the external health community and to increase the University's collaborative research and training provision. Kent & Medway Health Partners is a recently established consortium which brings together stakeholders in health and social care research. Together with other higher education institutions in Kent, Surrey and Sussex, the University supports a health education training collaboration.

Proposed in 2014, the Eastern Academic Research Consortium (EARC) 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 November 2016 Kent hosted a special conference at its Canterbury campus to mark the end of the first full year of the Consortium.

Other constructive partnerships with leading universities include the South East Network for Social Sciences (SeNSS), a consortium formed of 10 leading UK universities, including Kent, all of which are engaged in cutting edge social science research and training; the EnvEast Doctoral Training Partnership, which 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; CHASE, Consortium for the Humanities and the Arts for South-East England, a consortium formed to bring together nine leading institutions engaged in collaborative research activities, including an AHRC doctoral training partnership and SEPnet, South East Physics Network, a consortium of nine world-class universities working on high quality research, teaching and outreach activities.

2 The provision of an excellent education to our students, delivered by world-class researchers

The provision of an excellent education is one of the University's primary functions. The University of Kent is a research-intensive university with a reputation for teaching excellence, committed to the dissemination of new knowledge across the subject range, the delivery of core competencies and the development of attributes that ensure our graduates can address the complex challenges of our global and changing environment. The engagement of teaching staff who are active in research provides benefits for students, the curriculum is informed by the latest developments and teachers are able to provide an emphasis critical thinking and creativity.

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. A total of 295 higher education providers took part in the TEF and 59 of these providers received the gold rating. The TEF Panel reported that Kent "students from all backgrounds achieve consistently outstanding outcomes. Very high proportions of students from all backgrounds continue with their studies and then progress to employment, notably exceeding the provider benchmarks. The metrics indicate very high levels of student satisfaction with teaching, academic support and assessment and feedback."

The University's academic staff are often recognised as leaders in their field.

The 2017 Sir Bernard Crick Prize for Outstanding Teaching was awarded to Dr Harmonie Toros, Senior Lecturer in International Conflict Analysis at the University, for her third-year undergraduate module, Humans at War.

Dr Louise Naylor, Director of the Unit for the Enhancement of Learning and Teaching (UFLT), has become a Principal Fellow of the Higher Education Academy (HEA), the first member of the University's staff to be awarded a Principal Fellowship, given in recognition of her sustained and effective record of strategic impact in teaching and supporting learning at institutional and national level.

A National Teaching Fellowship (NTF), one of only 55 in England, Northern Ireland and Wales for 2017, was awarded to Dr Henrik Schoenefeldt, Senior Lecturer in Sustainable Architecture, Kent School of Architecture, by the HEA, to recognise his outstanding impact on student learning and the teaching profession. Dr Schoenefeldt is the seventh member of the University of Kent's staff to have been recognised as a National Teaching Fellow.

All of the University of Kent's programmes of study provide graduates with generic intellectual and transferable skills that enhance their employability and ability to contribute to society. The University also provides a range of programmes that prepare students for specific professions, for example, Architecture, Law, Pharmacy, Accountancy, Computing, Journalism, Marketing and Business.

The University of Kent was one of just 15 prestigious universities to have been selected as a Q-Step Centre and was awarded £19.5m to deliver training and work-placement opportunities to its students. Q-Step is a nationwide programme designed to promote quantitative skills in undergraduate social science teaching. The Kent Q-Step Centre applies the values of the University of Kent to the Q-Step initiative; combining an exciting range of new programmes with innovative teaching methods, creative uses of technology and an active presence in the wider community, including a monthly series of informal lectures and discussions in Canterbury, called pubTALK, featuring a short talk from an expert on a particular topic followed by an open question and answer session.

Opportunities for students

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. 2016/17 has seen a 4% increase in students undertaking a work placement year as part of their study. In the context of the UK's

UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)

impending exit from the EU and wider concerns regarding student mobility, the University is also pleased to announce a 20% increase in the number of students undertaking a year abroad as part of their academic programmes. The Kent Experience of Work bursary has provided over 100 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 with employment opportunities, has increased by nearly 100%. In total, approximately 10,000 students obtained an experience of the world of work through the support of the University of Kent and Kent Union in 2016/17.

The University's Employability Points Scheme, to engage students in skills development to enhance their future employability, has been nationally recognised as a case study for best practice within business/university collaborations. 145 companies have been involved in this project and over 7,700 students participated in 2016/17 with 803 employability rewards offered. The EP Scheme was also nationally recognised in 2015 through being shortlisted for the second time for a Times Higher Education Award in the category, 'Outstanding Support for Students'.

Widening participation

The University believes in the transforming power of higher education to change the lives of individuals and our society for the better. The University has made significant progress towards the objective of widening participation and it continues to meet HEFCE Key Performance Indicators and strategic widening participation targets for OFFA.

Kent is committed to offering a fulfilling university experience to students from a range of diverse backgrounds. 23% of our UK first degree new entrants have non A-level qualifications on entry and 37% come from Black and Minority Ethnicity (BME) backgrounds. Our 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 over £14.6m for scholarships from its own resources and raised a further £4.6m from other sources to provide significant financial help to students to ensure that the costs of being a student were not a barrier to participation in higher education at the University. The University of Kent has allocated significant funds to provide a package of financial support to include a wider range of 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 for international students. Scholarships were awarded to Kent undergraduate students and external applicants to attend the University's European Summer Schools at its centres in Paris and Brussels, held in July 2017. 688 awards were made under the Kent Financial Support Package for the 2016/17 academic year and over 1,200 further awards were provided from University and other sources. The University makes further extensive provision for students experiencing financial hardship during their studies.

Employment

The University is committed to enhancing the employability of all of its students.

4,586 UK and EU students completed their degrees in 2016. 66.9% of responders to the Destination of Leavers from Higher Education (DLHE) Survey reported that they were in paid employment in a wide range of careers within 6 months of graduation. A further 25.3% reported they had progressed to further study. Kent graduates have been highly successful in obtaining graduate-level employment and further study. The 2016 HESA DLHE survey showed rises in the proportion of Kent graduates obtaining graduate-level employment in the UK – up by 1.6% to 82.0%. The University's unemployment rate for UK & EU leavers fell to 2.8% from 3.2% in the previous year. This was a reduction in the unemployment rate for the sixth consecutive year. As a result of these very positive graduate destination outcomes, the University of Kent's full-time first degree employment performance indicator rose to 96.1% in 2015/16, up from 95.9% in 2014/15 and a remarkable 2.5% higher than its national benchmark.

The University's Careers and Employability Service won the Best University Careers/Employability Service Award at the National Undergraduate Employability Awards 2017 (NUE Awards). The award was sponsored by Microsoft and celebrated the outstanding achievements of universities, students and employers in the undergraduate employability market. The award acknowledged the Careers and Employability Service's many successes in recent years. These included developing the dynamic Work-Study Scheme, providing generous bursaries for students undertaking work experience, extending the annual Careers Fair on a grand scale in Canterbury and Medway, innovating with the online Careers Award and staging the popular Employability Festival attracting over 10,700 students.

Kent Extra provides a range of extra-curricular and co-curricular activities that enhance student employability – including Study Plus: a range of short-term, non-credit-bearing courses to build key transferable skills, such as languages, computing and other practical skills.

Inclusive community

The University of Kent is dedicated to the creation and support of a balanced, inclusive and diverse community, a friendly, supportive environment, helping students get the most out of the challenges and opportunities university study brings. The University works closely with Kent Union and both the Union and the University provide a wealth of support services for students. There are many Equality, Diversity and Inclusivity initiatives including the annual Worldfest and Wellbeing Festivals, and in September 2016 Kent was top among the 30 universities surveyed by The Tab newspaper regarding its support for students with concerns about their mental wellbeing. The Tab considered how satisfied students were with the service, how much investment the service received from the University and the University's outreach.

In May 2017 students from the School of Engineering and Digital Arts worked with the BBC to produce a five-minute animation documenting mental health treatment as part of Mental Health Awareness Week and in 2016, students from the University's Department of English Language & Linguistics taught English to refugees to help them settle into local communities. The six students taught English to a group of twelve refugees for two hours a week.



3 Strengthening our reputation for excellence, regionally, nationally and internationally, through effective engagement and communication with our communities and the wider world

International impact

Linked to Kent's current Internationalisation Strategy and the institutional Plan, Kent's international ambitions in 2016/17 have continued to focus on a 360-degree approach across the institution. This recognises the importance of developing internationalisation in our education, research and engagement activities.

In terms of Kent's teaching, the high volume of internationally experienced academic staff continue to ensure that our provision is globally relevant. This has been supported and extended by explicit references to examples of embedded internationalisation in all new and revised modules from the start of the 2016/17 academic year. Our global engagement modules have also had more than 4,000 registrations. Physical staff and student international mobility has been complemented with new online mechanisms for sharing Kent's research-led education around the world. This has been through our engagement with Future Learn and MOOCs, which have had more than 20,000 participants; through a new co-curricular initiative for international collaborative online learning with students at overseas universities; and via 'Think Kent', our series of online research-led video lectures which have now attracted more than 375,000 views.

Intercultural communication has continued to be supported by the broad range of language learning provision at Kent, in addition to degree-level provision in the school of European Culture and Languages, more than 516 students, staff and members of the local community registered for our institution wide language programme, "Language Express", which now offers 10 languages. 400 registrations showed that students are keen to add a language to their degree through credit-bearing modules, also offered by CEWL.

With regard to engagement, connections with international partner institutions have continued to grow and develop to a level where the University now has 663 links with over 400 partners. This was recognised and enhanced by Kent's first ever International Partners Week, which enabled 17 international partner institutions to visit Kent and to develop and deepen existing connections and opportunities for collaboration. In the last academic year our student engagement with international exchange continued to thrive and this involved more than 400 incoming and outgoing student exchanges around the world. The Human Resources department has also been working on enhancing procedures for the appointment of international visiting academics, so that the application systems are even more efficient and activities and benefits from international academic visitors can be capitalised upon even more effectively for our students and researchers.

Alumni engagement has increased with new international chapters being established in a number of different countries. Staff from across the University have also joined forces to promote Kent overseas through more than 10 delegation visits, showcasing the University's breadth of activity and supporting stakeholders in international locations.

UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)



Community links

In addition to its commitment to internationalisation, the University of Kent's admissions policy states that it, "has taken positive steps to recruit from as wide a range of candidates as possible and is actively following strategies to widen participation to higher education within the local community". The University works via a series of collaborative arrangements with organisations such as the Kent and Medway Progression Federation (KMPF), through an Access Programme run at our sponsored school, Brompton Academy, and in partnership with local schools and our Partner Colleges.

The University has continued its work with partner secondary schools in Kent and Medway and schools within the KMPF to help raise the aspirations of those from non-higher education backgrounds. This work has attracted national praise from HEFCE and the Office for Fair Access (OFFA). The University is continuing to roll out the £3m HEFCE Catalyst funded Higher Education Access (HEAT) database, used for tracking participation in outreach and measuring impact, working with 73 HEI partners. The University is also lead of a local HE and schools' consortium for a new two year £4.3m HEFCE initiative, the National Collaborative Outreach Programme (NCOP). In the last year contacts have been made with over 18,000 pre-higher education students and over 340 Student Ambassadors have been recruited, employed and trained to support this work. Within the 2015 publication on the regional economic impact of the University it was calculated that the social

value of the student ambassador scheme was £220,000 per annum, based upon the contribution to a wide range of activities by the University's undergraduate and postgraduate students. In summer 2016 three residential summer schools were offered to 140 school students from years 10, 12 and FE students who sampled life at Kent when they attended the Canterbury campus, giving them an opportunity to experience university life and to attend lectures and seminars on a variety of subjects.

The University is the lead sponsor of the Brompton Academy in Medway. Academy students benefit from the knowledge, experience and resources that the University has to offer and the University is committed to supporting the Academy 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 also provided new opportunities for young people in the region and had over 3,000 students in 2016/17. The University has worked with colleges in its region (MidKent College, East Kent College and West Kent and Ashford College) to offer a range of vocationally related higher education qualifications.

Regional impact

The University's impact on its regional community is immense, from the social and cultural impact that international students bring to Kent, to the £250m spent off-campus by University of Kent students, supporting some 2,500 jobs in the region, and the 140 businesses formed by students from the University in the South East since 2010.

The University has worked with Canterbury City Council and its partners to contribute to a comprehensive review of the impact of higher and further education in Canterbury, the largest piece of work of its kind to be carried out in Canterbury, which looked at the economic, social and physical impact of being a university city. The review incorporated the views of residents' associations, community groups, landlords, Kent Police, local residents and businesses, together with independent experts on university towns and cities. The University was pleased to have been involved in such a substantial review and welcomed the acknowledgement of the hugely positive impact the University has on the city.

The University works closely with residents' associations to find innovative ways to support community cohesion. In September 2016 the University launched a pilot Student Community Champion scheme in conjunction with a local residents' association, to support conversations between residents and students, acting as a focal point for student feedback and helping to resolve everyday issues. Operating in residential areas, the Street Marshal Scheme aims to safeguard students and local residents as they move through designated areas of Canterbury at night. It also promotes positive community relationships by encouraging students and local residents to behave responsibly while walking through these areas. The Street Marshals engaged with over 12,000 people during the 2016/17 academic year.

The University's students make a difference by raising money for charity. Kent RaG (Raise and Give) is the official fundraising body of Kent Union at the University of Kent, and aims to support and fundraise for charities locally, nationally and internationally, as well as offering incredible challenge experiences such as climbing Kilimanjaro or Skydiving to raise money. In the academic year 2016/17, RaG raised £140,351.84.

The Kent Law Clinic is 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 whilst now installed in its purpose built home on the University's Canterbury campus, officially opened on 6 October 2016.

A great example of community outreach by the University's academic Schools is the work of the Physical Sciences outreach team, which runs events to engage the wider community with chemistry, forensic science and physics, to inspire future scientists. These events include public evening lectures, competitions in and between schools, a "Schools Physicist of the Year" award in association with the Ogden Trust, planned visits from the University's mobile planetarium, talks and lectures for Schools in a number of specialist topics and "hands on" science sessions for school students, such as the interactive "Liquid Nitrogen" shows that were available throughout March 2016 to coincide with National Science and Engineering Week. In 2017 the School of Physical Sciences, the School of Mathematics, Statistics and Actuarial Science and the School of Engineering and Digital Arts collaborated on a cross-departmental "Women in STEM" day on the Canterbury campus, for 180 thirteen year old girls, who took part in activities related to forensic science, robotics and fraud detection. There are also residential courses in chemistry and forensic science, which students attend from schools across the UK and since 1999 the University of Kent has run an annual Space School, providing an intensive three day experience aimed at introducing 15 to 18 year olds to the many different fields of space activity and giving them an awareness of the course and career profiles on which they could embark to become tomorrow's space professionals.

Other outreach events included girls from three Canterbury primary schools visiting the University of Kent on 23 June 2017 for an event in conjunction with International Women in Engineering Day, hosted by the School of Engineering and Digital Arts, to raise awareness of the impact women have had in the fields of electronics and engineering throughout history and to encourage more young girls to consider these areas for future study.

The University has a commitment to volunteering, by both students and staff, which has a positive influence on the wider community. Volunteering through Kent Union plays a crucial role in the university experience, from welcoming students over arrivals weekend, to running one of our student groups, being a student rep or running a campaign. There are over 2,200 students involved in volunteering at Kent, with just over 90,000 volunteering hours being logged last year, both on campus and in the local community. Kent Union coordinates the KSCV Scheme (Kent Student Certificate for Volunteering) which recognises the volunteering that students complete and supports them in their development of employability skills with KSCV being recorded on the Higher Education Achievement Report. As part of their volunteer roles students attend a comprehensive range of training courses on leadership, running an event, campaigning, first aid and safeguarding training and all of the training programmes focus on upskilling volunteers so they can carry out their roles to the best of their ability. Last year over 1,400 individual students attended training for their roles, equating to over 4,000 hours of training. According to Kent Union's annual volunteer satisfaction survey volunteers gave an overall satisfaction level of 76%.

UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)

Innovation and Enterprise

The University of Kent provides innovative and creative solutions to the business community through Kent Innovation and Enterprise (KIE). KIE builds strong links between research and business, to better develop, support and create high-growth enterprise, and some of its initiatives are detailed below.

The Innovation, Creativity and Enterprise (ICE) initiative has continued to be a 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.

The Hub for Innovation & Enterprise provides entrepreneurial support to enable students, staff and alumni to set up and grow their business ideas. The concept of the support provided by the Hub is that of taking creative ideas forward into incubation support.

Throughout 2016/17 231 business advice sessions were held and the Start-Up Scheme has run a Big Ideas competition, taken part in the IBM Universities Business Challenge, set up Start-up workshops and run a conference. In addition two students have won the Peoples' Choice Award in the Global Innovation Challenge that took part in Virginia, USA.

Stakeholder engagement

Local and regional engagement has continued to grow with the University playing a key role in many stakeholder networks. The University has been actively involved in working with new businesses locating at Discovery Park (Enterprise Zone) and has a dedicated space within the Park to ensure the University provides a first point of contact for partnership development on research and innovation. The University continues to support the South East Local Enterprise Partnership and the University's Director of Innovation and Enterprise is 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 in the region.

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 musical performances at the Colyer-Fergusson Music Building by students, staff and the local community, art exhibitions, open lectures and visiting speaker events, sports facilities and open days. The University's Sport department hosts many events, including Canterbury's parkrun on the University of Kent's Canterbury campus, and also supports local and national charities as part of its public engagement work.

Gulbenkian is the University of Kent's Arts Centre. In 2017 it was one of only 8% of National Portfolio Organisations in England to secure an uplift in funding from Arts Council England (a total investment of £1.095 million over 4 years) recognising its pioneering work with for and by children and young people. It produces Kent's International Family Festival – bOing!, which, in 2016 received the EFFE label facilitated by the European Festivals Association, for festivals that stand for artistic quality and have a significant impact at local, national and international level. In 2016 111,000 people engaged with over 1,200 events in the Gulbenkian programme of dance, theatre, music, comedy and film as well as 10,000 in creative learning projects in schools and with community groups. Of the eight Arts Council England National Portfolio Organisations in Kent, all three of the Canterbury ones are located on the University campus – Gulbenkian, Whitstable Biennale and People United.

The University has also worked with the KM Media Group to establish kmtv, the county's first dedicated television channel, which broadcasts from a purpose-built studio on the University's Medway campus.



FINANCIAL STATEMENTS / STRATEGIC REPORT

Financial highlights for the Year to 31 July 2017

Financial performance and investment:

- Total Comprehensive Income for the year of £16.4m (2015/16: £6.1m) representing 6.2% of income (2015/16: 2.4%), although underlying financial performance of £6.8m is lower than in 2015/16 (£14.8m) – see Financial Summary below;
- Adjusted EBITDA¹ of £29.2m (2015/16: £33.1m) representing 10.9% of income (2015/16: 13.0%);
- Income up £13.3m (5.2%) to £267.1m compared to 2015/16 results;
- Income from Tuition Fees up £5.9m (3.8%) to £161.3m (2015/16: £155.5m);
- Increased Residences and Catering income at £35.6m (2015/16: £34.2m);
- Staff expenditure for the year² representing 53.2% of income (2015/16: 52.4%);
- Cash flow from Operating Activities of £29.6m (2015/16: £31.8m);
- Capital expenditure of £34.5m (2015/16: £51.3m).

Liquidity, debt and financial viability:

- Current asset ratio³ of 1.52 (2016: 1.54);
- 'Available cash reserves'⁴ representing 80 days' expenditure (2016: 102 days);
- Net debt (Outstanding loans less cash held) of £59.8m (2016: £51.8m);
- Net assets of £311.2m (2016: £294.7m).

1 A measure of cash flow from operating activities, (Earnings before Interest, tax, depreciation and amortisation), also adjusted to remove the impact of capital grants recognised in year and movements in provisions for pension deficit recovery plans.

2 Total staff costs less the movements in provisions for pension deficit recovery plans.

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

Kent's commitment to academic excellence was recognised most strikingly in June this year when the University was awarded a Gold rating in the UK Government's Teaching Excellence Framework. This highest level of award was received by only 60 higher education providers. Combined with our very strong performance in the 2014 Research Excellence Framework (REF) this confirms Kent's reputation as a leading UK Higher Education Institution.

Our plan is to build further on these strengths, to secure our position as a top 20 UK university and be a globally recognised research institution by 2020. We will seek to achieve this through delivering internationally recognised research across the full range of our subjects, providing an excellent research-informed education to our students and engaging effectively with local, national and international communities.

Kent's financial surplus of £16.4m exceeded budget and the University's Financial Framework minimum required surplus level, although the underlying performance was not as strong as that of 2015/16 as a result of ongoing financial pressures. However, the University's balance sheet remains strong, and we entered 2017/18 from a robust financial position. In 2016/17 alone the University incurred £34.5m on capital works as part of a programme of estate renewal and

development. 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 activity and its aims to 2020, reviews progress and financial performance to date and assesses the outlook for the future, including an evaluation of the major risks that may affect the achievement of the University's strategy.

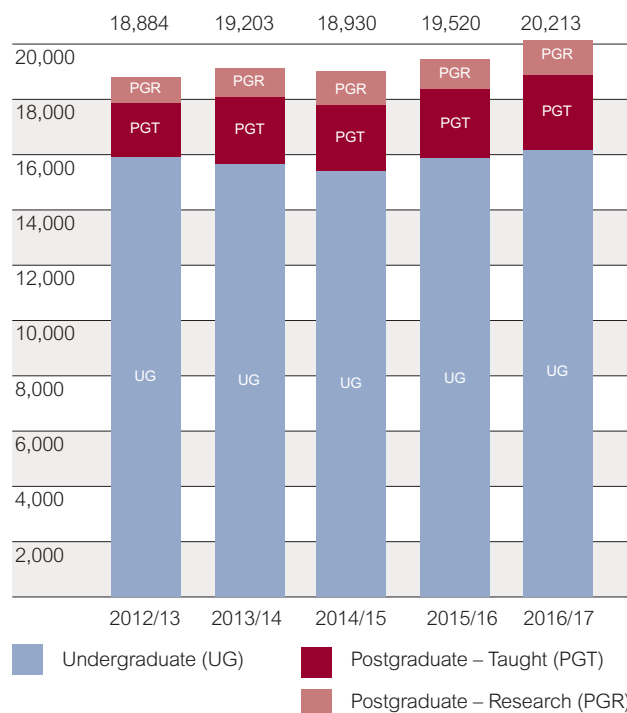
Delivering quality to growing numbers of students

Our recruitment of students has remained strong in 2016/17, despite external operating constraints and increased competition, with numbers attending Kent's UK and overseas campuses rising to 20,213 in 2016/17. This growth on the previous year was largely achieved through growing our postgraduate taught population in line with our aspirational institutional plan. 85% of our students are based at Canterbury and a further 14% based at Medway, with the remainder studying at our European campuses and sites or by distance learning.

Undergraduate new entrant numbers grew by 1% but postgraduate taught student numbers grew by 12% mainly due to an increase in UK students. The growth in new postgraduate students was assisted by the new Government loan scheme which has helped students to finance their studies and support.

It was pleasing to see that, as the UK's European university, EU student numbers at our UK campuses have increased by 1% overall, despite the potentially adverse political messages sent by the Brexit referendum

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



result. An increase in EU undergraduate numbers of 5% has balanced a reduction in EU postgraduate taught (-6%) and EU postgraduate research numbers (-11%).

2016/17 saw the opening of our new centre for the provision of Higher and Degree Apprenticeships at our Medway campus which will extend our vocational offering, providing new routes into higher education and increased engagement with employers.

Kent is committed to offering a fulfilling university experience to students from a range of diverse backgrounds. 23% of our UK first degree new entrants have non A-level qualifications on entry and 37% come from Black and Minority Ethnicity (BME) backgrounds. Our 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.'

Kent's reputation for quality was confirmed by our Gold Teaching Excellence Framework (TEF) award. Our metrics demonstrated high levels of student employability, particularly in highly skilled employment, as well as reflecting high levels of student satisfaction with teaching and academic support, as voiced in the National Student Survey (NSS). Our overall league table positions are strong – we are ranked 22nd in the Guardian, 23rd in The Times and 25th in the Complete University Guide and a high proportion of our constituent schools have achieved top 10 or 20 rankings against their peers. We regularly review performance to improve the experience we offer to our students and will continue supporting individual schools to identify and implement discipline specific improvements.

Supporting students and aiding their progression

An engaging and supportive environment is vital to help students achieve their best while at Kent and to prepare them for life after university. In 2016/17 we have further strengthened our provision for supporting students with mental health difficulties by partnering with Kent Union to raise awareness and we further developed additional online support for all Kent students during 2017/18. These developments complement the welfare support already provided by Student Support and Wellbeing, College Masters and Student Support Officers in academic Schools. We embarked on a university-wide project with a national body (Joint Information Systems Committee) 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. This key project, which is in line with the University's Education and Student Experience Strategy 2016-2020, will continue during 2017/18 with the aim of progressively mainstreaming reasonable adjustments for students with disabilities, wherever possible.

We offer students a range of services to ensure they can find graduate employment, including an award-winning Careers and Employability Service and an annual Employability Festival that attracted over 10,000 students in 2016/17. Our employability rating for graduate prospects rose to 82.0% in 2016/17 and we were ranked 25th for Graduate Employability in the 2017 Times Good University Guide.

Our Work Study Scheme offers widening participation students the opportunity to acquire workplace skills and training while in paid employment. This scheme benefited over 600 students in 2016/17. This scheme is expanding further to include opportunities for students to

work in organisations off-campus. In 2016/17 we provided additional staff resource to support the employability of students with autism.

Providing excellence in 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 remains consistently high, at 86% in the 2017 National Student Survey (NSS). Highlights in 2016/17 include:

- Our £31m extension and refurbishment of the Templeman Library, which has already benefited students with the new extension operating successfully for three years. The completion of phase II works early in 2017/18 has allowed improved layout and usability of existing spaces.
- We have reviewed study hubs across campus and commenced a programme of upgrades to better support student learning activities.
- In response to feedback in the National Student Survey (NSS) we have simplified the process of finding a book on the Library shelves and we have continued investment in library resources, resulting in a range of excellent online and physical assets being made available to students and staff.
- We launched a new library management system as part of a sector-leading three-way collaboration with Canterbury Christ Church University and the University of Greenwich. Some of the early benefits of this initiative are easier book locating, an improved and consistent catalogue across all our campuses and the introduction of new rolling loan periods that will reduce the likelihood of students incurring library fines.
- Work on a year-long programme to upgrade our wireless network has begun.

We have set up the Office of Scholarly Communication to help support plans for the next Research Excellence Framework (REF), encouraging researchers to improve their research data management skills, supporting Open Access and improving the University's research profile.

Providing higher education to a diverse range of students

Kent has long been committed to the provision of higher education to all those who could benefit and has delivered major innovation and success in widening participation. We work closely with secondary schools and colleges in the surrounding area to widen access and we are the lead sponsor of the Brompton Academy in Medway. We have been working throughout the year to develop a new multi-academy trust, the University of Kent Academies Trust (UKAT). As a sector trailblazer, we are leading KaMCOP, the local partnership for HEFCE National Collaborative Outreach Project (NCOP), a 2-year £4.3m project which also involves two other local universities, two local authorities and forty local schools. We continue to act as lead for the £3m Higher Education Access Tracker (HEAT) database, used for tracking participation in outreach and measuring impact, working with partners at 73 universities.

Our successful student ambassador scheme has continued to grow with undergraduate and postgraduate students working to engage in outreach activities with over 18,000 pre-Higher Education students. The ambassador scheme is a key contributor to a positive 'student experience' at Kent and improves our students' employment chances.

STRATEGIC REPORT (CONT)

In 2016/17 we completed the first phase of our student success project. This initiative, which has been shortlisted for the Times Higher Education Outstanding Support for Students prize, involved work in nine academic schools. A second phase of activity is now underway.

We offer financial support to assist students in their academic career. In 2016/17 bursaries and scholarship payments to undergraduate and postgraduate students totalled £19.2m. Kent continues to attract students achieving top grades at A-level or equivalent qualifications, thus qualifying for the University's Academic Excellence Scholarship of £2,000 per annum. To improve student success outcomes for students who lose their academic scholarship the University piloted a new student success bursary that incorporates study support in 2017 and this will continue in 2017/18.

Enriching the student experience

Kent Union's mission, as the independent Students' Union at the University, is to support students by standing up for them, helping them to take advantage of opportunity while at Kent and helping prepare them for life after Kent. Kent Union provides a wide range of advisory and welfare services, including an Advice Centre that helps around 5,000 students each year; an off-campus housing accreditation scheme, Homestamp; a Buddy Scheme that pairs up current students with new students to help them settle into university; and JobShop, an employment temping agency and job advertising service that helps students find employment while studying.

The Union also runs a wide range of student activities, including over 270 student-run clubs and societies boasting over 10,000 student members; an award winning student-run radio station and a student newspaper that has been produced since December 1965; and a wide range of volunteering opportunities and groups. Last year, nearly 2,300 students volunteered through the Union donating over 90,000 hours of voluntary work.

The University course rep system is run by Kent Union; it provides every student with an elected student representative on their academic programme of study. Around 400 students are elected each year and the majority attend Kent Union run training and receive ongoing support from Union officers and staff over the course of the year.

Kent Union provides around 700 students with employment opportunities each year, paying almost £0.9m to students in 2016/17. The Union's Employability Toolkit helps students understand, reflect on and track the transferable skills they develop through working or volunteering for the Union.

Kent Union also runs GK Unions, the students' union provision on the joint Medway campus, on behalf of and funded by the Universities of Kent and Greenwich. Last year, GK Unions moved into the new Student Hub in Medway, a £5.2m new students' union building on the campus funded by the two universities. The new building provides purpose-built accommodation for the Union's 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 Canterbury, work is currently underway on a new students' union facility in Parkwood, the 'student village' on campus. This £3m new building will provide purpose-built space for a shop, bar and catering facility, an IT and study facility, 2 dance studios for student groups and a social and study facility.

The University provides a wide range of facilities to meet increasing student demand for sport and recreation, which are run by our Kent Sport team. During 2016/17 there were over 710,000 booked individual student sports activities.

Kent Sport looks for ways to expand provision and enhance opportunities for our students. In 2016/17 we opened a new cycle hub allowing members to hire bikes and enjoy the Kent countryside and surrounding bike routes. Further facility development is underway to best deliver the University's Sports and Recreation strategy. An immediate priority is consideration to expanding Kent's covered tennis centre. Partnership agreements with external off-campus providers are enabling us to provide a wider range of activities (including rowing, swimming and golf) and to create stronger sporting links with Canterbury city and the community.

Kent Sport continues to collaborate with Kent Union to provide the best possible opportunities for all students on campus.

Kent's commercial services team provide a varied range of student accommodation to 6,500 students in 2016/17, at our Canterbury and Medway campuses. We continued our commitment to an on-going refurbishment programme to maintain and enhance a high quality residential bed stock. Student residences at Nickle and Bossenden Courts, in our Parkwood village, were refurbished to a particularly high standard to include double beds throughout, alongside a new initiative to trial 4 twin-bedded rooms which have proved successful. Our popular accommodation is well subscribed and was 100% occupied in the year, aided in part by our award-winning virtual tours of the student residences, so that prospective students can envisage their time at Kent

Kent's student dining facilities are also renewed regularly. In the year the popular K-Bar was refurbished and three new trading outlets were opened – the Street Kitchen, Sibson Café and the Galvanising Shop at Medway, all of which have proved successful and are in tune with changing tastes.

Our student theatre, cinema and cafe, the Gulbenkian, continues to build its reputation-securing National Portfolio status with Arts Council England including a £1.1 million award to 2022. This, rightly, recognises its work for and by children and young people as exceptional, including the annual bOing! festival. In 2016, 111,000 people engaged in over 1,200 events in the Gulbenkian programme of dance, theatre, music, comedy and film, as well as 10,000 in creative learning projects in schools and with community groups.

A student engagement programme, Gulbenkian Uncovered, was launched in 2016 which provides mentoring opportunities for University of Kent students to devise, co-ordinate and manage events across the campus, including student-led 2forTuesday cinema screenings. Since then students have had work experience and professional development opportunities contributed to marketing campaigns, programming and creative learning work and secured funding for a pop-up cinema programme.

Providing innovative opportunities for employment and community engagement

In July we successfully launched a local terrestrial TV station, KMTV, with our joint venture partner, the KM Group. Driven by the Centre for Journalism, it offers Kent students the opportunity for paid internships in

a live TV production environment as well as graduate employment options. Based at our Medway Campus it reinforces the University's ambition to grow its activities in support of a burgeoning local creative industries sector.

Growing internationally respected research and our postgraduate community

Following a strong performance in the 2014 Research Excellence Framework (REF) and a ranking of 17th for Research Intensity among multi-subject universities in the Times Higher, the University is striving to increase its research income and to attain the highest standards of research as judged by international measures. New awards in 2016/17 totalled £19.5 million, our highest ever and 10% up on last year. Our research strategy to achieve further growth is being embedded, including ambitious plans for a new interdisciplinary research centre. A particular highlight was that in the latest round of Global Challenges Research Fund projects Kent was one of only two universities nationally that received the maximum two awards, totalling £7.8 million.

Internationally, Kent retains its 2018 Times Higher world rankings position in the 301-350th bracket, with the research element score 6% higher than 2017, although the citations measure has slipped by 3%. 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 25% as well as the number of highly cited articles by 25%, and help to achieve our goal of being ranked in the top 250 universities world-wide.

Kent's Graduate Strategy aims to establish an active postgraduate community that provides an excellent and inclusive student experience. We plan to continue to increase the proportion of our student body undertaking postgraduate study and our postgraduate taught numbers rose significantly in 2016/17, facilitated in part by the introduction of a national postgraduate loan scheme for Master's students. A doctoral loan scheme is planned to follow from the 2018/19 academic year onwards. The University has a postgraduate scholarship fund of over £9 million from a range of sources including the UK Research Councils. Looking forward, however, the recruitment environment remains increasingly challenging, as a result of Brexit, cuts to Research Council studentship funding, visa restrictions and student debt.

Our postgraduate researchers make a significant contribution to the University's Research Strategy and Kent's success in the Research Excellence Framework. Our postgraduate training environment is enriched through collaboration with other research-intensive institutions and membership of three prestigious doctoral training consortia as well as numerous partnerships with overseas institutions. The University obtained excellent results in the Postgraduate Research and Taught Experience Surveys in 2017 with 86% and 84% overall satisfaction rates respectively with a 90% overall satisfaction score for research degree supervision.

Fostering innovation and enterprise in our students and within our region

Kent aims to increase the level of innovation activity by 50% by 2020 and further embed an innovation culture. The government priority for the Industrial Strategy is of significant importance to the University and the business community and we are focusing strategic support for innovation and enterprise around the key sector themes within this.

Kent Innovation and Enterprise has a strong regional engagement focus and participates fully with the South East Local Enterprise Partnership and the Kent and Medway Economic Partnership to provide a range of high profile, well-regarded activities for the local business community, including the provision of a dedicated incubation facility, the Innovation & Enterprise Hub. The Hub has delivered direct support, guidance and advice to over 11,000 students. Our unique employability scheme supported over 7,700 students in 2016/17 and we provided over 800 student awards. The scheme has been recognised as best practice in sector. While regional engagement is a high priority we are also active in forging European enterprise partnerships.

To broaden the University's reach and engagement with business, public and third sector organisations we are launching a new programme, Inspire, Challenge, Excel aimed at supporting women. The programme is open to staff, students and external organisations.

Increasing international opportunities and engagement

We seek to engage with international partners and to provide an international experience across our activities for our students. Our approach recognises the importance of developing internationalisation in our education, research and engagement activities.

In our educational provision, the International Student Barometer survey showed that Kent students continue to report high levels of overall satisfaction, with 88% of Kent students likely to recommend Kent to their peers. Kent's global outlook and European University features were identified by 76% and 77% of students respectively as being key dimensions of our provision. Cross-institutional activity in international education has included continuing to promote and extend opportunities for curriculum internationalisation.

We continue to adjust our recruitment activity to ensure that we are able to maintain high volumes of international and European students. This has proved challenging in the context of the impact of Brexit, visa restrictions and increased competition for students and this work is seen as extremely important for both our academic community and financial stability. This has included ongoing training of our overseas representative network.

Our Research Services team has continued to proactively support academic staff with international research grant applications and globally-focussed funding streams. International Partnerships continue to build on agreements with institutions which facilitate research interactions. Our GROW initiative (Global Research Opportunities Workshops) continues to offer opportunities for staff to learn from funding bodies and existing good-practice within the institution.

Our study centres in Brussels, Paris, Athens and Rome embody our European focus. They recruit students attracted by high quality research-informed teaching delivered in a location relevant to the subject of study. 2016/17 saw increasing activity and strength across our European focus, with new administrative support arrangements. Work is underway to evaluate opportunities for further centres, particularly in Germany. Our centres continue to flourish, with Brussels achieving nearly 200 students, growth in Paris, continued popularity for our Athens provision and the relaunch of our Rome School of Classical and Renaissance Studies.

STRATEGIC REPORT (CONT)

Modernising the University estate

The University has plans for a major capital programme with £338m of capital spending planned by 2026/27. We are making investment across both main campuses in line with our Estates Strategy 2015-2020. Work focuses on developing new facilities to accommodate past student and staff number growth and improving an aging estate. In parallel with this we are progressing a Master Planning Framework to guide the development of the campus over the next 50 years. This staged process of engagement will last approximately 15 months and will provide a focus and framework for the future use of the estate.

Within a programme of enhancements, improvements and updates to the capital estates, notable highlights at Canterbury and Medway in 2016/17 not mentioned elsewhere in this report included:

- The opening of the Sibson Building, a £37m, state-of-the-art, academic building for the Kent Business School and the School of Mathematics, Statistics and Actuarial Science. This high quality learning environment will enable greater expansion and closer collaboration.
- The development of a brief for a £30m Life Sciences building which will house the new Institute for Biotechnology and Molecular Medicine along with postgraduate and undergraduate laboratories. This building will support the University's strategy to develop its life sciences provision while supporting the Local Authority's strategy of creating a knowledge economy within Canterbury and its associated region.
- The appointment of a contractor to complete the design and to construct a new £19m academic building to house the School of Economics and to provide much-needed, additional teaching space. The repositioning of the School in close proximity to Kent Business School and School of Mathematics, Statistics and Actuarial Science is designed to enable the development of joint programs.
- Ongoing work to further develop the scope and brief for new Student Union facilities and a Student Services building. This exciting project will help ensure a unified front-line student experience and will complement changes and enhancements to service delivery.
- The £1m refurbishment of the Galvanising Shop on Chatham Historic Dockyard campus at Medway was successfully completed and provides enhanced rehearsal space for students and research facilities, as well as a new café area and kitchen. This refurbishment will act as a new front door for the University's facilities on the Dockyard site.
- A £6.2m refurbishment of our Cornwallis building will allow two of our schools to bring each of their range of activities within one co-located space. A further £1.7m refurbishment of vacated space will provide a dedicated facility for the Centre for European and World Languages (CEWL).

Enhancing our people management

Kent's People Strategy identifies the key themes of enhancing organisational and leadership capacity in order to respond to our changing environment, reviewing and modernising our reward arrangements, enhancing our ability to recruit excellent staff and supporting excellence in teaching and research.

Kent's relationship with its staff remains positive. Continuing work to support employees affected by the Brexit vote through support and information events and policy work has put Kent in the forefront of employer good practice with survey results indicating that that 86% of staff have felt supported by the University. In recognition of the

importance of good two-way feedback, particularly during times of change, a regular rolling staff survey has also been introduced with the first set of results indicating that 93% of staff feel that "Kent is a good place to work".

The University continues to review its reward arrangements and became the first employer in the sector to publish a Senior Reward Policy to guide decisions around senior executive pay – generating interest from other institutions. Work also continued in response to the University's 2015 Equal Pay Audit with the completion of a project examining differentials in grades where the gender pay gap exceeds 5%. This work has resulted both in a reduction of the gap and greater understanding of the reasons for pay differences (eg job sizes and market rates).

Our aim for all Schools to hold bronze or silver Athena SWAN awards by 2020 remains on track and has been strengthened by the decision to establish a dedicated project team. Our policy to make promotions more inclusive and transparent has led to higher numbers and proportions of females holding senior positions with 31% of the professoriate being female, up from 24% last year and 16% 5 years ago.

Staff Connect, the new integrated payroll and HR system was launched in May 2017 offering employee self-service and electronic pay slips. This system will ultimately offer significant efficiencies and improved management information to inform workforce and strategic planning as well as our equality work.

Looking forward, work has started on a new project "Recognising Excellence in Education" that will result in changes to many of our key employment policies and practices in order to better recognise and reward teaching and educational excellence. The first phase of work, to improve the security and provide opportunities for Kent's flexible workforce, will conclude in late 2017 with the introduction of guaranteed minimum hours and the transition of some staff to permanent contracts of employment. Work is also underway to scope and establish a Kent Apprenticeship Programme with a focus on student employability, community contribution and optimising the Apprenticeship Levy. Finally, to ensure that our reward arrangements remain attractive and facilitate contributions at all levels of our workforce, we will begin work to review our use of the national pay spine.

Environment

Our Carbon Management Plan to 2020 commits to an absolute CO₂ reduction target of 23% measured against a 2005 baseline. So far, we have achieved an absolute reduction of over 14%. Carbon and energy saving measures achieved during the year included installing plate heat exchangers, high efficiency condensing boilers and upgrading controls in several plant rooms.

This year, Kent was one of the first UK universities to have its environmental management system audited and we achieved the updated ISO14001:2015 standard. We are now developing a new staff engagement programme 'FutureProof', which will embed sustainability into our systems, services, operations, teaching and research across the University.

Work is ongoing to explore the feasibility of the potential installation of a Combined Heat and Power plant at our Canterbury campus alongside a more efficient boiler unit, to generate on site electricity, and/or additional photovoltaics to produce renewable energy.

Financial summary

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

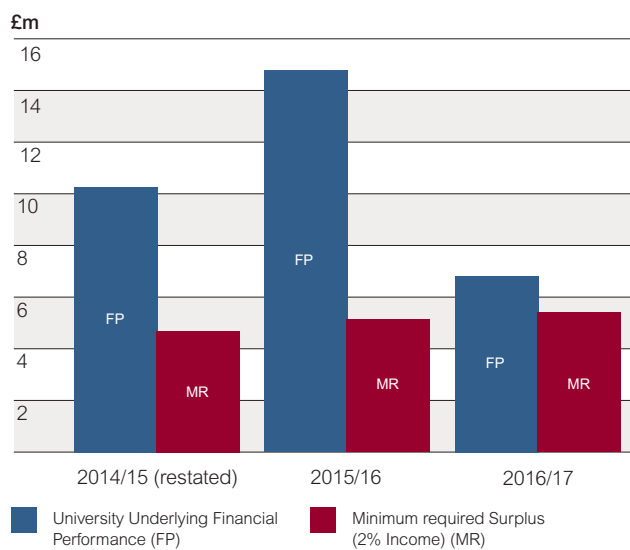
The University's consolidated results for the years ended 31 July 2017 and 31 July 2016 are summarised as follows:

	2016/17 £000	2015/16 £000	Change (%)
Total Income	267,087	253,783	5.2%
Less: One-off Capital Grants and donations	(6,818)	-	
Add: Unrealised gain on investment	511	153	
Total Expenditure	(251,161)	(247,671)	1.4%
Add: Additional one-off depreciation charge	-	5,597	
Less: Movements in provision for pension deficit recovery plan	(2,855)	3,129	
Taxation		(203)	
Underlying financial performance	6,764	14,788	-54.3%
Impact of movements in provision for pension deficit recovery plan	2,855	(3,129)	
One-off Capital Grants and donations recognised in year	6,818	-	
Additional one-off depreciation charge	-	(5,597)	
Surplus for the Financial Year	16,437	6,062	171.1%

The University's reported surplus for the year of £16.4m (6.2% of income), compared favourably to a budget for the year of £4.4m and a prior year surplus of £6.1m; however as shown above, the result for the year benefitted from some significant one-off capital grant receipts and a favourable movement in the provision for the pension deficit recovery plan. The underlying financial performance, excluding these items, fell by over £8m during the year, reflecting the cumulative impact of increasing staff costs and the reducing opportunities for income growth, constrained by tuition fee regulations, tightened controls on the recruitment of overseas students and an increasingly competitive global higher education market.

This underlying financial performance, representing 2.6% of total income (2015/16: 5.8%), does however still exceed the 2% minimum required level set in the University's Financial Framework which is designed to ensure that sufficient cash is generated for the maintenance of the estate and new capital investment to meet the estates strategy. This result has been achieved, despite the constraints set out above, through the continued growth of non-tuition fee income streams and by maintaining good control over expenditure; but it is recognised that these pressures will continue to bite as the real value of our income streams falls further behind and with significant financial

Financial Performance 2014/15 – 2016/17



pressure from funding future pension accruals. This is explored further in the section "Future Outlook and Risks"

Income

Total income grew in the year by 5.2% to £267.1m, boosted by an additional £5.8m tuition fee income, largely arising from an increase in the number of Home/EU undergraduate students. Tuition fee income from overseas students was also £0.5m higher than in 2015/16. Kent is continuing with its internationalisation of the University's curriculum and student experience in line with its Strategic Plan and recruitment of overseas students remains strong despite the increased competition for these students.

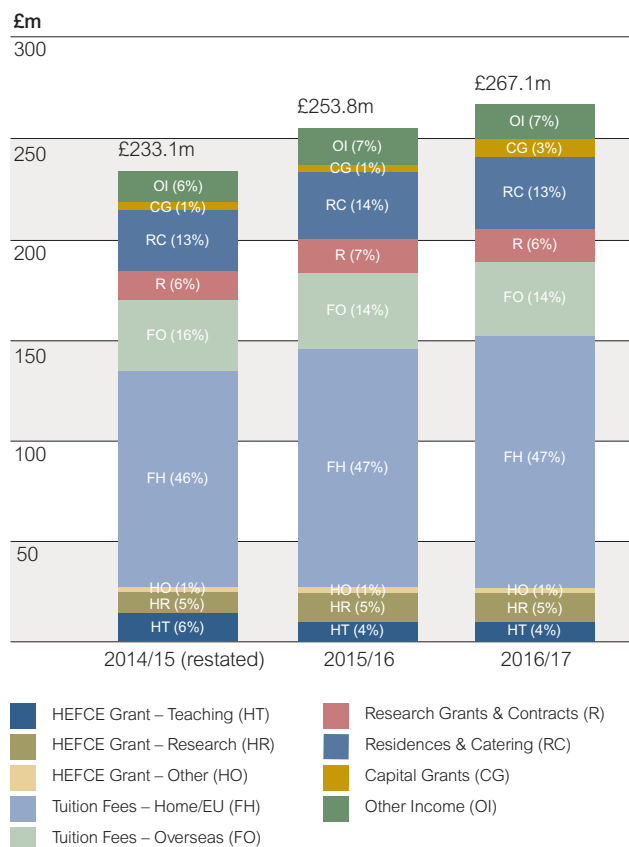
Recurrent grants from HEFCE were £0.6m higher than last year, with slight increases in grants for both teaching and research, although this increase will be short lived as for 2017/18 funding reductions have been applied nationally. Kent's financial statements also recognise £7.2m during the year in capital grants from HEFCE, consisting of £2.2m received during the year from the Capital Investment Fund (CIF) and an additional £5m STEM capital funding which was received and spent in previous years but not released until the performance condition was met on completion of the Sibson building, which houses the School of Mathematics, Statistics and Actuarial Science and the Kent Business School.

Income is now being received from the Skills Funding Agency in relation to the delivery of apprenticeship programmes. Income for the year was £0.2m and this is expected to grow in future years as activity in this area is further expanded.

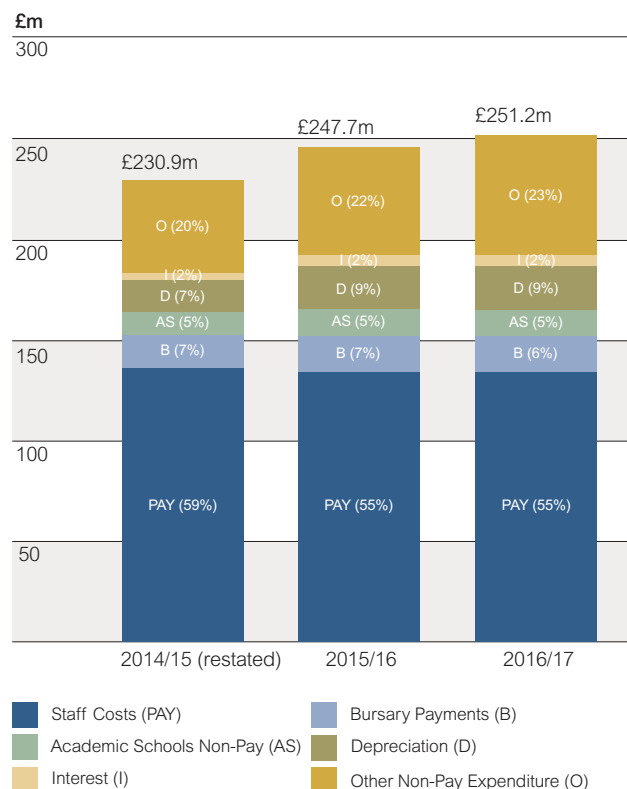
Income from Residences and Catering operations continues to grow, with an increase of £1.4m in the year. This reflects the continued growth in catering and conference activities at both the Canterbury and Medway campuses, surpluses from which are ploughed back into the residential estate through a ten-year cyclical refurbishment programme, bringing

STRATEGIC REPORT (CONT)

Analysis of income 2014/15 – 2016/17



Analysis of expenditure 2014/15 – 2016/17



facilities up to date and in line with student expectations. Income from student accommodation continues to be strong, with occupancy rates for the year of 97.4% at Canterbury and 98.5% at Medway.

Income from Research Grants and Contracts fell by £0.3m in the year to £16.7m, although when adjusted to remove the impact in 2015/16 of a one-off receipt of £0.9m from HMRC in relation to Research and Development Expenditure Credits (RDEC), the underlying trend is an increase in income of £0.6m. This reflects the increased strategic focus on driving up the level of funded research at Kent and represents some good performance in the face of intense competition across the sector. However, income from consultancy and innovation grants and contracts has decreased in the year by 30% to £2.6m. The Consultancy & Innovation (C&I) income is variable in nature as well as cyclical as the number of staff actively engaged in delivering these projects fluctuates depending on other commitments. In addition, the combination of changes implemented by some key funders as well as some large projects ending have led to a greater variation in this financial year. Work is ongoing to monitor performance and ensure that the activity grows in the future.

Income from all other activities has remained strong during the year, increasing by £1.6m to a total of £16.0m. The main reason for this increase is the recognition of capital donations of £1.8m that funded the construction of the University's Wigoder Building, a facility to house the

Kent Law Clinic and provide a mooted chamber for our students that was completed early in the year.

Expenditure

Staff pay expenditure, excluding the movement in the provision for pension deficit recovery plans, increased by 6.7% in the year to £142.0m. This reflects investment made in growing staff numbers particularly within academic schools, which make up £5.2m of the overall increase of £8.9m in the year, excluding movements in the pension provision and restructuring costs. Staff costs in Administration and Central Services also increased significantly in the year as a result of additional investment across a range of areas including student guidance and welfare and student recruitment together with one-off additional costs of supporting and embedding a new HR Payroll System and the adverse impact of a falling euro-sterling exchange rate on expenditure incurred at our overseas sites. Furthermore, the overall increase includes the full-year impact of changes made to national insurance contributions in April 2016, the national pay award of 1.1% and increments and promotions.

Movements in the provision for pension scheme deficit recovery plans have reduced the reported staff costs for the year by £3.4m. This includes £0.8m relating to an updated calculation of the provision position following increases in investment discount rates as at 31 July 2017 as a result of rising UK gilt yields. This contrasts to an increase

in the provision in 2015/16 of £2.4m, largely as a result of the establishment of the new recovery plan agreed during the year for the SAUL pension scheme. The preliminary actuarial valuation of the Universities Superannuation Scheme at 31 March 2017 indicates further deterioration in the funding position. We anticipate that this may lead to an increase in the pension deficit recovery in the 2017/18 accounts.

The University monitors its staff expenditure (excluding movements in pension provisions) as a percentage of income with a financial framework upper limit of 60%. During the year, this measure rose from 52.4% to 53.2%, reflecting increasing numbers of staff following investment and the increased costs of employing staff.

Other Operating Expenses increased by £1.8m (2.1%). This increase reflects the ongoing investment in student support and facilities. Within this balance, scholarship and bursary payments to students totalled £15.7m, with a further £3.0m of fee waivers which have been set against reported income from tuition fees. This reflects the continued commitment of the University to widening access to higher education; however compared to 2015/16 represents a fall of £1.4m in the year, as 2015/16 included £1.5m of payments for a one-off postgraduate scholarship scheme, introduced by HEFCE as a short term measure prior to the introduction of postgraduate student loans. An apparent decrease of £0.5m in Academic Services spend has arisen due to a change in reporting structure for our International functions, which now fall to be reported as Administration.

Operating costs of premises have risen by £2.1m in the year largely due to increased investment in the maintenance of the University estate.

The operating costs of Residences and Catering facilities has risen by £0.6m in the year, largely due to price inflation and the ongoing costs of maintaining the residential estate.

Depreciation charged in the year was £1.6m lower than in 2015/16, although £5.6m of the prior year amount related to a one-off charge in relation to the application of full component accounting. The underlying increase of £4.0m for 2016/17 is largely due to the completion of a number of major refurbishment projects, including the Sibson and Wigoder buildings as well as the refurbishment of student accommodation.

Interest payments overall are at a similar level as the prior year. Interest paid on borrowing is £0.3m higher than last year as interest charges on the initial £50m tranche of the European Investment Bank (EIB) loan drawn down in late 2014/15 are no longer being capitalised as construction of funded facilities has been completed. This is largely offset by a reduction in the finance cost arising from the unwinding of the provision for pension scheme deficit recovery plans, largely due to the increase in discount rates. Interest payments will rise in future years following the final draw down of the remaining £25m EIB loan facility.

Cash flow

Cash received from Operating Activities during the year was £29.6m, a decrease of £2.2m from 2015/16. This reflects the lower underlying financial performance shown above, alongside movements in working capital, and is above the budgeted performance for the year. The University monitors its available liquid reserves and requires a minimum of 40 days expenditure to be held at any time. As at 31 July 2017 these liquid reserves represented around 80 days' expenditure, excluding depreciation, (2016: 102 days). At its lowest point, in April, the value of liquid reserves held by the University represented around 57 days' expenditure.

The University finished the year with a strong cash position of £29.5m. This is lower than budgeted as the second instalment of the EIB Loan facility (£25m) was not drawn down until September 2017. As at 31 July 2017 the University had net debt of £59.8m (2016: £51.8m) meaning that the cash and cash equivalents held were lower than the outstanding value of loans, but this is within the University's Financial Framework and within financial covenants agreed with lenders.

Balance sheet

The University's Consolidated Balance Sheet continues to be strong with Net Assets of £311.2m (2016: £294.7m), Net Current Assets of £24.7m (2016: £29.0m) and a current asset ratio of 1.52 (2016: 1.54). Net Current Assets are lower than last year, as spend on major capital projects has been largely funded from University reserves. Receivable balances have fallen by £0.1m during the year, although student numbers have grown by 7% overall. Collections during the year have remained robust and system enhancements made in 2014/15 continue to ensure sound chase procedures are in place. The provision for bad debts has been reduced by £0.2m to reflect this. Current liabilities have fallen by £6.5m during the year, largely due to the release of £6.7m capital grants held at the end of 2015/16 which have now been released following the completion of associated building projects including £5m relating to the HEFCE STEM capital grant for the Sibson building. Other movements are due to the amount and timing of invoice payments across the year end.

The University's main pension schemes, Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL), are multi-employer schemes and continue to be accounted for as defined contribution schemes in accordance with current Financial Reporting Standards as the University is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The University's Balance Sheet recognises provisions for both schemes, to reflect the present value of the increased employer contributions being made to recover the deficits on both schemes, as reported in their 2014 actuarial valuations. It is highly likely that the results of the 2017 USS actuarial valuations will result in a requirement for additional deficit contributions which will substantially increase the value of the provision shown on the balance sheet. Full details of the pension schemes and their annual funding position can be found in Note 27 to the financial statements.

Capital expenditure and long-term borrowing

Capital expenditure amounted to £34.5m (2015/16: £51.3m) in the year, reflecting the ongoing investment in the University's estate and systems. The chart below provides a breakdown of expenditure against different elements of the capital programme over the past five years.

The capital programme for the next five years was agreed by the University's Council in June 2017 and has been developed in conjunction with the University's Estates Strategy. The associated funding strategy utilises current borrowing capacity whilst ensuring that borrowing costs remain affordable, in addition to the implementation of plans to grow surpluses and operational cash flow. As existing loans are repaid in forthcoming years, they will create capacity for additional borrowing to address new opportunities.

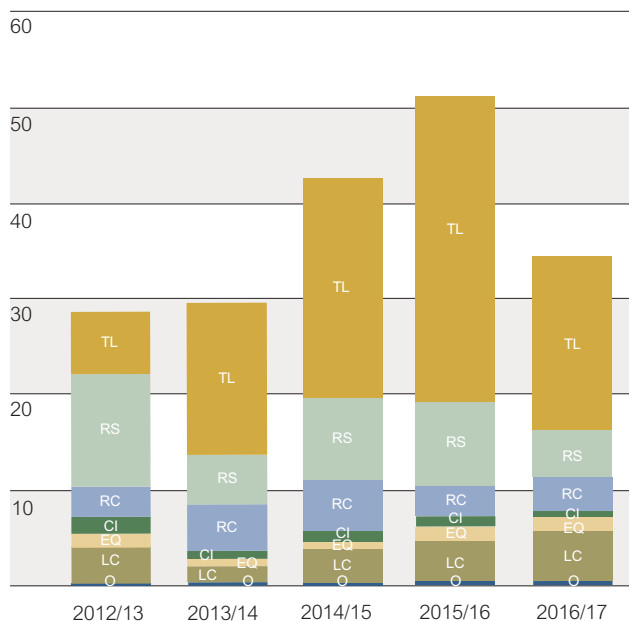
Long-term bank loan debt has fallen by £3.3m during the year as existing loans are repaid with borrowing levels down to 33.4% as a percentage of income (2016: 36.5%). A planned additional drawdown of £25m from the EIB was not taken during the year, although this facility remains in place and has now been drawn down.

CONTINUED OVERLEAF

STRATEGIC REPORT (CONT)

Capital expenditure 2012/13 – 2016/17

£m



- Major new teaching & learning facilities (TL)
- Refurbishment of academic, social & recreational spaces (RS)
- Refurbishment of residences & catering facilities (RC)
- Campus infrastructure improvements (CI)
- Academic school equipment (EQ)
- Library and computing equipment & University systems (LC)
- Other (O)

Future outlook and risks

The budgeted surplus of £2.6m set for 2017/18, with a projected EBITDA (as defined in the section "Financial Performance and Investment", above) of £23.9m (8.9% of income), is lower than the target set in the University's financial strategy and lower than the 2016/17 result. This reflects the on-going income and expenditure pressures as well as the significant investment made in past years to enhance the student experience and deliver a sound research performance, together with provision of new strategic investment to be made in-year of £4.7m. This investment will enable Kent to continue to deliver a highly-valued educational experience to our students and to deliver internationally recognised research outputs, while ensuring sound management and compliance with regulatory requirements. The strain on the University's financial position will become more apparent in the coming years, particularly in light of the recent Government announcement on the Home/EU fee income inflationary freeze. This will require the University to achieve further income growth from expansion or diversification or deliver additional efficiencies in its operating activities, if it is to remain on track with capital expenditure plans and the realisation of the Institutional Plan. It is likely to be a challenging time but the University enters into this period from a strong financial and

reputational base. Work is underway to determine how efficiencies and growth can best be achieved.

Major capital developments in 2017/18 to enhance the student experience and ensure sustainability for the future will reduce the level of cash reserves and in early 2017/18 we have drawn down the final £25m tranche of a loan facility to assist. Although cash levels will fall, the position is forecast to remain healthy, with cash reserves predicted at 65 days by July 2018, considerably higher than the minimum of 40 days in the University's financial strategy. Debt levels will increase to 41% of total income by July 2018, within the limits set by the financial strategy, and are then projected to fall over subsequent years as existing loans are repaid.

2017/18 has started well with provisional student registration data suggesting that Kent's reputation has ensured that it remains an attractive destination for Home and EU undergraduate students with target numbers being exceeded. However, despite a surge in Home Postgraduate admissions in 2016/17, caused in part by the introduction of improved national funding arrangements for students, the University does not expect to achieve its target for this student type in 2017/18. Work is underway to improve admissions in subsequent years. The market for international students is also increasingly competitive and although 2017/18 target levels should be met, the further aspirational growth envisaged in the University's plan will be extremely challenging. Early indications are that the budgeted surplus for 2017/18 remains achievable.

The next few years will see significant financial challenges as financial pressures continue to bite and the University is mindful to ensure good stewardship. Resources, including cash reserves, are being managed carefully so as to put the University into the best position for a challenging and uncertain future, whilst ensuring that the longer-term cost base of the University remains sustainable. A major change programme entitled Simplifying Kent is underway to focus services and processes to ensure they are delivered efficiently and effectively. Investment into academic schools, the library and IT services is being selectively made to ensure that students receive the best teaching, facilities and support throughout their time at Kent.

In addition to the above pressures, there are two highly specific significant challenges to future sustainability. The most immediate is the pressure on tuition fees. The inflationary award on the Home Undergraduate regulated fee to £9,250 for 2017/18 is welcome as it helps ensure that increases in the cost base can be covered by income. However, the Government has recently announced that fees will remain frozen at this level, and a review of funding will take place. If this situation continues without mitigation it will result in annual deficits being incurred and the resultant uncertainty until the review is concluded will require the university to exercise considerable caution in committing to current and future initiatives. This may prove damaging to Kent's development. The University is evaluating the impact of the announcement and will work with sector wide groups to ensure its views are heard in the review.

The other most significant risk to financial health is the obligations that may be placed on the University to address the deficit in the funding of the Higher Education Sector's main pension scheme, the Universities Superannuation Scheme (USS), which is currently consulting on the results of its March 2017 actuarial valuation. Further details regarding this are given at Note 27. The increased short-to-medium term risk to participating employers of having to make good any funding shortfall or further deterioration in the funding position is significant and the recovery plan to address this is likely to increase the value of this liability on

universities' balance sheets in 2017/18. Any additional employer contributions to address funding shortfalls will further reduce the University's ability to generate surplus cash and will erode our flexibility to address other uncertainties or take opportunities as they arise. Kent is engaging fully in the consultation process and will seek to ensure a suitable outcome.

We give below an overview of other most significant risks faced by Kent in the period to 2020 alongside the steps being taken to mitigate the impact. Much of this risk is not unique to Kent and is being experienced across the Higher Education Sector.

- The student recruitment environment is expected to remain intensely competitive for Home/EU students and those from overseas. This will be further exacerbated by a demographic reduction in the numbers of 18-24 year-olds in the UK until 2022/23, by tightening visa restrictions on overseas entrants and by the adverse political messages sent by the Brexit process. Although Kent has fared well overall in the 2017/18 recruitment round, the achievement of the University's strategic aims to grow postgraduate and overseas student numbers will prove increasingly challenging. Considerable activity in the UK, Europe and further afield is underway to clearly communicate the Kent brand, to ensure the needs of students are continually addressed and that the Kent experience is engaging, enriching and provides a good foundation for future life and career prospects.
- The implementation of the Brexit decision may impact on our ability to recruit EU students once the UK has left Europe, as they will face higher fees and reduced access to student loans. This is particularly of concern at Kent, the UK's European University, where EU admissions comprise 12% of the student population. Up to 20% of our staff are also from the EU and much of our research is conducted in partnership with European institutions. Kent is seeking to build on its reputation as the UK's European university and action is underway to ensure international relationships can continue to flourish and that Kent can engage globally with the academic community.
- Kent's goal to double the volume of research activity and achieve increased international recognition for its research by 2020 is ambitious. Research award levels have increased significantly since the Research Strategy was put in place but the full scale of planned growth will prove challenging in an increasingly competitive national and international environment. Work is underway to foster international research partnerships, to focus on quality and bidding for larger funds, to develop early career researchers and to ensure we retain those with strong research credentials. These initiatives, however, may still prove insufficient to deliver the planned growth in full.
- Increasing compliance burdens are being placed on the sector, at a time when financial pressures continue to be felt. Significant duties including those in relation to the Teaching Excellence Framework, UK Visa and Immigration requirements, data reporting and Competition and Market Authority guidance can prove onerous and add to the overall administrative burden. At Kent these risks are monitored regularly to ensure we can remain compliant.

Management of performance and risks

The University measures its performance in four key areas and reports annually on relevant key performance indicator (KPI) data to the University's Council. Super-KPIs have been established which focus on the three areas of the University's plan to 2020 (Academic profile and positioning, Education and Research performance) as well as Institutional Sustainability. Monitoring is performed over baskets of individual KPIs. Specific areas of sustainability assessed include student recruitment,

income diversity, financial sustainability, efficiency, adequacy of the estate and staff recruitment and retention.

Other areas monitored include sector positioning, student satisfaction, achieving employability, research income generation and research excellence. KPIs are measured against a benchmark peer group and in the case of financial KPIs, against the University's financial strategy and internally set targets. 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 HEFCE 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.

Areas of major risks to the University's Plan are identified and action plans put in place to address these. Progress against these plans and performance achieved is monitored and reported to the University's management team, Audit Committee and Council each term.

Going concern

After making appropriate enquiries, which include the review of medium term forecasts and the consideration of the availability of funding in this period, the Council considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements have been prepared on a going concern basis.

Conclusion

My predecessor as Vice-Chancellor, Professor Dame Julia Goodfellow, has ensured that Kent has established an excellent reputation for high quality teaching and research. During her time, Kent has expanded its student numbers, increased its European presence and continued to improve its league table standing, which recognises its excellent outcomes for students, high levels of student satisfaction and increasingly strong research credentials.

As Kent looks ahead to 2020 and seeks to deliver an ambitious strategic plan, there are significant challenges ahead. Key challenges include uncertainty over future funding, ongoing staff cost pressures, increased competition and the continuing impact of the Brexit process affecting the UK. There are however significant opportunities being explored which aim to build on the high levels of student satisfaction and to continue to deliver excellence across all our activities and in all our locations.

Kent enters this uncertain period from a strong position, financially and reputationally, and with great confidence.

It is a really exciting and challenging time ahead and I look forward to working with our students and staff and key stakeholders to continue to build a great university that draws on the strengths of our past achievements in order to help shape and develop our future.

Professor Karen Cox
Vice-Chancellor and President
29 November 2017



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.

Values

The University of Kent is committed to providing high quality teaching, scholarship and research for public benefit. It believes that this is best achieved by a collegial approach that engages and motivates its staff and students. It is committed to a wide participation in governance and management, as manifested by its approaches to budgetary devolution and planning as well as the organisation of its teaching and research.

The University is outward looking and is committed to working in partnerships with others, notably European and international institutions, to enrich its teaching and research. The University is committed to promoting equality, diversity and inclusivity among its staff, students and governors.

The University 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. 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. The agendas and minutes of Council meetings are published on the University's intranet 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 is made 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. Other members include representatives of the staff of the University and the student body. 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.

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 such as the Funding Council and legislation.

The Senate is the academic authority of the University and draws its membership (currently 49 members) 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 although due to the commitments of the then incumbent as President of Universities UK, this role was undertaken by the Senior Deputy Vice-Chancellor in 2016/17. 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 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 terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England (HEFCE), 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 of the House of Commons. 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

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (CONT)

shaping of the institutional ethos. The Senior Deputy and 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 four business meetings and one strategy meeting each academic year. Key activities in 2016/17 included the appointment of a new Vice-Chancellor, the consideration of redundancies arising from the closure of programmes in the School of Music and Fine Art, a Policy and Procedure for Senior Reward, capital investment in buildings and IT systems and the University's implementation of its duties under Prevent and its responsibilities to protect free speech within the law.

It has monitored institutional performance through Key Performance Indicators and in league tables. Council is committed to equality, diversity and inclusivity and it has approved an annual report. It has maintained an oversight of donations and fundraising through the consideration of the annual report from the Fundraising Coordination Committee.

Council 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 Higher Education Review of the University of Kent and authorised the Chair of Council and the Vice-Chancellor and President to sign the Annual Assurance Return.

Council has spent a considerable time discussing the higher education environment in 2016/17, particularly Government policy Higher Education and Research Act, the impact of the outcome of the EU referendum and the impact of all these developments on the University's academic objectives and long term financial sustainability. The aim of the discussion 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, HEFCE and other bodies. The Audit Committee conducted a review of its effectiveness in 2014/15 and also considered a review of the effectiveness of Internal Audit.

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. It has used a mixture of targeted recruitment and public advertisement to recruit new members.

The Remuneration Committee is responsible for considering the remuneration of the University's Vice-Chancellor and President, Senior Deputy and Deputy Vice-Chancellors and the Director of Finance. In fulfilling this responsibility it considers the outcomes of appraisal, performance against targets and benchmarking information against peer group institutions. The Committee reports to Council and provides a note of its methodology and the rationales for its decisions. The Committee recommended a new Policy and Procedure for Senior Reward to Council, which was subsequently approved.

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.

Effectiveness of Council and its committees

The Review for 2015/16 was led by an external consultant, David Allen OBE, former Registrar and Deputy Chief Executive of the University of Exeter. The overall conclusion of the Review was that: "The University starts from a high base. It is generally regarded as well governed, led and managed the Council is ambitious and there is an openness to consider new ways of doing things." The Review found the University to be substantially compliant with the Higher Education Code of Governance but identified three areas for further consideration.

- The Code suggests that universities 'might consider adopting a clear scheme of delegation'. The University has agreed a clear scheme of delegation;
- The Code requires that staff and student members of the governing body must not be routinely excluded from discussions. The Council has agreed not to use reserved business on a routine basis but will retain the possibility in case of unforeseen circumstances. There was no reserved business in 2016/17;
- The Code invites governing bodies to consider reviewing annual reports on the work of appropriate institutional committees in relation to ethics. Council has agreed to set up an Ethics Committee.

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 Memorandum of Assurance and Accountability with HEFCE. The Council's compliance with these responsibilities was subject to a Council Effectiveness Review in 2015/16. Actions in response to the review have been monitored by a Steering Group and have been completed.

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 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. Risks are monitored regularly so that any necessary remedial action can be taken. This process was in place for the year ended 31 July 2017 and up to the date of approval of the Financial Statements for 2016/17 and it accords with HEFCE guidance.

The Internal Audit Annual Report for 2016/17 provided an overall opinion that stated that the University maintained "adequately designed and effective arrangements for risk management, control and governance, and economy, efficiency and effectiveness." This was qualified as follows: "In our opinion controls over the University's financial, operational and strategic processes are adequately designed and operating effectively, apart from those related to financial administration of European Centres and overseas travel (risk

assessments and achieving VFM on the travel contract) where we can only provide limited assurance, and where audit recommendations relating to prior year remain ongoing and therefore management have yet to address the associated risks."

The outstanding priority 1 recommendation from the prior year was regarding immigration controls for overseas visitors and an update was provided to the Audit Committee in October 2017 to confirm that the launch of the new application process would be completed within Autumn Term 2017.

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 2015-2020 (and may be seen on the University's website). This new Plan was approved by Council on 15 October 2015 and Council have closely monitored progress towards its objectives;
- Council meets regularly to consider strategic, policy and oversight matters. These include the annual approval of a Risk Register (based on the institutional Plan and compiled on an objective scoring basis); the annual report on risk management 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 her 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, based on risk assessment, 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 and Operational Plan is regularly reviewed and flexed to address any issues that may arise;
- The Audit Committee meets 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 all risks, including those of governance, management and regulatory compliance, financial control and stability, competitive academic provision and student recruitment, student experience, research, enterprise and innovation, human resource management, estates infrastructure, brand management, institutional projects and business continuity in its complete Risk Register, 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. Risks are identified and scored by Risk Owners (University Directors and Managers) annually as part of a "bottom up" consultation process and meetings are also held with members of Executive Group to review and moderate the output of the "bottom up" exercise and to identify key themes and any new or emerging risks. All risks are mapped against the University's Mission Critical Areas and the Key Messages in the University's 2015-2020 Strategic Plan. Once drafted, the Risk Register is reviewed by Executive Group, Audit Committee and then approved by Council, usually at its Summer Term meeting (on 30 June 2017 in 2016/2017).

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (CONT)

- The Significant or Contingency Risks for the year are subject to Risk Owner action plans, termly performance monitoring and re-scoring to ensure that exposure is mitigated to a level that conforms to the University's Risk Appetite. Risk Owners are also given the opportunity to update the overall Register each term in response to changes within the year; a new Risk was added to the Register in Autumn Term 2017, Risk No 383 "Management practices may not meet UK Visa & Immigration requirements for visitors requiring a visa" and three risks were removed from the termly reporting cycle during the Spring Term update. Termly reports are reviewed by Executive Group and Audit Committee.
- The heads of academic schools and professional service departments are responsible for the identification and management of risks and the achievement of value for money in their areas of operation on a day-to-day basis and in relation to future plans.

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 and from HEFCE. The last includes the outcomes of HEFCE's Annual Provider Review 2016/17 which indicated that, regarding financial sustainability, good management and governance matters the University was "not at higher risk", and regarding quality and standards matters, the University "meets requirements". Council's assessment that the University's internal control was sound for 2016/17 and to the date of its approval of these Financial Statements is hereby confirmed for the record.

Signed on behalf of the University of Kent on 29 November 2017 by:

Sir David Warren
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 2015) published in March 2014 and any subsequent amendments and the HEFCE Accounts Direction.

In addition, within the terms and conditions of HEFCE's Memorandum of Assurance and Accountability (July 2017) agreed between the Higher Education Funding Council for England (HEFCE) and the Council of the University, the Council, through its accountable officer (the Vice-Chancellor), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the 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;
- Judgments 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.

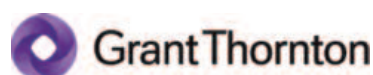
The Council has taken reasonable steps to:

- Ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the HEFCE Memorandum of Assurance and Accountability (July 2017) and any other conditions which HEFCE 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, heads of academic schools and professional service departments;
- 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



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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 2017 which comprise the Consolidated and University statement of Comprehensive Income and Expenditure, the Consolidated and University statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2017, 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; and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

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.

Who we are reporting to

This report is made solely to the University's Council, as a body, in accordance with the Charter and Statutes 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Council, as a body, for our audit work, for this report, or for the opinions we have formed.

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.

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 1-35, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information 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

Continued overleaf



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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 HEFCE's Memorandum of assurance and accountability dated July 2017

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 HEFCE have been applied in accordance with the Memorandum of assurance and accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Responsibilities of the Council for the financial statements

As explained more fully in the Statement of responsibilities of the Council set out on page 35, 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. This description forms part of our auditor's report.

Grant Thornton UK LLP
 Statutory Auditor, Chartered Accountants, London

29 November 2017

CONSOLIDATED & UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 JULY 2017

	Note	Consolidated & University	
		2016/17 £000	2015/16 £000
Income			
Tuition Fees & Education Contracts	1	161,320	155,468
Funding Council Grants	2	34,875	28,884
Research Grants & Contracts	3	16,686	17,019
Other Income	4	52,810	50,706
Investment Income	5	618	735
Total Income before Donations & Endowments		266,309	252,812
Donations & Endowments received	6	778	971
Total Income		267,087	253,783
Expenditure			
Staff Costs	7	138,660	135,446
Other Operating Expenses	9	87,296	85,521
Depreciation	12	21,046	22,606
Interest & Other Finance Costs	8	4,159	4,098
Total Expenditure		251,161	247,671
Surplus before other gains / (losses)		15,926	6,112
Gain on Investments		511	153
Surplus before tax		16,437	6,265
Taxation	10	-	(203)
Surplus for the Financial Year		16,437	6,062
Actuarial (loss)/gain in respect of pension schemes		-	-
Total comprehensive income for the year		16,437	6,062
Represented by:			
Endowment comprehensive income for the year		332	386
Restricted comprehensive income for the year		42	43
Unrestricted comprehensive income for the year		16,063	5,633
		16,437	6,062

All income and expenditure recognised above relates to continuing operations.

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2017

	Statement of Comprehensive Income and Expenditure			
	Endowment	Restricted	Unrestricted	Total
	£000	£000	£000	£000
Consolidated				
Balance at 1 August 2015	4,810	359	283,497	288,666
Surplus for the year	746	157	5,159	6,062
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(360)	(114)	474	-
Total comprehensive income for the year	386	43	5,633	6,062
Balance at 1 August 2016	5,196	402	289,130	294,728
Surplus for the year	803	173	15,461	16,437
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(471)	(131)	602	-
Total comprehensive income for the year	332	42	16,063	16,437
Balance at 31 July 2017	5,528	444	305,193	311,165

	Statement of Comprehensive Income and Expenditure			
	Endowment	Restricted	Unrestricted	Total
	£000	£000	£000	£000
University				
Balance at 1 August 2015	4,810	359	283,462	288,631
Surplus for the year	746	157	5,159	6,062
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(360)	(114)	474	-
Total comprehensive income for the year	386	43	5,633	6,062
Balance at 1 August 2016	5,196	402	289,095	294,693
Surplus for the year	803	173	15,461	16,437
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(471)	(131)	602	-
Total comprehensive income for the year	332	42	16,063	16,437
Balance at 31 July 2017	5,528	444	305,158	311,130

BALANCE SHEETS

AS AT 31 JULY 2017

	Note	Consolidated		University	
		2017 £000	2016 £000	2017 £000	2016 £000
Non-current assets					
Tangible Fixed Assets	12	404,074	390,633	404,074	390,633
Fixed Asset Investments	14	65	65	65	65
		404,139	390,698	404,139	390,698
Current assets					
Stocks		800	803	800	803
Trade & Other Receivables	15	17,398	17,469	17,398	17,469
Current Asset Investments	16	24,232	23,599	24,232	23,599
Cash & Cash Equivalents		29,520	40,812	29,487	40,684
		71,950	82,683	71,917	82,555
Creditors: amounts falling due within one year	17	(47,226)	(53,717)	(47,228)	(53,624)
Net current assets		24,724	28,966	24,689	28,931
Total assets less current liabilities		428,863	419,664	428,828	419,629
Creditors: amounts falling due after more than one year	18	(91,937)	(96,435)	(91,937)	(96,435)
Provisions					
Pension Provisions	19	(25,511)	(28,366)	(25,511)	(28,366)
Other Provisions	19	(250)	(135)	(250)	(135)
		(25,761)	(28,501)	(25,761)	(28,501)
Net assets		311,165	294,728	311,130	294,693

	Note	Consolidated		University	
		2017 £000	2016 £000	2017 £000	2016 £000
Restricted reserves					
Endowment reserves	20	5,528	5,196	5,528	5,196
Restricted reserves	21	444	402	444	402
		5,972	5,598	5,972	5,598
Unrestricted reserves					
General Reserve		305,193	289,130	305,158	289,095
Total reserves		311,165	294,728	311,130	294,693

The financial statements on pages 38 to 61 were approved by the Council on 29 November 2017 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,
Director of Finance

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	Note	2016/17 £000	2015/16 £000
Cash Flow from Operating Activities			
Surplus for the year		16,437	6,062
Adjustment for non-cash items			
Depreciation	12	21,046	22,606
(Gain) on investments		(511)	(153)
Decrease/(increase) in stock		3	136
Decrease/(increase) in debtors	15	60	(864)
Increase/(decrease) in creditors	17/18	1,610	1,424
Increase/ (decrease) in pension provision	19	(2,855)	2,747
Increase/ (decrease) in other provisions	19	115	-
Adjustment for investing or financing activities			
Investment income	5	(618)	(735)
Interest payable	8	3,642	3,326
Endowment income	20	(291)	(527)
Capital grant income	2/4	(9,044)	(2,246)
Net cash inflow from operating activities		29,594	31,776
Cash flows from investing activities			
Capital grant receipts		2,336	6,100
Investment income	5	629	741
Payments made to acquire fixed assets	12	(36,826)	(49,667)
New non-current asset investments	14	-	-
New deposits		(122)	(389)
		(33,983)	(43,215)
Cash flows from financing activities			
Interest paid	8	(3,891)	(4,154)
Endowment cash received	20	291	527
New unsecured loans	18	-	-
Repayments of amounts borrowed		(3,303)	(3,086)
		(6,903)	(6,713)
(Decrease)/increase in cash and cash equivalents in the year		(11,292)	(18,152)
Cash and cash equivalents at beginning of the year		40,812	58,964
Cash and cash equivalents at end of the year		29,520	40,812

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

A Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting for Further and Higher Education 2015 and in accordance with applicable Financial Reporting Standards (FRS 102).

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

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

B 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.

C 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 from Government sources are recognised as income within the Consolidated Statement of Income and Expenditure in line with the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred it is retained as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to receive the income and performance related conditions have been met. Any income received in advance of these conditions being met is retained as deferred income within creditors.

Donations and endowments

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

Donations and endowments with 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 entitled to them. This income is held within a restricted reserve until such time that expenditure is incurred in line with the restrictions. This income is then released to unrestricted reserves through a reserve transfer.

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

Investment income

Income from short-term deposits and current asset investments is credited to income in the period in which it is earned.

Capital grants

Grants received from any sources 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, including Residences and Catering, is recognised within the Consolidated Statement of Comprehensive Income and Expenditure in the period within which it is earned.

D 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 and Expenditure. Any commissions received in this respect are credited to the Consolidated Statement of Comprehensive Income and Expenditure as earned.

E Maintenance of premises

The University has a long-term rolling maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the Consolidated Statement of Comprehensive Income and Expenditure as incurred.

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 and Expenditure 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 employees render service to the University. A liability is recognised at each balance sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as Staff Costs in the Consolidated Statement of Comprehensive Income and Expenditure.

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, the University therefore accounts for the scheme as if it were a wholly defined contribution scheme.

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. 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 and Expenditure represents the contributions payable to the schemes in respect of the accounting period. Informal reviews of the position of the schemes are carried out between formal valuations.

A provision is recorded on the Balance Sheet for any contractual commitment to fund past deficits within the multi-employer schemes as determined by the scheme management. The associated expense is recognised in the Consolidated Statement of Comprehensive Income and Expenditure in the year in which the deficit recovery plan is agreed.

The amount charged to the Consolidated Statement of Comprehensive Income and Expenditure represents the total contributions payable to the scheme in respect of the accounting period, less the unwinding of the provision for deficit recovery plans held on the Balance Sheet over the period of the recovery plan.

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 together with subsequent refurbishment expenditure 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. 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.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

Capitalised equipment is depreciated over its useful economic life as follows:

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

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

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.

Current asset 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.

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

J Stocks

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

K Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a 'charitable company' within the meaning of Paragraph 1 of Schedule 6 of the Finance Act 2010. Accordingly, the University is potentially eligible for exemption from taxation in respect of income or capital gains received within categories covered by section 471 and sections 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 only to charitable purposes of the University and the extent to which any such exemption is not disapplied by Section 492 of the CTA 2010 in respect of any 'non-exempt amount' arising from non-primary purpose trading.

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.

Corporation tax is payable on the Research and Development Expenditure Credits (RDEC) under measures enacted through Schedule 15 of the Finance Act 2013.

The University receives no similar exemption in respect of VAT. Irrecoverable VAT incurred is included in the costs of the respective expenditure; this also applies for that incurred on the purchase of tangible fixed assets.

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

L Liquid resources

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 and other instruments held as part of the University's treasury management activities.

Cash deposits with recognised banks and building societies with a duration of 3 months or less invested in accordance with the University's Cash Management Policy are treated as cash equivalents in the University and Consolidated Balance Sheets. Cash deposits with a duration of more than 3 months invested in accordance with the University's Cash Management Policy are treated as Current Asset Investments in the University and Consolidated Balance Sheets.

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.

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 and Expenditure 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 and Expenditure 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 and Expenditure 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 stated 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 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 and Expenditure.

P Reserves

Reserves are allocated between Restricted and Unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund to perpetuity.

Other restricted reserves include balances through which 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.

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 13.

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 12.

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 impairment. Further information on the basis of the valuation and the impact on the financial statements can be seen in Note 12.

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 and SAUL. 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. The University is satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plans in existence at the date of approving the financial statements.

Management's estimate of the defined benefit obligations for the USS and SAUL pension schemes is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rates and anticipation of future salary increases. Variations in these assumptions may significantly impact the defined benefit obligation amounts and the annual defined benefit expenses. See note 27 for further details.

NOTES TO THE ACCOUNTS

1 Tuition fees and education contracts

	2016/17 £000	2015/16 £000
Full-time Home & EU Students	118,054	113,076
Full-time International Students	36,911	36,286
Part-time Fees	2,860	2,582
Research Training Support Grants	1,813	1,901
Short Course Fees	1,682	1,623
	161,320	155,468

2 Funding council grants

	2016/17 £000	2015/16 £000
Recurrent Grant		
Higher Education Funding Council	25,617	24,995
Capital Grants (CIF)	2,226	2,071
Specific Grants		
Skills Funding Agency	214	-
All Other Grants	1,818	1,818
Capital Grant (HEFCE STEM)	5,000	-
	34,875	28,884

3 Research grants and contracts

	2016/17 £000	2015/16 £000
Research Councils	7,160	7,067
UK Based Charities	1,843	1,572
UK Industry & Commerce	405	399
Government (UK & EU)	6,441	7,137
Other Grants and Contracts	837	844
	16,686	17,019

In 2015/16 income from UK Government included £949k in relation to the one-off recovery of Research & Development Expenditure Credits (RDEC) from HMRC. The associated corporation tax cost is shown in Note 10.

4 Other income

	2016/17 £000	2015/16 £000
Residences, Catering & Conferences	35,595	34,244
Other Income Generating Activities	6,605	7,519
Other Revenue Grants	4,029	3,928
Capital Grants (non-HEFCE)	1,818	175
Other Income	4,763	4,840
	52,810	50,706

'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.

5 Investment income

	2016/17 £000	2015/16 £000
Investment Income on Endowments	176	124
Other Investment Income	245	218
Other Interest Receivable	197	393
	618	735

6 Donations and Endowments received

	2016/17 £000	2015/16 £000
New Endowments	291	527
Donations with Restrictions	173	157
Unrestricted Donations	314	287
	778	971

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:

	2016/17 Avge FTE No.	2015/16 Avge FTE No.
Academic Staff	819	805
Research Staff	174	157
Teaching only Staff *	51	-
Academic Related Staff	532	527
Clerical Staff	680	672
Manual & Ancillary	434	417
Technical	143	117
	2,833	2,695

*Teaching only staff relates to postgraduate students who are also paid a salary for the provision of teaching services to undergraduate students. These have previously been included in the total for staff paid by timesheet (180 of the 697 total reported FTE).

The above figures exclude 271 FTE (2015/16: 697 FTE) in relation to employees classified as Casual workers that are paid by timesheet. The reduction in year relates partly to the change in treatment for teaching only staff now shown above, but also includes a change in the way that average FTE is calculated for hourly paid staff.

	2016/17 £000	2015/16 £000
Staff Costs for the above persons:		
Wages & Salaries	112,256	107,648
Social Security Costs	11,352	9,362
Other Pension Costs (Note 27)	18,181	15,871
Movement in Pension Deficit Recovery Plan Provision	(3,372)	2,356
Restructuring Costs	243	209
	138,660	135,446

The Restructuring Costs relate entirely to early retirements and redundancy payments arising from major restructuring of University activities arrangements.

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. The associated finance cost is shown in note 8.

	2016/17 £000	2015/16 £000
Staff Costs by Department:		
Academic Departments	80,996	76,026
Academic Services	9,905	10,470
Research Grants & Contracts	8,070	7,118
Administration & Central Services	26,037	22,838
Residences & Catering	9,821	9,264
Premises	5,617	5,152
Pension provision movements	(3,372)	2,356
Other	1,343	2,013
Sub-total	138,417	135,237
Restructuring Costs	243	209
Total Staff Costs by Department	138,660	135,446

7 Staff costs (cont)

Total Emoluments for the Vice-Chancellor (Professor Dame Julia Goodfellow):

	2016/17 £000	2015/16 £000
Salary	299	279
Performance-related bonus	25	-
Pension	-	-
Total Emoluments for the Year	324	279

The emoluments of the Vice-Chancellor are determined by the Remuneration Committee which takes into account performance during the year and data from comparable institutions. Due to the impact of changes in the Finance Act in 2012/13 to restrict tax relief on pension contributions that exceed either an annual allowance or a maximum life-time allowance, some members of the Executive Group, including the Vice-Chancellor, have opted out of the USS pension scheme. To ensure equality with other members of staff and maintain benefits at an equivalent level, it has therefore been agreed that remuneration for 2013/14 onwards for those staff will be on a constant emoluments basis meaning that an amount equivalent to the employer's pension contribution that would have been paid is now added to gross salary. For the Vice-Chancellor, this amounted to £36,830 (2015/16: £34,417).

Remuneration of other Higher Paid Staff, excluding employer's pension contributions and other equivalent payments:

	2016/17 No.	2015/16 No.
£100,000 - £109,999	12	11
£110,000 - £119,999	5	5
£120,000 - £129,999	5	3
£130,000 - £139,999	1	1
£140,000 - £149,999	-	1
£150,000 - £159,999	-	-
£160,000 - £169,999	-	-
£170,000 - £179,999	2	2
£180,000 - £189,999	1	-

A payment of £30,000 (2015/16: £Nil) was made to one Higher Paid member of staff during the year in relation to an early retirement.

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.

	2016/17 £000	2015/16 £000
Key management personnel compensation	1,166	1,086

The Executive Group of the University of Kent consists of six people including the Vice-Chancellor

8 Interest and other finance costs

	2016/17 £000	2015/16 £000
Interest on Bank Overdrafts	-	-
Loan Interest	3,877	4,124
Pension Scheme Finance Costs	517	772
Less: Capitalised Interest (Note 12)	(235)	(798)
	4,159	4,098

NOTES TO THE ACCOUNTS (CONT)

9 Other operating expenses

	2016/17 £000	2015/16 £000
Academic Departments	12,722	12,777
Academic Services	8,752	8,461
Research Grants and Contracts	4,337	4,618
Bursary Payments to Students	15,724	17,205
Administration	13,203	12,365
Residences & Catering	16,794	16,106
Premises	14,548	12,442
Other Expenses	1,216	1,547
	87,296	85,521
Other Operating Expenses include:		
Auditors' Remuneration for audit services for the year	69	84
Auditors' Remuneration for prior year audit services recognised in the current year	27	-
Auditors' Remuneration for non-audit services for the year	44	20
Auditors' Remuneration for prior year non-audit services recognised in the current year	12	-
Operating Lease Rentals:		
Land and Buildings	1,049	900
Other	288	310
	1,489	1,314

Total Auditors Remuneration in respect of non-audit services in 2016/17 includes a one-off fee of £42k for an additional audit of US GAAP compliant financial statements in relation the compliance requirements for US student loans.

The analysis of other operating expenses shown above for 2015/16 has been restated to show the results of the HESA return for that year. All movements between categories are less than £0.5m and there has been no change to total costs.

10 Taxation

	2016/17 £000	2015/16 £000
UK Corporation Tax payable on RDEC	-	203

The University had a Corporation tax liability in 2015/16 in relation to the one-off recovery of Research & Development Expenditure Credit (RDEC) from HMRC. There is no corporation tax payable in relation to operations.

11 Surplus on operations for the year

The Surplus on Operations for the Year is made up as follows:

	2016/17 £000	2015/16 £000
University Surplus for the Year	16,437	6,062
Surplus generated by subsidiary companies	-	-
Consolidated Surplus for the Year	16,437	6,062

Details of the University's subsidiary companies can be found in Note 14.

12 Tangible fixed assets

	Consolidated & University				
	Land and Buildings £000	Service Concession Arrangement Assets £000	Assets Under Construction £000	Equipment and Systems £000	Total £000
Cost or Valuation					
At 1 August 2016	445,559	10,172	41,361	26,349	523,441
Additions	12,451	-	-	9,104	21,555
Assets under construction	-	-	12,932	-	12,932
Transfers	37,522	-	(37,522)	-	-
Disposals	(3,487)	-	-	(1,884)	(5,371)
At 31 July 2017	492,045	10,172	16,771	33,569	552,557
Depreciation					
At 1 August 2016	119,716	782	-	12,310	132,808
Charge for the Year	15,615	173	-	5,258	21,046
Disposals	(3,487)	-	-	(1,884)	(5,371)
At 31 July 2017	131,844	955	-	15,684	148,483
Net Book Value					
At 31 July 2017	360,201	9,217	16,771	17,885	404,074
At 1 August 2016	325,843	9,390	41,361	14,039	390,633
Financed by:					
Capital Grant	41,523	-	4,536	651	46,710
Other	318,678	9,217	12,235	17,234	357,364
	360,201	9,217	16,771	17,885	404,074

Land was acquired both by gift and purchase (historic cost of £5.8m) and is stated at a valuation of £133.2m (2016: £133.2m) 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 is included in the Balance Sheet at this valuation, which has been taken forward as deemed cost under the exemption on transition to FRS102 and the excess of the valuation over original cost has been taken to the General Reserve. As at 31 July 2017 a review of property values has found no indications of impairment as defined in section 27 of FRS102.

Interest of £0.2m on loans used to finance the construction of buildings has been capitalised in the year (Note 8). This interest relates to the loan received during 2014/15 and is based on a fixed interest rate of 2.55%. Total interest capitalised to date, included in the cost of Land and Buildings, amounts to £2.3m at 31 July 2017 (2016: £2.1m).

Disposals in the year relate to the removal of fully depreciated assets, which are no longer in use, from both cost and accumulated depreciation.

During 2015/16 the University applied full component lives to its buildings, which more accurately reflects the pattern of wear for these assets. In previous years all buildings were depreciated over an aggregate life of 50 years as the component information was not available at that time. This resulted in an additional one-off depreciation charge of £5.6m in the 2015/16 year.

NOTES TO THE ACCOUNTS (CONT)

13 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.

14 Fixed asset investments

	Consolidated & University	
	2017	2016
	£000	£000
Cost of Investment in Subsidiary Companies	-	-
Cost of Investment in Other Companies (Incl. Spin-Out Companies)	65	65
	65	65

During the year the University made a Joint Venture investment in KM Television Ltd, a jointly controlled entity with the KM Group. The University holds 74% of the share capital in this Joint Venture, at a value of £74. Control of the entity is shared equally by the University and KM Group.

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	
Kent Management School Limited	100% owned	Dormant
Kent Property Services Limited	100% owned	Dormant
Summer Academy Limited	100% owned	Dormant

15 Trade & other receivables

	Consolidated		University	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts falling due within one year:				
General Receivables	9,928	9,550	9,928	9,550
Research Grants and Contracts	1,934	2,000	1,934	2,000
Prepayments & Accrued Income	5,536	5,919	5,536	5,919
	17,398	17,469	17,398	17,469

16 Current asset investments

	Consolidated & University	
	2017	2016
	£000	£000
Short-term investment in shares	7,744	7,099
Short-term bonds	191	196
Short-term deposits	16,297	16,304
	24,232	23,599

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.

17 Creditors: amounts falling due within one year

	Consolidated		University	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank Loans Due for Repayment (Note 18)	4,365	3,303	4,365	3,303
Research Grants Received on Account	6,900	6,186	6,900	6,186
Deferred Income	12,961	19,707	12,961	19,707
Creditors & Accrued Liabilities	17,398	19,141	17,400	19,048
Taxation and Social Security	5,602	5,380	5,602	5,380
	47,226	53,717	47,228	53,624

Deferred Income

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

	Consolidated		University	
	2017	2016	2017	2016
	£000	£000	£000	£000
Capital Grants	-	6,708	-	6,708
Other Grant income	4,905	5,747	4,905	5,747
	4,905	12,455	4,905	12,455

NOTES TO THE ACCOUNTS (CONT)

18 Creditors: amounts falling after more than one year

	Consolidated		University	
	2017 £000	2016 £000	2016 £000	2016 £000
Mortgages secured on University Buildings	39,286	42,589	39,286	42,589
Unsecured Bank Loans	50,000	50,000	50,000	50,000
Less: Loans repayable within one year	(4,365)	(3,303)	(4,365)	(3,303)
	84,921	89,286	84,921	89,286
Other Long-Term Liabilities	7,016	7,149	7,016	7,149
	91,937	96,435	91,937	96,435
Payable as follows:				
Due between one and two years	5,609	4,499	5,609	4,499
Due between two and five years	17,550	17,779	17,550	17,779
Due after five years	68,778	74,157	68,778	74,157
	91,937	96,435	91,937	96,435
Lender	Amount £000	Interest rate (%)	Term (years)	Maturity Date
RBS Group	8,930	8.8	25	Jan 2022
RBS Group	7,752	6.0	25	Nov 2028
RBS Group	12,334	5.3	25	Oct 2030
Lloyds	10,270	5.5	24	Jun 2029
European Investment Bank	50,000	2.6	25	Mar 2040
	89,286			

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

19 Provisions for liabilities

	Obligation to fund deficit on USS/SAUL £000	Other Pension £000	Total Pension £000	Consolidated and University		
				Restructuring £000	Other £000	Total other £000
Balance at 1 August 2016	28,316	50	28,366	135	-	135
Utilised in the Year	(2,169)	-	(2,169)	(135)	-	(135)
Additions in Year	(686)	-	(686)	-	250	250
Balance at 31 July 2017	25,461	50	25,511	-	250	250

Pension Deficit

The obligation to fund past deficits on the University's Superannuation Scheme (USS) and The Superannuation Arrangements of the University of London (SAUL) arises from the contractual obligation with these pension schemes for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS and SAUL schemes and salary payment over the period of the contracted obligation in assessing the value of this provision.

The obligation to fund the deficit recovery plan on each of these pension schemes can be split as follows:

	2017 £000	2016 £000
USS	24,754	26,796
SAUL	707	1,520
	25,461	28,316

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.

The Restructuring Provision related to the estimated costs of early retirement and voluntary severance arrangements agreed at the year-end in relation to organisational restructures. The amount provided was based on agreed terms under individual arrangements and was fully utilised during the year. No new provision is required at 31 July 2017.

The Other Provision relates to an estimate of the potential liability to Kent in connection with a legal claim for injury compensation. This case is ongoing.

NOTES TO THE ACCOUNTS (CONT)

20 Endowment reserves

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Consolidated and University	
					2017 Total £000	2016 Total £000
Balance at 1 August						
Capital	526	590	1,116	3,584	4,700	4,237
Accumulated Income	-	237	237	259	493	573
	526	827	1,353	3,843	5,196	4,810
New Endowments	-	3	3	288	291	527
Investment Income	12	26	38	138	176	124
Expenditure	(12)	(26)	(38)	(433)	(471)	(360)
Increase in Market Value of Investments	52	73	125	211	336	95
Total endowment comprehensive income for the year	52	76	128	204	332	386
Balance at 31 July	578	903	1,481	4,047	5,528	5,196
Represented by:						
Capital Value	578	666	1,244	3,846	5,090	4,700
Accumulated Income	-	237	237	201	438	496
	578	903	1,481	4,047	5,528	5,196
Analysis by Purpose						
Chairs & lectureships	-	642	642	911	1,553	1,544
Student financial support	-	71	71	1,582	1,653	1,360
Prize funds	-	6	6	235	241	205
Other	578	184	762	269	1,031	978
Capital initiatives	-	-	-	1,050	1,050	1,109
	578	903	1,481	4,047	5,528	5,196
Analysis by Asset						
Equities					4,149	3,184
Bonds					191	173
Cash & Short term deposits					1,188	1,839
					5,528	5,196

21 Restricted reserves

	Revenue Grants £000	Donations £000	Consolidated and University	
			2017 Total £000	2016 Total £000
Balance at 1 August	39	363	402	359
New Grants	-	-	-	-
New Donations	-	173	173	157
Expenditure	-	(131)	(131)	(114)
Balance at 31 July	39	405	444	402
			2017 £000	2016 £000
Analysis by Purpose				
Scholarships and bursaries			344	311
Research support			34	39
Prize funds			39	33
Other			27	19
			444	402

22 Capital commitments

	Consolidated and University	
	2017 £000	2016 £000
Contractual Commitments at 31 July	23,608	15,575

23 Financial commitments

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

	Land & Buildings £000	Other £000	Consolidated and University	
			2017 Total £000	2016 Total £000
Paid during year	1,049	288	1,337	1,210
Payable within one year	961	232	1,193	957
Payable within two and five years inclusive	2,820	240	3,060	2,438
Payable after five years	4,581	-	4,581	763
	8,362	472	8,834	4,158

24 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 2016/17 financial year this payment amounted to £95k (2015/16 £93k).

Cross-guarantees

On the 23 June 1993 the University entered into a cross guarantee for the indebtedness of Kent Enterprise Limited in favour of National Westminster Bank Plc. This guarantees that the University will underwrite the current account of Kent Enterprise Limited in the event of an overdraft. The University has reviewed this in the light of current activity within Kent Enterprise Limited and considers it to be unlikely that this guarantee will be called upon.

NOTES TO THE ACCOUNTS (CONT)

25 Related party transactions

GOETEC Limited (formerly Kent Man Limited)

The University is one of five partners in GOETEC Limited, a company formed on 1 April 2002 and limited by guarantee, maintaining micro-wave radio links between Higher Education Institutions in Kent. In the year to 31 July 2017 the University received £nil (2015/16: £2,500) from GOETEC Limited and paid GOETEC Limited £7,390 (2015/16: £7,609), with no balance outstanding at the year-end (2015/16: £Nil).

Council members: expenses and related party transactions

During the 2016/17 financial year expenses totalling £1,367 (2015/16: £15,866) were paid to 6 members of Council while acting in their role as Trustees (2015/16: 12 members). The total cost in 2015/16 includes £12,087 which was incurred on behalf of all Council members as a result of holding a council meeting at the University's new facilities at the Brussels campus. 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 summarises the transactions made in the financial year with these related parties:

	Payments due during 2016/17 £	Payments receivable during 2016/17 £	Net balance due (from)/to at 31 July 2017 £
British Academy	230	-	-
Brompton Academy	3,257	67	271
Canterbury City Council	15,132	-	773
Canterbury College	270,193	1,042	417
Canterbury Festival Board	11,119	-	-
Chartered Management Institute	45,512	-	-
Co-Operative Group Ltd	1,800	-	-
HESA	27,020	-	636
Higher Education Policy Institute	2,400	-	-
Kent Union	2,096,629	4,637,279	(330,525)
KM Television Ltd	90,960	-	-
Longfield Academy Trust	500	-	-
Medway Council	66,552	-	-
Mid Kent College	13,287	-	120
Open Network South East Region	51,787	1,203	(251)
The Place	-	50,415	-
Turner Contemporary	750	-	-
Universities UK	37,030	184	32,358
Visit Kent	11,069	-	-

26 Linked charities

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

27 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:

	2016/17 £000	2015/16 £000
Contributions to USS	13,703	12,186
Contributions to SAUL	4,473	3,623
Contributions to Other Schemes	5	62
Total Pension Cost (Note 7)	18,181	15,871

The 2015/16 contributions to 'Other Schemes' includes £35,333 additional pension contributions payable to a local government pension scheme primarily in respect of past service performed. The one remaining active member of staff in this scheme retired during the year 2015/16 and the University exited the scheme in that year, making a final payment of £609,000. No future contributions are expected to be payable to this scheme.

USS Pension Scheme

The total pension cost for the University charged to the Statement of Comprehensive Income in the year 2016/17 was £13,702,667 (2015/16: £12,185,837). This includes £1,156,298 (2016: £1,082,030) 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 2016/17 the percentage was 18% (2015/16: 18%).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since the University cannot identify its share of the scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.3%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.41%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ['light'] YoB tables – No age rating
Female members' mortality	99% of S1NA ['light'] YoB tables – rated down 1 year

NOTES TO THE ACCOUNTS (CONT)

27 Pension schemes (cont)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males (Females) currently aged 65	24.4 (26.6)	24.3 (26.5)
Males (Females) currently aged 45	26.5 (29.0)	26.4 (28.8)
Existing Benefits	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Funding updates are provided in the USS 2017 Report and Accounts for the financial year ended 31 March 2017, 2016 and 2015. These are based on projecting forward the assumptions applied in the 2014 actuarial valuation, updated for investment returns and changes to market conditions, the results of these updates are:

	Actuarial Valuation 2014	Funding Update 2015	Funding Update 2016	Funding Update 2017
Value of assets (£bn)	41.6	49.1	49.8	60.0
Value of liabilities (£bn)	46.9	57.3	59.8	72.6
Deficit (£bn)	5.3	8.2	10.0	12.6
Funding ratio	89%	86%	83%	83%

This is primarily due to a continued decline in the real yield on government bonds, leading to an increase in the value of the scheme's liabilities and offsetting some strong performance in the scheme's investments against its benchmark.

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 and is contracted-out of the Second State Pension (prior to April 2016).

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 either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section was closed from March 2016 and all Members will build up benefits on a CARE basis from 1 April 2016.

27 Pension schemes (cont)

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.

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 2014. 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 November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions has, therefore, increased from 13% of salaries to 16% with effect from 1 April 2016. The defined benefit liability to be recognised by the University in respect of the deficit contributions due to SAUL (ie the present value of the deficit contributions) is £1.5m as at 31 March.

This liability is based on a projection of salaries over the period to 31 March 2018.

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 £1.9bn representing 97% of the liabilities for benefits accrued up to 31 March 2014.

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 (ie Cash amounts) in accordance with paragraph 28.11 of FRS102.

The SAUL pension cost for the University was £4,473,134 (2015/16: £3,622,658). This includes £424,561 (2016: £404,473) outstanding contributions at the balance sheet date.

A Funding Review carried out by SAUL's actuary as at 31 March 2016, showed that although the scheme's assets had increased to £2.5bn following better than expected overall investment returns, the value of the liabilities had increased further to £2.7bn and the funding level had dropped to 92%. However, strong investment returns over the year to 31 March 2017 have increased the size of the SAUL fund to £3.2bn, more than offsetting the rise in liabilities. The next full triennial actuarial valuation as at 31 March 2017 is now underway.

AWARDS, APPOINTMENTS, PROMOTIONS & DEATHS

Awards

- Professor Richard Griffiths, from the Durrell Institute of Conservation and Ecology, has been awarded the Marsh Award for Conservation Biology by the Zoological Society of London.
- Dr Jake Bicknell, from the Durrell Institute of Conservation and Ecology, has been awarded the Royal Society for the Protection of Birds' Conservation Science Award for outstanding PhD student.
- Professor Sarah Vickerstaff, from the School of Social Policy, Sociology and Social Research, has been made a Fellow of The Gerontological Society of America, the world's largest organisation devoted to research and practice in the field of aging.
- Emeritus Professor of Anthropology and Human Ecology, Roy Ellen, has been honoured as the Distinguished Economic Botanist for 2017 by The Society for Economic Botany (SEB).
- Professor Sally Sheldon of Kent Law School has been made a Fellow of Academy of Social Sciences.
- Dr Louise Naylor, Director of the Unit for the Enhancement of Learning and Teaching (UFLT), has become a Principal Fellow of the Higher Education Academy (HEA) and is the first member of University of Kent staff to be awarded the Principal Fellowship.
- The national University Advisor of the Year Award has been won by Kent Hub for Innovation and Enterprise (KIE) co-ordinator Sophie Taylor-Gammon.
- Daniel Owusu, BA (Hons) Fine Art graduate from the School of Music and Fine Art, won the prestigious Platform Graduate Award for 2016, and was presented with the award at the Turner Contemporary in December 2016.
- James Bussey, former student of Kent School of Architecture, has won the Serjeant Award for Excellence in Drawing at Masters level at the Royal Institute of British Architects (RIBA) annual President's Medal awards.
- Sumio Kobayashi, a PhD student in Linguistics in the School of European Culture and Languages, won first prize at the International Composers' Competition of the European Capital of Culture 2016, Wroclaw in Poland.
- Dr Beth Breeze has won a European award for a joint study exploring employee engagement in corporate philanthropy. Dr Breeze, Director of the University's Centre for Philanthropy, won the European Research Network on Philanthropy (ERNOP) Best Conference Paper Award for a paper she co-wrote with Dr Pamala Wiepking from Rotterdam School of Management, Erasmus University (RSM) in the Netherlands.
- Dr Simon Elliott has won Military History Monthly's Book of the Year prize for his work *Sea Eagles of Empire: The Classis Britannica and the Battles for Britain*. The award is presented annually to the title that readers of Military History Monthly feel has made the greatest all-round contribution to the study of military history. Dr Elliott recently completed his PhD in the department of Classical & Archaeological Studies in the School of European Culture and Languages.
- The University won the Best University Accommodation for Groups award for the tenth year in a row at the Group Travel Organiser's Awards.
- Patrick O'Keeffe, a stage 5 MARCH student at Kent School of Architecture, has been awarded the 2017 British School at Rome Giles Worsley Fellowship, which will give him the opportunity to work in Rome at one of Europe's top research academies for three months.
- A former student in the School of Anthropology and Conservation (SAC) was recognised for his work protecting Bengal Tiger habitats in India. Sanjay Gubbi was awarded the Whitley Award, donated by WWF-UK, at The Royal Geographical Society in London, and he will receive £35,000 in project funding as part of the award.
- The University was one of three universities shortlisted in the Alumni Engagement Award category at the annual Times Higher Education Leadership and Management Awards.
- The 2017 Sir Bernard Crick Prize for Outstanding Teaching was awarded to Dr Harmonie Toros, Senior Lecturer in International Conflict Analysis at the University. Dr Toros lectures in the School of Politics and International Relations and won the award for her third-year undergraduate module, Humans at War.
- Kent student Rosette-Amanda Nsubuga was presented with two awards by the Medway African and Caribbean Association (MACA) for her work contributing to the University's Black History Month Exhibition. Rosette-Amanda won the Young People United Award in the Inspirational Young Person category as well as the Sankofa Young Black Achievers Award in the Citizenship category.



- The winners of this year's Kent Student Awards were announced at a Gala Dinner on Friday 5 May 2017. The overall Student of the Year was awarded jointly to Rowena Bicknell, a second year PhD student in the School of Social Policy, Sociology and Social Research, and Tom Ritchie, a second year PhD student in the School of History.
- Isabella Reichl, a PhD student in Linguistics, has been awarded the International Pragmatics Association Student Prize for her paper "*Refusals in Early Modern English Drama Texts: New Insights, New Classification*".

University of Kent Honorary Degrees 2016/17

At the November 2016 Degree Congregations, the following honorary degrees were conferred:

In Canterbury Cathedral:

- David Horsey, Doctor of Letters
- Thomas Ostermeier, Doctor of Arts
- Brian Wright, Doctor of Music

In Rochester Cathedral:

- Jeremy Wade, Doctor of Science

At the July 2017 Degree Congregations, the following honorary degrees were conferred:

In Canterbury Cathedral:

- Baroness Ashton of Upholland GCMG, PC, Doctor of Civil Law
- Courtenay Griffiths QC, Doctor of Laws
- Barry McGuigan MBE, Doctor of the University
- Professor Dame Linda Partridge DBE, FRS, FRSE, FMedSci, Doctor of Science
- Professor Quentin Skinner FBA, Doctor of Letters
- Mark Steel, Doctor of Arts
- Jocelyn Cockburn, Doctor of Laws
- Phill Jupitus, Doctor of Arts
- Lisa Madigan, Doctor of Civil Law
- Jeremy Middleton CBE, Doctor of the University
- Professor Simon Peyton Jones MA, FACM, DFBCS, CEng, FRS, Doctor of Science
- Professor Mark Smith, Doctor of Science

In Rochester Cathedral:

- Millie Knight, Doctor of the University
- Jonathan Yeo, Doctor of Arts

Appointments

- Professor Jeremy Carrette, Dean for Europe
- Professor Karen Cox, Vice-Chancellor and President
- Professor Farzin Deravi, Head of the School of Engineering and Digital Arts

- Professor Julien Forder, Head of the School of Social Policy, Sociology and Social Research
- Dr Paul Fretwell, Head of the School of Music and Fine Art
- Mary Hughes, Academic Registrar
- Professor Richard Jones, Head of the School of Computing
- Professor Wendy Parkins, Head of the School of English
- Professor Colin Robinson, Head of the School of Biosciences
- Professor Richard Whitman, Head of the School of Politics and International Relations

Promotions

Promotions to Professor

Faculty of Humanities

- Dr David Stirrup, School of English
- Dr Natalia Sobrevilla Perea, School of European Culture and Languages

Faculty of Sciences

- Dr Julio Hernandez Castro, School of Computing
- Dr Farzin Deravi, School of Engineering and Digital Arts
- Dr Gareth Howells, School of Engineering and Digital Arts

Faculty of Social Sciences

- Dr Donatella Alessandrini, Kent Law School
- Dr Kate Bedford, Kent Law School
- Dr Emily Grabham, Kent Law School
- Dr Zoe Davies, School of Anthropology and Conservation
- Dr Tracy Kivell, School of Anthropology and Conservation
- Dr Georgina Randsley de Moura, School of Psychology
- Dr David Wilkinson, School of Psychology
- Dr David Williams, School of Psychology
- Dr Peter Langdon, School of Social Policy, Sociology and Social Research
- Dr Ellie Lee, School of Social Policy, Sociology and Social Research
- Dr Iain Wilkinson, School of Social Policy, Sociology and Social Research

Promotions to Reader

Faculty of Humanities

- Dr Bashir Abu Manneh, School of English
- Dr Will Norman, School of English
- Dr John Wills, School of History

Faculty of Sciences

- Dr Richard Guest, School of Engineering and Digital Arts
- Dr Fabrizio Leisen, School of Mathematics, Statistics and Actuarial Science

- Dr John Dickinson, School of Sport and Exercise Sciences
- Dr James Hopker, School of Sport and Exercise Sciences

Faculty of Social Sciences

- Dr Nicola Barker, Kent Law School
- Dr Simone Glanert, Kent Law School
- Dr Kirsty Horsey, Kent Law School
- Dr Thanos Zartaloudis, Kent Law School
- Dr Nicholas Newton-Fisher, School of Anthropology and Conservation
- Dr Caroline Chatwin, School of Social Policy, Sociology and Social Research
- Dr Heejung Chung, School of Social Policy, Sociology and Social Research
- Dr Kate Hamilton-West, School of Social Policy, Sociology and Social Research
- Dr Jeremy Kendall, School of Social Policy, Sociology and Social Research
- Dr Carolyn Pedwell, School of Social Policy, Sociology and Social Research
- Dr Jo Warner, School of Social Policy, Sociology and Social Research

Promotions to Senior Lecturer

Faculty of Humanities

- Howard Griffin, Kent School of Architecture
- Dr Nikolaos Karydis, Kent School of Architecture
- Dr Maurizio Cinquegrani, School of Arts
- Will Wollen, School of Arts
- Dr Margherita Laera, School of Arts
- Dr Michael Collins, School of English
- Dr Sara Lyons, School of English
- Dr Ariane Mildenberg, School of English
- Dr Ryan Perry, School of English
- Dr Jessica Frazier, School of European Culture and Languages
- Dr Vikki Janke, School of European Culture and Languages
- Dr Todd Mei, School of European Culture and Languages
- Dr Anna Strhan, School of European Culture and Languages
- Dr Ambrogio Caiani, School of History
- Dr Peter Donaldson, School of History
- Dr Rebekah Higgitt, School of History
- Dr Phil Slavlin, School of History

Faculty of Sciences

- Dr Ruey Leng Loo, Medway School of Pharmacy
- Dr Alessia Buscaino, School of Biosciences
- Dr Ben Goult, School of Biosciences
- Dr Mark Shepherd, School of Biosciences
- Dr Laura Bocchi, School of Computing
- Dr Chao Wang, School of Engineering and Digital Arts
- Dr Ian Wood, School of Mathematics, Statistics and Actuarial Science

AWARDS, APPOINTMENTS, PROMOTIONS & DEATHS (CONT)

- Dr Emma McCabe, School of Physical Sciences
- Dr Christopher Shepherd, School of Physical Sciences
- Dr Steve Meadows, School of Sport and Exercise Sciences

Faculty of Social Sciences

- Ashley Casson, Kent Business School
- Dr Virginia Spiegler, Kent Business School
- Dr Nikolaos Voukelatos, Kent Business School
- Dr Hyo Yoon Kang, Kent Law School
- Dr Sara Kendall, Kent Law School
- Dr Sinead Ring, Kent Law School
- Elaine Sherratt, Kent Law School
- Dr David Henig, School of Anthropology and Conservation
- Dr Christian Siegel, School of Economics
- Dr Andrew Wroe, School of Politics and International Relations
- Dr Zara Bergström, School of Psychology
- Dr Aleksandra Cichocka, School of Psychology
- Dr Jill Bradshaw, School of Social Policy, Sociology and Social Research
- Dr Erica Gadsby#, School of Social Policy, Sociology and Social Research
- Antony Osgood, School of Social Policy, Sociology and Social Research
- Ann-Marie Towers#, School of Social Policy, Sociology and Social Research

Promotion to Senior Research Fellow

Deaths

- Reg Brown, who was the Director of the Gulbenkian for 22 years, passed away peacefully on 1 December 2016. Reg was Director from 1970 to 1992 and during that time he directed, acted, sang, built and painted scenery, and inaugurated the University summer opera productions which ran for many years. Since his retirement Reg was a valued Honorary Senior Member of Rutherford College.
- Joan Charlesworth, who was employed as Appointments Officer at the University from 1 September 1966, died on 22 June 2017. Joan set up the Appointments Service at Kent, which then became the Careers Advisory Service and is now the Careers and Employability Service. Joan retired as Appointments Officer in 1984 but continued to work part-time as an adviser after that.
- Professor John Davis passed away on 15 January 2017. John was on the anthropology staff of the University of Kent from 1966 to 1990, becoming Professor of Social Anthropology in 1982. He moved to Oxford in 1990.
- Dr John Earl, who died on 28 April 2017, came to the University of Kent in 1964 to undertake a PhD in Mathematics. He was appointed as a demonstrator in Mathematics in 1965 and then as a Lecturer in Pure Mathematics in 1969. John retired in September 1995, having worked at the University for 30 years.
- Joan Elmes, who worked for the Electronic Engineering Laboratory, now the School of Engineering and Digital Arts, passed away on 6 February 2017. Joan was the Director's Secretary for more than 15 years and before that was in the General Office for five years.
- Professor Robert Freedman died on 17 October 2017. Robert was first appointed at the University of Kent as a Lecturer in Biology in 1971. He was promoted to Senior Lecturer in 1981, appointed Reader in Protein Biochemistry from 1987 and Professor of Protein Biochemistry with effect from 1 April 1989, also becoming Director of the Biological Laboratory in that year. Robert was appointed Pro-Vice-Chancellor in 1996 and Deputy Vice-Chancellor in 1997, a post which he held until 2002 until he moved to the University of Warwick, where he was Head of Biological Sciences from 2002 to 2007. As well as his hugely successful academic career Robert was also an active supporter of the arts and was regarded with great affection by many. He was made an Honorary Doctor of Science at the University of Kent in 2010.
- Professor Vic George, Emeritus Professor of Social Policy and Social Work, died suddenly on 25 September 2017. Vic, who was appointed founding Professor of Social Administration & Social Work at Kent in 1973, did much to shape the careers of his colleagues and contributed greatly to the discipline through his teaching and his many books. Vic made a major contribution to the direction of the Kent department as it developed and retired in 1998.
- Audrey Green, Keynes 1981, who studied History at Kent before working in the library, died in May 2017. Audrey was a senior member of the library staff, initially in the Centre for Cartoon and Caricature (helping to develop the first online catalogue of the collection) and then as the Science Subject Librarian until her retirement in 1999.
- Dr Sarah Hyde, Senior Lecturer in the Politics of Japan, School of Politics and International Relations, died on 11 October 2017. Sarah started work at the University in 2003 and was a mentor and friend to a great many students. She was an animating force for the study of Japan and also an ambassador for Kent's partner institutions in Japan.
- Professor Molly Mahood died on 14 February 2017 aged 97. Molly was Professor of English Literature at the University of Kent from 1966 to 1979, having previously held professorships at the universities of Ibadan and Dar es Salaam. She was also Visiting Professor at the University of California, Santa Barbara. Her many books include *Poetry and Humanism* (1950), *The Colonial Encounter* (1977) and *The Poet as Botanist* (2008). She was awarded an Honorary Doctor of Letters by the University of Kent in 2010.
- Countess Mountbatten of Burma died on 13 June 2017. A great supporter of the University, Countess Mountbatten was a member of the University's Court and an honorary graduate.
- Kenneth P Poole, who was appointed as Senior Lecturer in Local Government and Public Administration in 1967, died on 30 March 2017. After retiring from the University in 1982 he returned as an Honorary Senior Research Fellow in Public Administration from 1986 to 1996.
- Professor Robin Sibson, former Vice-Chancellor, died on Sunday 19 March 2017. Robin was Vice-Chancellor from September 1994 to August 2001 and, through a range of initiatives, established the framework for today's University. He created the current structure of schools and departments; began an expansion of student numbers and widening participation with links to associate colleges; and developed higher education provision in Medway leading to creation of a new campus. In addition, he began to steer the University in its performance of the Research Assessment Exercise and was key to the development of Kent as a European university. A statistician, who was best known for his research on natural neighbour interpolation, Robin was awarded an honorary degree by the University in 2002. The new Sibson Building was named in recognition of his invaluable contribution to the University.
- Sir John Swire died on 28 November 2016. Sir John was Deputy Pro-Chancellor at Kent from 1993 to 2000 and a generous supporter of the scholarships fund and the Hong Kong Scholarship. He was also an honorary graduate of the University.



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