

# Statement of Accounts 2022/23

For the year ended 31 July 2023

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Keele strikes  
Gold for  
*outstanding*  
quality  
education

Teaching Excellence Framework 2023



**No 1**  
Britain's best university,  
as ranked by students

Student Crowd University Awards, 2022

**80%**  
of our research  
was classified as  
world-leading or  
internationally excellent

Research Excellence Framework, 2021

**Top 10**  
in the UK for multiple  
subject areas

NSS 2023 (broad-based universities)

**Global  
Sustainability  
Institution of  
the Year**

Green Gown Awards 2021



# Introduction *from* the Vice-Chancellor

Once again, we have much to celebrate from another successful year at Keele. We've strengthened our reputation at home and abroad, with new partnerships and new reports once again highlighting our excellence in teaching, research, innovation, and civic contributions. From a local level all the way up to a global scale, there has been a tremendous amount achieved by our staff and students throughout 2022/23.

Our impact on our local and regional community is something we take great pride in, and there has been much to celebrate this year in terms of recognition for this impact. A report by independent economists Hatch revealed that our university contributes around half a billion pounds in gross value added (GVA) to the West Midlands economy each year, with nearly three quarters of this (£345m) in the Stoke-on-Trent and Staffordshire area. The report also identifies that Keele supports the equivalent of almost 5,500 jobs in Stoke-on-Trent and Staffordshire, rising to over 7,000 in the wider region. These findings underline the important role we play in our region's prosperity, and they're further emphasised by the results of the second Knowledge Exchange Framework which also highlighted the real-world impact of our growth and regeneration programmes this year, judging them to be among the top 20% in the country.

We were also delighted to announce our first ever premises in the town centre of Newcastle-under-Lyme this summer, working with the Borough Council to provide a tangible link between ourselves, the town, and the people and businesses that live and work there. 'Keele in Town', located on the busy Ironmarket, will be a mixed-use facility, transforming an empty building in the heart of Newcastle-under-Lyme town centre into a hub of learning and a place for people to connect with Keele. The facility in the town centre will offer training and advice to the local community, giving them direct access to the vast breadth of expertise at Keele, and will be a real gateway and connection between Keele and local residents and businesses.

As well as our local neighbours we've signed new partnerships to broaden our outlook further throughout the region, with new research and teaching partnerships to benefit our students. This year we agreed one such partnership with the Ironbridge Gorge Museum Trust in Shropshire, which will see our two organisations cooperating on projects to explore the site's remarkable heritage and its social and economic impact.

Further afield we've also continued to strengthen our profile and reputation abroad this year. As well as welcoming our first ever Pro Vice-Chancellor for International to Keele, we've signed official partnerships with a number of universities in countries all over the world including Japan, Singapore, Nepal, and China. Our work with universities in Morocco was also celebrated in the heart of Government, with an event held at the Foreign Office to celebrate a collaboration between Keele and higher education partners within the country.

After years of planning and welcoming our first student cohort in 2021, we were also thrilled this year to officially open our Harper and Keele Veterinary School building on campus, welcoming esteemed guests to the event including Professor Lord Sandy Trees, the only vet in the House of Lords and former President of the Royal College of Veterinary Surgeons. The multi-million pound building provides a home on campus for students from the Harper and Keele Veterinary School – a joint venture between ourselves and Harper Adams University, who are already benefiting from its high-quality facilities as they train to become the next generation of veterinary professionals.

This year, as in previous years, our work with local healthcare partners continues to be an enormously important for Keele, and as well as our ongoing strong links with local hospital trusts for teaching and research, we were pleased to award University Hospital status to Midlands Partnership University NHS Foundation Trust. The Trust will continue to provide high quality evidence-based care while building on its strategic links with Keele to enhance collaborative research, education, and training.

The environment we are working in is not easy. Over a decade of essentially unchanged UK student fees is a clear financial strain on the HE sector. Research funding patterns are changing and the levels of funding available is reducing in many areas, and the general economic situation creates difficulties for staff and students that we have tried to respond to through support and pay awards. All of this makes our successes this year event more remarkable and I am enormously grateful to the whole Keele community for the efforts they make on behalf of the University.

Of course, it wouldn't be an academic year at Keele without sustainability forming a huge part of our year, and as usual we have a lot to be proud of when it comes to our environmental work. Not only did we secure a prestigious Green Energy Award for our groundbreaking Smart Energy Network Demonstrator (SEND) and Low Carbon Energy Generation Park, but our School of Medicine was ranked the best in the world for embedding sustainability in medical education, as well as best in the UK for the third year running. This is a result we're particularly proud of, and it reflects incredibly well on our Medical School, as well as our commitment as an institution to show leadership around embedding sustainability in our curricula and in all aspects of our operations.

It's also not only our teaching for undergraduate and postgraduate students which has been highly commended this year, after Ofsted inspectors visited the campus this summer to assess our apprenticeship and skills provision. Our overall judgement of "Good" was pleasing enough, but we were also judged as "Outstanding" for our skills bootcamps on Net Zero Carbon and Smart Energy Transition, and Place-based Decarbonisation – making us only the second training provider in the country of any kind to be judged "Outstanding" in this category. It's a tremendous result which is testament to the expertise of our staff and the quality of education, experience, and support we provide.

Professor Trevor McMillan OBE  
Vice-Chancellor, Keele University

STRATEGIC REPORT

## Highlights of the year

- 1 We welcomed Professor Lord Trees, the former President of the Royal College of Veterinary Surgeons, to our campus to officially open the new veterinary school building. Featuring brand new anatomy and clinical skills laboratories, the building, which hosts students of the Harper and Keele Veterinary School, has some of the most up-to-date facilities in the UK.
- 2 We announced exciting plans for Keele in Town – a new development that will bring our University to the heart of Newcastle-under-Lyme. The facility, located on Ironmarket, will create a gateway where residents, community groups and businesses can tap into the world of expertise here at Keele.
- 3 A report published by independent economists Hatch, revealed that Keele contributes around half a billion pounds in gross value added (GVA) to the West Midlands economy each year, with nearly three quarters of this (£345m) in the Stoke-on-Trent and Staffordshire area. The report also identified that the University supports the equivalent of almost 5,500 jobs in Stoke-on-Trent and Staffordshire, rising to over 7,000 in the wider region.
- 4 Our School of Medicine was ranked as the top performing medical school globally in the Planetary Health Report Card – and first in the UK for the third year running. The School's score was the highest across 96 medical schools from 12 countries including the United States, India and Japan in the student-led initiative, which is designed to encourage medical schools to embed climate change and planetary health into their curriculum.
- 5 Two Keele academics were honoured in the King's Birthday Honours. Professor Carolyn Chew-Graham, Professor of General Practice Research in the School of Medicine, was made an OBE for services to General Practice and Patient Care, and to Primary Care Research, particularly into Long Covid and virologist Dr Naomi Forrester-Soto received a British Empire Medal (BEM) for services to public communication during the Covid-19 pandemic, which saw her become a key national voice on radio and television, offering expert advice on Covid-19 and answering questions from people across the UK. Professor Ian Cumming OBE, who played a key role in the response to the Covid pandemic in the UK's Overseas Territories, he received his OBE and received the Gibraltar Award, from the Gibraltar Honours Board.



- 6 Keele saw off competition from across the UK to win a prestigious Green Energy Award for its groundbreaking Smart Energy Network Demonstrator (SEND) and Low Carbon Energy Generation Park. The Green Energy Awards, led by renewable energy strategists Regen, were assessed by national and global leaders in the green energy industry, and celebrate the fantastic work of organisations all over the country that are championing smart, sustainable, low carbon energy systems.
- 7 We celebrated a new partnership with The Ironbridge Gorge Museum Trust in a move that will develop student opportunities and open doors for new research into 300 years of industrialisation. The Memorandum of Understanding will see Keele and the Trust work together on projects and research where they share common aims and interests.
- 8 Officials from the Embassy of Japan in the UK planted a cherry tree within the grounds of our campus – adding to our nationally-renowned collection of flowering cherries. Minister Yasuyuki Okazaki, and Third Secretary Yui Morimoto, planted the tree, known as Prunus 'Fragrant Cloud' due to its scent, in the Memorial Garden during a visit to Keele, which included meetings with staff and students.
- 9 Ofsted inspectors gave Keele an overall judgment of "Good" for its apprenticeship and skills provision following a full inspection, with our skills bootcamps on Net Zero Carbon and Smart Energy Transition, and Place-based Decarbonisation, receiving the top rating of "Outstanding". The report contained positive comments from inspectors across the board, rating Keele's provision "Good" for overall effectiveness, and "Good" across the judgment areas of quality of education, leadership and management, and personal development opportunities for apprentices and learners.
- 10 We were delighted to welcome 16 teams from across Staffordshire, Cheshire and Derbyshire to our campus to take part in a football tournament for refugees and asylum seekers. It was the second time we had held the event, aiming to help refugees integrate in their new communities and breaking down aspiration barriers. As part of the day, participants also attended sessions and activities with university staff that highlighted access and progressions into apprenticeships, foundation studies and higher education.

STRATEGIC REPORT

# Financial Highlights

Total income of  
**£206.3m**

**Total income** – income for the year totalled £206.3m (2021/22: £176.8m), an increase of £29.5m compared to 2021/22. Almost half of this increase was due to the recognition of a one-off £13.8m capital grant relating to the Innovation Centre 7 in 2022/23. There were also a £5.2m increase in tuition fee income largely due to international students, increased research income of £3.4m and increased residences, catering and conference income of £2.3m as activity returned to normal following the Covid-19 pandemic.

## Surplus before other gains

**Surplus / (deficit) before other gains/ losses** – excluding the actuarial movement in staff costs, the consolidated operating surplus before other gains/ losses increased from a £2.7m deficit in 2021/22 to a £16.0m surplus in 2022/23. The improvement in income has been partially offset by a £12.0m increase in pay costs, but non-pay has decreased by £5.9m, partially due to the one-off impairment charge of £10.3m not being repeated. There has also been higher depreciation due to higher capital investment and higher interest charges relating to the leases for the Vet School and the Energy Park.

**£16.0m**  
surplus  
from **£2.7m**  
deficit

Tuition fee  
income **£97.7m**

**Tuition Fee Income** – tuition fee income increased by £5.2m, to £97.7m (2021/22: £92.5m). This was primarily due to strong overseas recruitment, but there was also increased income relating to home students and degree apprenticeships.

## Cash Generation



**Cash Generation** – cash generation from operating activities decreased from £21.9m to £22.5m as shown in the Consolidated Statement of Cash Flows. At year end, the Group had cash and cash equivalents of £21.8m (2021/22: £36.5m), short-term investments of £12.0m (2021/22: £nil) and fixed asset investments of £31.3m (2021/22: £34.8m). The University also has access to further undrawn bank borrowing (Revolving Credit Facilities) of £14m that can be used flexibly as required to support liquidity and cash flow. An element of the fixed asset investments could also be drawn down and be available to the University at short notice if required.

## Staff costs



**Staff costs** – on-going staff costs (see note 8) totalled £103.1m for 2022/23, equalling 50% of total income (£91.1m and 52% in 2021/22).

## Capital expenditure

**£8.9m**

**Capital Expenditure** – £8.9m (2021/22: £20.7m) of capital expenditure (ignoring finance leases) was spent on projects in the year. This included £3.7m on Innovation Centre 7 and £1.3m on the refurbishment of the Keele Residential Fund student accommodation. A significant proportion of this was funded externally, including the Innovation Centre 7 which is being grant funded by the European Regional Development Fund.

STRATEGIC PLAN – OUR FUTURE

# Strategic performance

The University Strategic Vision “Our Future” sets out five key tenets of a successful university: Purpose, People, Place, Partnerships and Performance.

Over recent years, these five themes have provided a framework through which the University has made sound decisions to pursue its ambitions, in the midst of some challenging environments.

## Purpose

Keele’s founding missions was to be **“making a difference in society by providing innovative, high-quality education for students from all backgrounds and by undertaking world-leading research that transforms understanding and brings benefit to society, communities and individuals.”**

Our purpose remains true to that founding principle and the University has been able to develop the hybrid-education model introduced during the pandemic, to offer new and innovative ways of delivering our programmes to our students, as well as significantly seeking to expand our educational provision through the launch of our Academic Delivery Plan, bringing a suite of new programmes at undergraduate and postgraduate level into development for future recruitment, as well as enhancing and driving performance across our education, research and international activity.

Research and Education remain at the heart of our purpose at Keele and this year we have seen significant successes in both areas, delivering excellent outcomes for our students, staff and society with our founding mission held deeply at heart.

## People

Keele’s community is founded on its people: staff, students and partners. Our principles of collegiality, ambition, accountability, respect, fairness and consistency inform all that we do. Our academic colleagues continue to be at the forefront of our education and research ambitions. Although a difficult year with industrial action taking place due to national pay and pension negotiations; our staff have remained committed to our student community ensuring that they are in receipt of a quality educational experience, in an intellectually stimulating and challenging environment.

## Place

‘Our Future’ is clear that Keele University is much more than our beautiful 600-acre campus. Whilst we remain committed to our place in North Staffordshire, and this resides as a key focus for our efforts to help the economy of the region, as well as our broader place within society, we equally have been able to celebrate the flexibility and adaptability agile working can bring to our workforce and student body.

We were pleased to see a number of building projects develop over the course of the year. The new Veterinary Science building, although in its second year of teaching students, is in the process of opening a Veterinary Hospital wing with a commercial partner Garden Vets, which will offer opportunities for student placement and practical sessions; Innovation Centre 7 home of our Digital Institute has also opened.



## Partnerships

Our mutual commitment with our partners continues to be vital to the success of the institution. Our partnership with the NHS remains a key priority for us, as do our academic collaborations, such as Harper Adams University, with which we share the Joint Veterinary Sciences School and the Newcastle and Stafford Colleges Group, who amongst other things, we will partner with on a new Institute of Technology in Stafford.

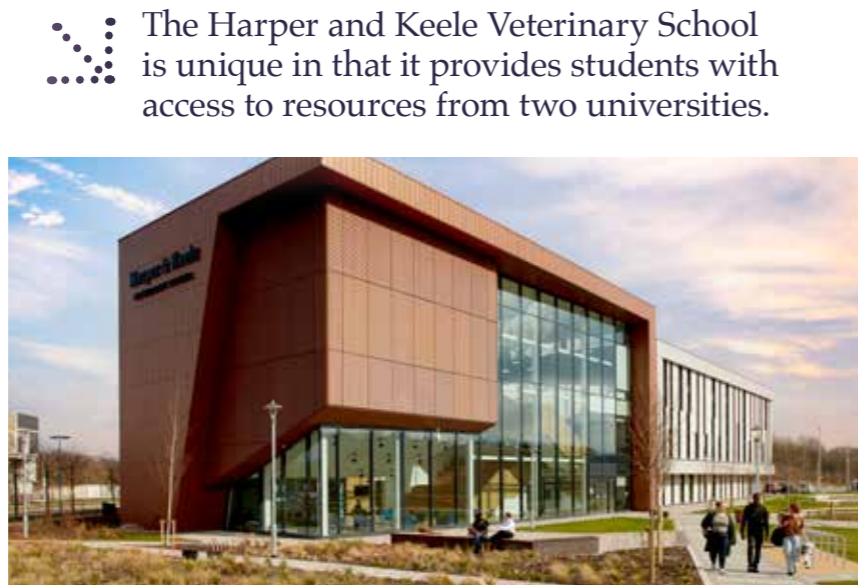
We continue to build international partnerships, through a combination of research partners and collaborative educational provision. Our ambitions internationally will feature partnerships at their heart and opportunities continue to develop in countries such as China, Nepal, India and many others.

## Performance

Our performance is evident through a broad range of measures; we continue to recruit good levels of students; our research impact and performance continues to demonstrate improvement; our regional and local links and impact are increasingly evident. Our Academic Delivery Plan combines systematic new programme development, with strategic advances in areas of research, inclusivity and leadership development which will ensure that Keele is well positioned to respond to emerging opportunities and challenges, whilst continuing to deliver against our strategic objectives.



The new Institute of Technology in Stafford in partnership with Newcastle and Stafford Colleges Group



The Harper and Keele Veterinary School is unique in that it provides students with access to resources from two universities.



## Going Concern

Net cash generated from operating activities for 2022/23 was £2.6m, or 1.3% of turnover (**£22.5m and 12.6% in 2021/22**). Cash generation is an area that the University is continually looking to improve, to facilitate increased investment across the campus buildings and infrastructure and the student and staff experience at Keele.

The amount of cash and cash equivalents on the balance sheet decreased from £36.5m at 31 July 2022 to £21.8m at 31 July 2023. This was primarily due to £12m being deposited in a short term investment. This cash is still available to the University at short notice if required.

The University has fixed asset investments that are invested in liquid funds that could be available to the University at short notice if required. Additionally, the majority of the University's external loan funding of £62.9m (2021/22: £64.8m) is long term in nature. Cash flow forecasts show that the University is still able to ensure it has sufficient liquidity over the short, medium and long term. At the date of signing these accounts, the University also has access to revolving credit facilities of £14m (£10m Nat West and £4m Barclays) which can be used to support liquidity as and when required.

As with all other entities, the University has been impacted by the high inflationary environment on our cost base, with our primary source of income (UK undergraduate taught students) being a fixed fee of £9,250 per year whose value therefore reduces over time. However, the financial improvement plans that have been implemented in recent years together with the Office for Student forecasts that have been recently submitted provides the University Council with the confidence that the University has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signature of these financial statements.

## Gender Pay Gap

Building on the University's founding principles, our commitment to promoting equality and valuing diversity is at the centre of our efforts to ensure that all staff and students have the opportunity to flourish and fulfil their potential. In recent years the University has carried out an annual Equal Pay Analysis across our pay grades which demonstrates that there is no pay inequality within our Pay Grading Structure, i.e. we pay men and women equally for work at the same level. However, there is work to do in addressing our Gender Pay Gap which exists, not because of an equal pay failure, but because of issues relating to the composition of the workforce.

Keele's Gender Pay Gap is biased towards men. The gender pay gap includes every worker and employee, from frontline operational staff to members of the executive team. The composition of our workforce is therefore a key factor in understanding our gender pay gap. Put simply, we have more men in senior academic roles and more women in our lower level administrative and operational positions.

This year we reported a small decrease of 1% in the mean Gender Pay Gap, with a small increase in our median Gender Pay Gap of 0.3%. Key factors that impact on our Gender Pay Gap include; a predominantly female substantive workforce, with high proportions of women occupying lower paid administrative and operational roles, proportionally fewer women in senior grades and the large numbers of female casual staff on low pay rates.

While the gap reflects broader societal trends and career choices that disproportionately impact on women, we choose not to be complacent and use this to justify our gap. We have reduced the number of low paid casual staff and we have engaged recruitment approaches to make administrative roles more attractive to a diverse group but we recognise that we have a responsibility to address workplace barriers to gender equality and have an action plan in place which will be extended to summer 2023, when we will resubmit for a further Athena Swan award.

Since September 2005, the University has been a Member of the Athena Swan Charter. The University and its Schools continue to strive towards higher levels of award recognition. Keele University is committed to the principles of the Athena Swan Charter and values equality and diversity across its workforce. The University sees membership of the Charter as working towards sustaining equitable working environments enabling universities to identify themselves as employers of choice, not only to their staff, but to students, stakeholders, research councils and industry. Keele University currently holds departmental Bronze awards in all Schools, with the exception of the Harper and Keele Vet School which is currently ineligible for an award.

A full gender gap report can be found on the University website, together with other equality, diversity and inclusion reports.

## Ethical Investment Code of Practice

Keele University's Ethical Investment Code of Practice aims to ensure that its investments are managed in a productive but socially responsible manner which reflects the mission and values of the University. It is based on the premise that the University's choice of where to invest should be in line with its strategic aims

and its environmental, social and ethical values. The Business Review Committee, on behalf of Council, actively monitor and take a view on the ethical position of the University's investments. In particular, the Committee may advise against investment in areas which it considers to be ethically unacceptable.



Net cash generated from operating activities for 2022/23 was £2.6m, or 1.3% of turnover (£22.5m and 12.6% in 2021/22)

## PUBLIC BENEFIT STATEMENT AND IMPACT

# Public Benefit

Keele University is an exempt charity. In respect of the Charity Commission's guidance on public benefit, the Council has highlighted some of the ways in which the University has had a positive impact on society during 2022/23.

## Research that Improves Lives

Keele researchers have embarked on a new study with a leading charity to investigate how musculoskeletal pain can affect people's health and quality of life – to make healthcare services better suited to serve their local populations. Working with the Nuffield Foundation, the researchers led by Professor Ross Wilkie aim to equip healthcare services with information that will maximise the quality of life for people suffering with musculoskeletal conditions – pain that comes from bones, muscles and joints from conditions such as low back pain, osteoarthritis and osteoporosis.

Researchers from Keele and Oxford universities have developed a new tool for doctors to identify patients at high risk of serious falls, which can have a significant impact on patients' quality of life. Around 235,000 hospital admissions for people over 65 are due to falls, costing the NHS an estimated £2.3 billion, but this tool developed by Lucinda Archer and colleagues could have a big impact on the way older patients are managed in primary care, improving targeting of drug treatment and fall prevention strategies for high-risk individuals.

Professor Christian Mallen and Dr Richard Partington have provided clinical insight to a major Government report published by the Office for National Statistics. The report, looking at the number of people with cardiovascular or respiratory conditions who are living in poverty in England, will be used to inform Government policy. People experiencing cardiovascular and respiratory poor health are at greater risk of adverse health outcomes due to cold weather, so estimating the number of people in the population at risk of adverse health outcomes from the cold is therefore essential to support any policy response to fuel price increases, and other policy decisions.

As the Joint Committee on Vaccination and Immunisation (JCVI) considers whether to recommend adding a varicella (chickenpox) vaccine to the childhood vaccination schedule, research led by Dr Sue Sherman has found that nearly three quarters of parents would support this. The team surveyed nearly 600 parents on their attitudes towards a varicella vaccine, including whether it should be routinely offered to all children, and whether they would be likely to accept it for their child. Of those surveyed, 74% said they were likely to accept such a vaccine for their child if it was introduced, while only 18.3% said they were unlikely to, and 7.7% said they were unsure, with the findings providing crucial insights for policymakers.

Scientists at Keele have been awarded funding to help develop new treatments for people suffering from vascular cognitive impairment (VCI). The condition, caused by reduced blood flow to the brain, affects a significant number of people as they get older with symptoms ranging from forgetfulness to difficulty getting dressed. The research, funded by the British Heart Foundation and led by Keele's Dr Ruoli Chen, aims to provide new knowledge that can help to develop the first treatments to protect the brain from injury.



# 80%

of our research was classified as world-leading or internationally excellent

Research Excellence Framework, 2021

Policing expert Professor Clifford Stott was one of the expert panel appointed by UEFA to investigate policing problems before the 2022 Champions League Final. Professor Stott and his colleagues found that supporters were not responsible for crowd problems before and after the match, with the panel concluding the primary cause for chaos around the stadium was a flawed approach to policing and failures by UEFA, with recommendations from the report being used to inform how large events such as this can be policed more effectively and safely going forward.

Research led by Dr Ian Scott from the School of Medicine looked at the increasing rates of inflammatory arthritis in England between 2004 and 2020, finding that the proportion of adults with these conditions has increased by at least 40%. The earlier people with inflammatory arthritis receive specialist treatment, the better their outcomes, so the findings have significant implications for planning NHS services in England, both to help improve patient outcomes, and relieve pressure on the health service.

## Education and the Student Experience

We are passionate about, and committed to, delivering an outstanding student experience. Our purpose is to support our students at every stage of their Keele journey, from the first time they encounter us – perhaps in a prospectus – to when they leave us to take the next steps in their lives and careers.

The student community at Keele is varied and diverse. Keele recruits from across the UK and the world, as well as locally, with almost 40% of our students coming from the West Midlands. This year has also seen a huge growth in our international student population, with nearly a quarter of our students (23.4%) being from overseas in 2022/23.

Our students have a significant impact on the local community, and their wide-ranging interactions with the community, both on and off-campus, through their studies, their residency and activities such as volunteering, enrich both their experience and the companies, institutions and individuals with whom they interact. The Keele Students' Union volunteering team helps student gain experience relevant to their course or something completely different.

Currently nearly 900 Keele students are registered on their database, with around one third of those actively involved in volunteering projects at any one time. Throughout 2022/23 Keele SU volunteers have volunteered over 14,500 hours with 40 different community partners.



This year has seen Keele continue to be judged as a leading university in the UK, ranking highly in prestigious league tables and performing well across the board in essential assessments. The academic year got off to a strong start in this regard when Keele climbed to its highest ever position in the Guardian University Guide 2023, ranking 32nd overall. A number of individual courses have also performed well in prestigious rankings this year, including Radiography ranking in both the UK Top 5 in the Times Good University Guide 2022, and the UK Top 10 in the Complete University Guide 2024. Forensic Science at Keele also ranked in the UK Top 10 in the CUG 2024, while our Medicine course was judged as the best in the world for embedding sustainability in medical education – and best in the UK for the third year running – in the Planetary Health Report Card scheme. Rounding out the year, six Keele subjects were ranked in the UK Top 10 for student positivity in the 2023 National Student Survey (NSS), with Creative Writing and Medicine ranked No.2 and No.5 respectively, and Midwifery, Philosophy, Environmental Science, and Children's Nursing also ranked in the UK Top 10.

Beyond our traditional academic offering, the university has also been recognised for the quality of its CPD education programmes for professionals and adult learners in a recent Ofsted inspection. Inspectors judged Keele to be "Good" overall, with its skills bootcamps on Net Zero Carbon and Smart Energy Transition, and Place-based Decarbonisation, receiving the top rating of "Outstanding", making Keele only the second training provider in the country to achieve this. Inspectors not only praised the "clear strategy" for this provision, but also the co-creation with employers, "extensive experience and expertise" of the lecturers, and high level of engagement of the apprentices and learners who gained "confidence and professionalism through their learning".



Over  
**20**

NHS trusts, 100 GP practices, and over 200 private, voluntary or independent providers, and spans the whole of the West Midlands, Cheshire, Liverpool, Wales and as far away as Kent and Durham.



### Healthcare

The University has a considerable impact upon society in the area of medicine and healthcare through our research, education and citizenship activities, as well as membership of trust and national advisory boards, charity work, and volunteering.

Our researchers continued to have an impact on a local, regional, and national scale this year, working with partners to improve healthcare and patient lives across the region and the country.

Regionally, a team of Keele researchers are investigating how musculoskeletal pain can affect people's health and quality of life, to make healthcare services better suited to serve their local populations, and the university is also a partner on a newly established NIHR Birmingham Biomedical Research Centre (BRC), which was set up this year to develop and improve care for people with cancer, liver and heart disease. Keele also conferred University Hospital status on one of its major healthcare partners, the Midlands Partnership NHS Foundation Trust, in a move that will help patients, students, and colleagues in local communities.

Nationally, Keele clinicians have provided clinical insight to a major Government report looking at the number of people with cardiovascular or respiratory conditions who are living in poverty in England, which will be used to inform Government policy. Researchers from the School of Psychology have also embarked on a new study to improve access to cervical screening for physically disabled people, in a bid to reduce cervical cancer rates, and experts from the School of Pharmacy are working with the British Heart Foundation to develop the first treatments for patients suffering from a debilitating brain disorder.

The University has thousands of undergraduate students studying professional programmes in the areas of medicine, midwifery, nursing, pharmacy, physiotherapy and radiography who are engaged in direct service delivery and patient care during their clinical placements.

This experience takes place within over twenty NHS trusts, 100 GP practices, and over 200 private, voluntary or independent providers, and spans the whole of the West Midlands, Cheshire, Liverpool, Wales and as far away as Kent and Durham. Keele students also undertake placements around the world in both a voluntary capacity or as a planned student exchange, having a global impact on health.

### Widening Participation

As a university that was founded on the principles of widening participation, Keele has always placed great importance on supporting underrepresented groups, both pre and post entry. Keele is also the lead institution for Higher Horizons, one of the largest partnerships in the Government-funded Uni Connect Programme (formerly the National Collaborative Outreach Programme, or NCOP) and the leading provider of Higher Education outreach in Cheshire, Shropshire and Staffordshire.

Keele oversees four outreach hubs at Keele and Staffordshire Universities, the University of Chester and Harper Adams University, with more than 30 members of staff dedicated to producing and delivering informative and impartial activities to schools and colleges across the region.

This academic year, Higher Horizons has delivered 1,073 unique activities to 14,658 young people, focusing on three themes – Inform, Experience and Enable. Some 152 of these activities were campus visits that focus on raising attainment and normalising university settings.

Just over half of the young people that engaged with Higher Horizons for more than five hours went on to university, against a benchmark for the area of 19.5% progression rates – highlighting how successful and impactful the programme is.

Higher Horizons  
has delivered

**1,073**

unique activities to

**14,658**

young people

### Business Engagement

The outcomes of engaging with people and organisations outside the University can be profound. Encouraging external engagement, and helping to stimulate business innovation, jobs and economic growth, remains one of the University's top priorities.

This year we were delighted with the findings of a new report, published by independent economists Hatch, that revealed Keele University contributes around half a billion pounds in gross value added (GVA) to the West Midlands economy each year, with nearly three quarters of this (£345m) in the Stoke-on-Trent and Staffordshire area. Not only that, the report also identified that the University supports the equivalent of almost 5,500 jobs in Stoke-on-Trent and Staffordshire, rising to over 7,000 in the wider region.

As well as the direct impact of the University and its activities on the local economy, the report stated it had also acted as a catalyst for further economic growth in the region thanks to the integrated Science and Innovation Park on the Keele campus, that medical technology, healthcare, digital and environmental businesses have chosen as their home.

Keele has been making a positive impact on Newcastle-under-Lyme and Stoke-on-Trent – and across Staffordshire – for almost 75 years now, and this latest report showed how we're powering the region more than ever before – supporting local businesses and creating jobs.

A big part of this success has come through the launch of Keele Gateway, which marked its sixth anniversary in November. Keele Gateway has supported more than 1,000 local organisation interactions, helped to create over 150 new jobs, generated over £200 million per year into the regional economy, and saved 5,780 tonnes of CO2 through sustainable business solution. With Keele's main ERDF-funded business support programmes having now come to an end, which provided around 1,000 support interactions with local businesses since 2016, it's important we continue to support businesses across the region to make a real difference in their communities and beyond.

Construction of the latest facility on the Science and Innovation Park, Innovation Centre 7, is now complete, with the first tenants moving in alongside the new Digital Society Institute. High-growth technology consulting company, Concentric Solutions, moved into its new home in June, after relocating its head office from London to the West Midlands. IC7 provides workspace for new and existing businesses in the IT sector alongside Keele's Digital Society Institute which brings together major strands of expertise from across the University that can contribute to a digital economy and society. Since 2017, Keele's Science and Innovation Park has seen rapid growth. Eight Innovation Centres now house nearly 1,000 full-time equivalent staff across 60 businesses, which provide £60m gross value added (GVA) in Stoke-on-Trent and Staffordshire, and £75m in the wider West Midlands, supporting 1,630 jobs.

Looking further ahead, we're excited to watch the Keele in Town development progress over the coming weeks and months. This will see an empty 19th century building in the heart of Newcastle-under-Lyme town centre transformed into a mixed-use facility. The building will become a space where Staffordshire businesses and non-profit organisations can shine, along with areas for Keele students and staff to get together, to study, and to connect with the community. We've worked closely with partners including Newcastle-under-Lyme Borough Council to bring the project forward, which is funded by Central Government's Town Deal. It will be a place that will offer training and advice to the local community, giving them direct access to the vast breadth of expertise at Keele. This development is an exciting new chapter for our University and will become a gateway between Keele and the community.

Supporting  
**1,630**  
jobs



## Sustainability

Keele's Root and Branch campaign continues to "embed sustainability in everything we do" and our vision is to be an international leader in campus sustainability encompassing activity across all aspects of the University estate and operations, our business activities, our engagement with the wider community, and in our core areas of education and research.

The Root and Branch campaign has also helped the University launch further campus sustainability initiatives and communicate the benefits to everybody across our campus community and beyond.

Notable achievements this year include:

- The university won a prestigious Green Energy Award for its Smart Energy Network Demonstrator (SEND) and Low Carbon Energy Generation Park projects. The Green Energy Awards, led by renewable energy strategists Regen, are assessed by national and global leaders in the green energy industry, and celebrate the fantastic work of organisations all over the country that are championing smart, sustainable, low carbon energy systems.
- Keele launched two new courses from vastly different disciplines, but both of which have sustainability and tackling the climate crisis at their heart. Both Law with Environmental Sustainability, and Physics with Renewable Energy were launched this academic year, giving students the option to study the legal framework for ensuring companies fulfil their climate change obligations, or the latest renewable energy technologies to put them at the forefront of the green industrial revolution.

- Keele became one of just two UK universities and colleges to achieve the highest tier possible in a scheme designed to encourage biodiversity on university campuses, achieving Platinum status in the "Hedgehog Friendly Campus" scheme. The initiative recognises and rewards universities for their efforts to make their campus more nature friendly, with Keele staff, students and partners working together over recent years to progress through the ranks to achieve Platinum accreditation.
- The School of Medicine at Keele was ranked as the best in the world for embedding sustainability in medical education, and best in the UK for the third year running, in the Planetary Health Report Card scheme. The student-led initiative was launched to encourage climate change and sustainability to be introduced into medical school curricula, and this success reflects Keele's commitment to embedding sustainability across all its campus operations.



## Global Sustainability Institution of the Year

Green Gown Awards 2021



Professor T J McMillan OBE  
Vice-Chancellor



D Hall  
Treasurer  
November 2023

TRADE UNION

# Public Benefit

## Trade Union Representation time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The regulations provide a framework for open and transparent monitoring and for demonstrating the effective use of taxpayer's money. The data below covers the relevant period of 1 April 2022 to 31 March 2023.

## Relevant Union Officials

Number of employees who were relevant union officials during the relevant period - 17

Full-time equivalent employee number - 16.4



## Relevant Union Officials



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

Percentage of time	Number of Employees
0%	4
1-50%	13
51-99%	0
100%	0

## Percentage of pay bill spent on facility time



## Paid trade union activities



As a percentage of total paid facility time hours, hours spent by employees who were relevant union officials during the relevant period on paid trade union activities

The following statement is provided to enable readers of the Annual Review and Statement of Accounts of Keele University to obtain a better understanding of its governance and legal structure. It covers the period 1 August 2022 to 31 July 2023 and up to the date of approval of the audited financial statements.

## CORPORATE GOVERNANCE

# Statement

The following statement is provided to enable readers of the Annual Review and Statement of Accounts of Keele University to obtain a better understanding of its governance and legal structure. It covers the period 1 August 2022 to 31 July 2023 and up to the date of approval of the audited financial statements.

## Legal Status of the University

Keele University is an independent corporation and is the successor to the University College of North Staffordshire, founded in 1949. The University derives its legal status from the Royal Charter granted in 1962 (as subsequently amended) and the status of its degrees is recognised by the University of Keele Act 1962. Like many English universities, the University is a charity exempt from registration with the Charity Commission and the Office for Students (OfS) is the principal regulator for the University as an exempt charity. This means that members of the Council have the responsibilities of charity trustees in relation to ensuring the institution's work is for the public benefit and that it complies with Charity Commission expectations. An internal review of the University's compliance with charity law requirements in 2021 resulted in the Council being provided with a high level of assurance.

## How the University is governed

The University is committed to exhibiting best practice in all aspects of corporate governance. The University, like other public bodies, has a duty to conduct its affairs in a responsible and transparent way and to take into account the requirements of its funding bodies and the Higher Education Code of Governance published by the Committee of University Chairs (CUC). The University also 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). The CUC Code was revised and published in September 2020 and the University is fully compliant.

The CUC published a Higher Education Audit Committees Code of Practice in May 2020, which identified the key principles and elements that form an effective Audit Committee. The Council has formally adopted the Code. The University is also committed to the principles of academic freedom and equality of opportunity in its approach to governance.

The University has a responsibility to ensure that slavery and human trafficking are not taking place in our business or in our supply chains. Keele is compliant with the Modern Slavery Act 2015 and our Modern Slavery and Human Trafficking Statement can be accessed on our website at:

[www.keele.ac.uk/modern-slavery](http://www.keele.ac.uk/modern-slavery)

In line with CUC guidance and sector best practice, the University commissions reviews of the Council effectiveness at least every four years and the last review was undertaken by Advance HE in 2022. The review concluded that the governance arrangements were highly effective. Four elements of current practice were highlighted: the work of the governance team and the arrangements in place for regulatory oversight and compliance; the positive culture of support and challenge exhibited across the Council; the highly effective leadership of the Council by the Chair; and an ingrained appetite for continuous development and improvement. A small number of recommendations were made to further enhance effectiveness, which have now been implemented. Individual Council members are also reviewed on an annual basis.

In the spirit of continuous improvement, the Council ensures that it maintains its position as an exemplar of good governance by individually appraising members each year and each committee reviews its terms of reference on an annual basis to ensure they remain fit for purpose, that the committee has fulfilled its remit, that it has had due regard for the promotion of equality and diversity and that the membership of the committee is appropriate given its responsibilities.

The Council takes part in a Governance Apprenticeship Programme run by an executive search firm that is aimed at providing board experience to those from underrepresented groups. Two Apprentices were appointed for 2021/22, a further Apprentice for 2022/23 and two more have been appointed for 2023/24.

Michael Farrar CBE took over from Dame Jo Williams as the new Pro-Chancellor and Chair of the Council on 1 September 2022 following a six month handover period.

## The University's Corporate Governance Framework

The University's powers and framework of governance are set out in the Charter, its supporting Statutes, Ordinances and Regulations. These currently require the University to have two 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 finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. Council members are sometimes referred to as the Trustees of the University. The Council has a majority of members from outside the University (described as lay members), from whom it's Chair and Deputy Chairs must be drawn. Members also include representatives of the University's academic and support staff and student body. For a full list of the Council members who have served during the last year see the first page of this report.
- **The Senate** is the academic authority of the University and draws its membership entirely from the academic and academic-related staff and the students of the University. Its role is to regulate and superintend the education, welfare and discipline of students and the promotion of learning and research. The Vice-Chancellor is the Chair of the Senate. A review of its effectiveness took place during this financial year to follow the Council review in 2022 and the outcome will be shared with the Senate and the Council in the Autumn of 2023.

The principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the OfS Regulatory Framework for Higher Education in England, the Vice-Chancellor is the Accountable Officer of the University.

The Council has a number of committees, which undertake a lot of the detailed scrutiny on behalf of the Council and their decisions are reported back to the Council and, where relevant, the Senate. All committees are formally constituted with written terms of reference and have majority lay member representation.

The University has an executive committee with responsibility for Equality, Diversity & Inclusion, which has lay representation from the Council and a reporting line into the Council.

It also has a committee for Health & Safety (H&S) that reports to both the University Executive Committee and via the Audit & Risk Committee to the Council. The University uses the Health and Safety Management Profile (HASMAP) as its standard tool for assurance on H&S matters, which is accepted by the Universities and Colleges Employers Association as the scheme for measuring H&S management performance in the higher education sector. This also enables the University to focus on its H&S Strategic Action Plan. Considerable work has been undertaken in the year to review, update and amend policies and procedures and to engrain H&S across the campus to ensure that the University is at the forefront of H&S for all our staff, students and visitors.

The Council and the Senate hold a joint meeting each year to discuss matters of common interest, and this is just one example of the numerous initiatives to aid the Council's understanding of the academic governance of the University.

The Council approved a new University Strategy 'Our Future' in May 2019, which is articulated through five strands: Purpose, Performance, People, Place and Partnerships. A new set of key performance indicators were developed, and a comprehensive review of the University Risk Register was subsequently undertaken in line with the new Strategy. The University's performance against the Strategy is reviewed by Council and the University Risk Register is reviewed at each meeting of the Audit & Risk Committee and subsequently Council.

The Council approved the appointment on 7 July 2022 of new external auditors PKF Littlejohn LLP for the 2022/23 financial year audit and a minimum of two years thereafter on the recommendation of the Audit & Risk Committee.

## Council Committees

The Business Review Committee provides detailed scrutiny on behalf of the Council on matters concerning the operation and financial sustainability of the University. It receives and recommends approval to the Council of the draft budget, financial forecasts and statutory accounts, monitors financial performance against agreed plans and budgets, receives reports on the University's wholly-owned subsidiary companies and monitors the University's portfolio of investments.

The Nominations & Governance Committee advises the Council on matters relating to corporate governance arrangements, ensuring that the University pursues best practice and complies with external governance requirements in addition to advising the Council on the appointment of new members, members of the College of Fellows and the Chancellor. The Committee takes into account skills and experience and seeks to ensure the promotion of equality and diversity in reflecting both the diversity of society and the needs of the University in all of its appointments. The University, in accordance with guidance based on the Lambert Report, normally advertises vacancies nationally against defined person specifications.

The Senior Remuneration Committee determines the remuneration of the most senior academic and professional services staff, including the Vice-Chancellor. The University adopted the CUC HE Senior Staff Remuneration Code, which was published in 2018 and revised in 2021 and demonstrates Council's leadership and stewardship in seeking to protect the University's reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.

The Audit & Risk Committee meets at least three times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. The Audit & Risk Committee undertakes an annual appraisal of its effectiveness and prepares an Annual Report for both the Council and the OfS. It also receives and considers reports from the OfS as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit & Risk Committee, they are not members of the Committee. The Committee meet both the Internal and External Auditors on their own and then just members meet for independent discussions after each Committee meeting.

## Statement of Primary Responsibilities – The Role of Council

The appointment and powers of the Council are laid down by the Charter and Statutes of the University. Its main general responsibilities are as follows:

- 1 To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- 2 To delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution. To establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
- 3 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- 4 To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- 5 To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
- 6 To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- 7 To safeguard the good name and values of the institution.
- 8 To appoint the Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- 9 To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- 10 To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
- 11 To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
- 12 To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
- 13 To ensure, subject to the relevant legislation, that appropriate arrangements are in place for the management and operation of such companies as are wholly or partly owned by the University.
- 14 To accept ultimate responsibility for the health and safety of employees, students and other individuals while they are on the institution's premises and in other places where they may be affected by its operations. And to ensure that the institution has a written statement of policy on health and safety and arrangements for the implementation of that policy.
- 15 To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.
- 16 To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
- 17 To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

## Preparation of the Statement of Accounts

The Council is responsible for preparing the Statement of Accounts and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

It is required to prepare the Group (the University and its subsidiary companies) and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the group and of the parent University and of their income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for that period. In preparing each of the group and parent University financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice– Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with section 17 of the University's Statutes;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Risk Management and the System of Internal Control

As the governing body of Keele University, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which the University is responsible in accordance with the responsibilities assigned to the governing body in the University's Charter and Statutes and in the OfS's Regulatory Framework for Higher Education in England. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The University has reviewed and updated its risk management procedures, which continue to enable it to be fully compliant with OfS requirements.

The University has a published Risk Management Policy, which was approved by the Council in June 2011 and reviewed and updated in November 2011, November 2015 and November 2019. This policy identifies clearly and distinguishes the roles and responsibilities of both the Council and the executive. A key element of the policy is the University Risk Register, which is intrinsically linked to the University's Strategic Plan. A Risk & Compliance Group oversees on behalf of the University Executive Committee the implementation of the University's Risk Management Policy and procedures, including incident management and business continuity, and compliance with internal audit recommendations.

The University employs Uniac to undertake its internal audit functions. The internal auditors submit regular reports to the Audit & Risk Committee, including the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The implementation of those recommendations is monitored by the Audit & Risk Committee. The Chair of the Audit & Risk Committee provides the Council with regular reports concerning internal control.

The Council's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

## Value for Money

The University strives to apply value for money considerations to all its processes and activities and this is supported by strong awareness and vigilance across the executive. The Council and the Audit & Risk Committee have adequate and effective arrangements in place to ensure value for money in accordance with the OfS's Regulatory Framework for Higher Education in England. The Audit & Risk Committee also receives a comprehensive report on the Transparent Approach to Costing (TRAC) analysis undertaken by the University and submitted to the OfS in January of each year. In addition, all relevant internal audit review undertaken and submitted to the Audit & Risk Committee makes specific observations and judgements concerning the value for money demonstrated.

## Register of Interests

The University maintains a Register of Interests of members of the Council and the executive, which may be consulted by arrangement with the Secretary to the Council. Lay members of the Council receive no remuneration for their role although they are reimbursed for travelling and other expenses incurred in attending Council and Committee meetings and other University business in their official capacity. The total sum of expenses claimed by members of the Council for the year to 31 July 2023 was £10,163 to 14 members (2022: £1,777 to 3 council members).

## Further Information

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

## REPORT ON AUDIT OF THE

# Financial Statements

## Opinion

We have audited the financial statements of Keele University (the 'parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2023 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Balance Sheet, the Consolidated and University Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including the statement of principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2023 and of the group's and parent institution's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and the Office for Students requirements.

## Basis for opinion

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent institution's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Other information

The other information comprises the information included in the strategic report, other than the financial statements and our auditor's report thereon. The Council is responsible for the other information contained within the strategic report. Our opinion on the group and parent institution financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Office for Students

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

- funds from whatever source administered by the institution have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the applicable terms and conditions; and
- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

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

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you if, in our opinion:

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

## Responsibilities of the Council

As explained more fully in the Statement of Primary Responsibilities, the Council is responsible for the preparation of the group and parent institution financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent institution and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of our cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the group and parent institution in this regard to be those arising from the Office for Students Terms and conditions of funding for higher education institutions, the Higher Education and Research Act 2017, Financial Reporting Standard 102 and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent institution with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the timing of recognition of research income, including the completion of research activity and meeting recognition terms within the underlying agreements. We addressed this through substantive sample testing of research income back to source documents to ensure that income was recognised in accordance with the performance related conditions. We also independently inquired with the University's research grant management team to confirm whether there are any disputes in relation to research finance and understand the outcome of audits performed by grant funding bodies during the period, cross-referring responses and the results of our substantive testing and challenging whether the University's assessment of clawback risk is correctly valued in the financial statements.
- We also identified potential for management bias in:
  - the judgements made around recoverability of debtors, which we addressed through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management;
  - the depreciation rate applied to tangible fixed assets, which we addressed by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method;
  - the accounting for the defined benefit pension scheme liabilities, which we addressed through review of the actuarial reports prepared by management's experts, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuation;
  - accounting for the transfer of property within the group, for which we vouched the underlying accounting entries to source documents and justification of transfer; and
  - the valuation of heritage assets, where we challenged the valuation methodology, including inputs and considering whether assumptions are reasonable and appropriate. We also challenged management's annual review for impairment.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

## Use of our report

This report is made solely to the Council, as a body, in accordance with the Charter and Statutes of The University of Keele. Our audit work has been undertaken so that we might state to the 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

**PKF Littlejohn LLP**  
15 Westferry Circus  
Canary Wharf  
London E14 4HD

Registered Auditor  
November 2023



## Statement of Comprehensive Income and Expenditure

### Consolidated and University Statement of Comprehensive Income ("SOCl") Year Ended 31 July 2023

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	97,732	97,732	92,536	92,536
Funding body grants	2	29,101	29,101	27,403	27,403
Research grants and contracts	4	18,380	18,380	14,933	14,933
Other Income	5	58,920	59,176	40,575	39,974
Investment Income	6	1,997	2,133	1,177	1,213
Donations and endowments	7	193	193	152	152
<b>Total Income</b>		<b>206,323</b>	<b>206,715</b>	176,776	176,211
<b>Expenditure</b>					
Staff costs – pay (including Voluntary Severance)	8	103,373	103,373	91,355	91,355
Staff costs – actuarial movement	8	(6,774)	(6,774)	44,996	44,996
Other operating expenses	9	66,116	68,631	71,995	71,336
Depreciation	13	14,006	13,914	11,833	11,737
Interest and other finance costs	10	6,815	6,815	4,265	4,265
<b>Total expenditure</b>	11	<b>183,536</b>	<b>185,959</b>	224,444	223,689
<b>Surplus / (Deficit) before other gains/ losses</b>		<b>22,787</b>	<b>20,756</b>	(47,668)	(47,478)
Gain on disposal of tangible assets		1	1	-	-
(Loss)/ Gain on investment property	13	(3,016)	(2,750)	335	335
(Loss) / Gain on investments		(1,032)	(1,032)	(2,244)	(2,244)
<b>Surplus / (Deficit) before tax</b>		<b>18,740</b>	<b>16,975</b>	(49,577)	(49,387)
Taxation	12	-	-	-	-
<b>Surplus / (Deficit) for the year</b>		<b>18,740</b>	<b>16,975</b>	(49,577)	(49,387)
<b>Other comprehensive income and expenditure</b>					
Unrealised surplus on revaluation of land and buildings		150	-	-	-
Actuarial gain in respect of pension schemes	32	1,285	1,285	9,662	9,662
<b>Total comprehensive income and expenditure for the year</b>		<b>20,175</b>	<b>18,260</b>	(39,915)	(39,725)
Represented by:					
Endowment comprehensive income for the year	23	2	2	(18)	(18)
Restricted comprehensive income for the year	24	-	-	-	-
Unrestricted comprehensive income for the year		20,023	18,258	(39,897)	(39,707)
Revaluation reserve comprehensive income for the year		150	-	-	-
		<b>20,175</b>	<b>18,260</b>	(39,915)	(39,725)

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 33 to 76 form part of these financial statements.

## Consolidated and University Statement of Changes in Reserves Year Ended 31 July 2023

Consolidated	Income and expenditure account			Revaluation Reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
<b>Balance at 1 August 2021</b>	<b>1,056</b>	-	<b>174,360</b>	-	<b>175,416</b>
Surplus for the year from the income and expenditure statement	(18)	-	(49,559)	-	(49,577)
Other comprehensive income and expenditure	-	-	9,662	-	9,662
Release of restricted funds spent in year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(18)</b>	<b>-</b>	<b>(39,897)</b>	<b>-</b>	<b>(39,915)</b>
<b>Balance at 1 August 2022</b>	<b>1,038</b>	-	<b>134,463</b>	-	<b>135,501</b>
Surplus for the year from the income and expenditure statement	2	-	18,738	-	18,740
Other comprehensive income and expenditure	-	-	1,285	150	1,435
Release of restricted funds spent in year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>2</b>	<b>-</b>	<b>20,023</b>	<b>150</b>	<b>20,175</b>
<b>Balance at 31 July 2023</b>	<b>1,040</b>	-	<b>154,486</b>	<b>150</b>	<b>155,676</b>
<b>University</b>	<b>Income and expenditure account</b>			<b>Revaluation Reserve</b>	<b>Total</b>
	Endowment £'000	£'000	Unrestricted £'000	£'000	£'000
<b>Balance at 1 August 2021</b>	<b>1,056</b>	-	<b>174,693</b>	-	<b>175,749</b>
Surplus for the year from the income and expenditure statement	(18)	-	(49,369)	-	(49,387)
Other comprehensive income and expenditure	-	-	9,662	-	9,662
Release of restricted funds spent in year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(18)</b>	<b>-</b>	<b>(39,707)</b>	<b>-</b>	<b>(39,725)</b>
<b>Balance at 1 August 2022</b>	<b>1,038</b>	-	<b>134,986</b>	-	<b>136,024</b>
Surplus for the year from the income and expenditure statement	2	-	16,975	-	16,975
Other comprehensive income and expenditure	-	-	1,285	-	1,285
Release of restricted funds spent in year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>2</b>	<b>-</b>	<b>18,258</b>	<b>-</b>	<b>18,260</b>
<b>Balance at 31 July 2023</b>	<b>1,040</b>	-	<b>153,244</b>	-	<b>154,284</b>

## Consolidated and University Statement of Financial Position Year Ended 31 July 2023

Notes	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>				
Tangible assets	13	296,868	295,789	302,756
Investment Properties	13	10,102	10,102	12,285
Heritage assets	13 / 14	12,116	12,116	12,116
Investments	15	31,262	31,262	34,764
		<b>350,348</b>	<b>349,269</b>	<b>361,921</b>
<b>Current assets</b>				
Stock	17	3,127	74	3,103
Trade and other receivables	18	28,496	28,497	22,120
Investments	19	12,000	12,000	
Cash and cash equivalents	26	21,786	21,667	36,484
		<b>65,409</b>	<b>62,238</b>	<b>61,707</b>
Less: Creditors: amounts falling due within one year	20	60,011	60,000	70,340
		<b>5,398</b>	<b>2,238</b>	<b>(8,633)</b>
<b>Net current assets / (liabilities)</b>		<b>355,746</b>	<b>351,507</b>	<b>353,288</b>
<b>Total assets less current liabilities</b>		<b>355,746</b>	<b>351,507</b>	<b>353,288</b>
Creditors: amounts falling due after more than one year	21	(113,180)	(110,333)	(122,890)
		<b>(113,180)</b>	<b>(110,333)</b>	<b>(122,890)</b>
<b>Provisions</b>				
Pension provisions	22	(86,889)	(86,889)	(94,861)
Other provisions	22	(1)	(1)	(36)
		<b>(86,890)</b>	<b>(86,890)</b>	<b>(94,897)</b>
<b>Total Net Assets</b>		<b>155,676</b>	<b>154,284</b>	<b>135,501</b>
<b>Restricted Reserves</b>				
Income and expenditure reserve – endowment reserve	23	1,040	1,040	1,038
Income and expenditure reserve – restricted reserve	24	-	-	-
<b>Unrestricted reserves</b>				
Income and expenditure reserve – unrestricted reserve		154,486	153,244	134,463
Revaluation Reserve		150	-	-
		<b>155,676</b>	<b>154,284</b>	<b>135,501</b>

The financial statements were approved by the Governing Body on 23 November 2023 and were signed on its behalf on that date by:

**T. J. McMillan, Vice-Chancellor**

**M. Farrar, Chair of Council**

**L. Parr-Morely, Interim Chief Financial Officer**

**D. Hall, Treasurer**



## Consolidated Statement of Cash Flows Year Ended 31 July 2023

Consolidated	Notes	31 July 2023	31 July 2022
		£'000	£'000
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year		<b>18,740</b>	(49,577)
<b>Adjustment for non-cash items</b>			
Depreciation	13	<b>14,006</b>	11,833
Impairment of Tangible Assets	13	-	10,314
Loss/ (Gain) on investment property	13	<b>3,016</b>	(335)
Loss on investments		<b>1,032</b>	2,244
(Increase) / Decrease in stock	17	<b>(24)</b>	636
Increase in debtors		<b>(6,376)</b>	(4,971)
(Decrease) / (Increase) in creditors		<b>(6,387)</b>	11,277
Pension movements included in staff costs	8	<b>(6,774)</b>	44,996
Interest payable on pension schemes (net)	6 & 10	<b>3,053</b>	818
KSS deficit contributions paid	32	<b>(2,966)</b>	(3,930)
Decrease in other provisions		<b>(35)</b>	(823)
<b>Adjustment for investing or financing activities</b>			
Investment Income	6	<b>(1,951)</b>	(1,175)
Interest payable (including loan interest)	10	<b>2,691</b>	3,445
Interest element of finance lease	9	<b>1,025</b>	(613)
Endowment income	7	<b>(102)</b>	(28)
Loss on disposal of tangible assets		<b>(1)</b>	-
Capital grant income		<b>(16,309)</b>	(2,223)
<b>Cash flows from operating activities</b>		<b>2,638</b>	21,888
Taxation		-	-
<b>Net cash inflow from operating activities</b>		<b>2,638</b>	21,888
<b>Cash flows from investing activities</b>			
Proceeds from sales of tangible assets		<b>81</b>	-
Capital grant receipts		<b>5,207</b>	10,668
Disposal of non-current asset investments		<b>3,044</b>	4,765
Investment income		<b>1,951</b>	1,205
Payments made to acquire tangible assets		<b>(8,881)</b>	(20,670)
New non-current asset investments		<b>(574)</b>	(2,421)
New deposits		<b>(12,000)</b>	-
		<b>(11,172)</b>	(6,453)
<b>Cash flows from financing activities</b>			
Interest paid		<b>(2,691)</b>	(2,803)
Interest element of finance lease		-	(613)
Endowment cash received		<b>102</b>	28
New loans		-	-
Repayments of amounts borrowed		<b>(1,962)</b>	(1,962)
Capital element of finance lease		<b>(1,613)</b>	(339)
		<b>(6,164)</b>	(5,689)
<b>Increase in cash and cash equivalents in the year</b>		<b>(14,698)</b>	10,359
Cash and cash equivalents at beginning of the year	26	<b>36,484</b>	26,125
Cash and cash equivalents at end of the year	26	<b>21,786</b>	36,484

## Statement of Accounting Policies For the year ended 31 July 2023

### 1. General information

Keele University is registered with the Office for Students in England. The address of the registered office is Keele, Staffordshire, ST5 5BG.

### 2. Accounting convention

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

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

### 3. Basis of preparation

The Consolidated and University financial statements have been prepared under the historical cost convention, with the exception of certain investment properties which have been revalued to fair value as at the year ended 31 July 2023.

The Group and University's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report which forms part of the Council's Report. The Council's Report also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities. The financial statements have been prepared on a going concern basis which Council consider to be appropriate for the following reasons.

The Council has prepared cash flow forecasts for a period of 13 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Group and parent University will have sufficient funds to meet their liabilities as they fall for that period. In reaching this conclusion, the Council has considered the following factors:

The University responded well to Covid-19, with increased student recruitment and no deterioration in cash generation over the period. This was significantly assisted by the financial sustainability planning that the University has been engaged in to improve income streams and control associated revenue and capital expenditure. The University continues to have a net cash inflow from operating activities and cash and cash equivalents remain healthy.

For the year ended 31 July 2024, the University has recruited well for home and overseas students, at both undergraduate and postgraduate level.

The 2023/24 onward budgets assume costs of operating with students on campus and the appropriate level of associated pay and non-pay costs. During the budget process, assumptions are based on the best knowledge of the University and are prudent for both income and expenditure. The University has budgeted to produce an overall surplus in each of the five years of the OfS planning period and to generate net cash inflow from operating activities to support capital expenditure and investments.

The University has a £10m revolving credit facility with National Westminster Bank until October 2024 and a £4m revolving credit facility with Barclays Bank until August 2025 to assist with liquidity. There is no requirement for any new or additional lending facilities during the going concern assessment period.

No banking covenants have been breached or are expected to be breached during the going concern assessment period.

The Council believe the Group and parent University have sufficient funding in place and expect the Group to comply with its debt covenants.

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

These financial statements are presented in sterling (rounded to £'000), which is the functional currency of the group.

### 4. Exemptions under FRS 102

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

### 5. Basis of consolidation

The consolidated financial statements include the financial statements of the University and all its subsidiaries for the financial year to 31 July 2023. Details of these companies are provided in note 15 (b).

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised on acquisition.

Intra-group transactions are eliminated on consolidation. Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and any associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the University's share is eliminated.

Associated companies and joint ventures are accounted for using the equity method.

The consolidated financial statements do not include the income and expenditure of the Students' Union or Postgraduate Association as the University does not exert control or dominant influence over their policy decisions, but simply provides grant funding. The Students' Union and Postgraduate Association are both separately registered with the Charity Commission.

## 6. Income recognition

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

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Externally funded bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Education contracts are recognised when the University is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

In both 2000/01 and 2006/07 the University received premiums for the lease of student accommodation to Keele Residential Funding plc, previously Owengate (Keele) plc. These premiums are held under Creditors on the balance sheet and are being released to the Statement of Comprehensive Income over the period of the respective lease agreements on a straight-line basis.

The income received for student lettings of the Halls is recognised as income in full, with any payments that are made to Keele Residential Funding Plc being accounted for as non-pay expenditure.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income of the University where the University is exposed to minimal economic benefit related to the transaction.

### Grant funding

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

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

### Donations and endowments

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

Donations with no restrictions are recorded in the Statement of Comprehensive Income when the University is entitled to the funds.

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

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

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

donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Capital grants

Capital grants are recognised in income when the University is entitled to the income subject to any performance related conditions being met.

## 7. Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme ("USS") and the Keele Superannuation Scheme ("KSS"). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities to Institution at members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### Multi-employer schemes

Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the University has entered into an agreement with such a multi-employer scheme that determines how the University will contribute to a deficit recovery plan, the University recognizes 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 expenditure.

### Defined benefit schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The net liability is recognised in the balance sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses. The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in note 32 to the accounts.

### Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (the scheme). 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 FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of Comprehensive Income.

### Keele Superannuation Scheme

The University operates the KSS providing benefits based on final pensionable pay for those staff who were both still members of the Scheme on 31 December 2013 and employed by the University upon retirement. All other members benefits being based on upon pay at the date of leaving KSS or the University revalued by CPI to the date of becoming a pension member. The assets of the scheme are held separately from those of the University. The scheme is closed to future accrual. Pension scheme assets are measured using market values. The Scheme is contracted out of the State Second Pension (S2P).

Annually the University engages independent actuaries to calculate the obligation for KSS. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses. The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

### Others

The University participates in the Local Government Pension Scheme ("LGPS"). This is a defined benefit scheme which is externally funded. The assets of the LGPS are measured using closing market values.

Annually the University engages independent actuaries to calculate the obligation for LGPS. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses. The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

A small number of staff are also in the NHS pension scheme. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

## 8. Employment benefits

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

## 9. Leases

### Finance leases

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

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

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

### Operating leases

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

## 10. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised in the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

The Keele Residential Fund agreement is not treated as a service concession arrangement, and as such no financial liability was created and the Halls of Residence were valued in use as part of fixed assets.

## 11. Foreign currency

Transactions in foreign currencies are converted into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

## 12. Accounting for Research and Development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

## 13. Fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation.

### Land and Buildings

Land and buildings are capitalised at cost on initial recognition. After initial recognition land and buildings are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Certain items of land and buildings that had been revalued to fair value on transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the Group.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated by component from the date of completion over their expected useful economic lives ("UEL") on a straight-line basis as follows:

Structure years	up to 50
Plant and Machinery years	up to 25
Fit Out	3 - 15 years
Refurbishments	10 years

Where an item of land and buildings comprise two or more major components with substantially different UELs, each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred to the extent that they increase the expected future benefits to the University.

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction. No depreciation is charged in the month of disposal of an asset.

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

### Equipment and Furniture

Equipment, including computers and software, and furniture costing less than £30,000 (2022:£20,000) is written off to the Statement of Comprehensive Income in the year of acquisition, unless part of a larger capital project. All other equipment is capitalised, including equipment used for research. Capitalised equipment and furniture is stated at cost and depreciated from the month of purchase over its expected useful life of between 1 to 10 years. Equipment acquired for specific research projects is written off over the same length as the remaining research project life, to better match depreciation and usage. No depreciation is charged in the month of disposal of an asset.

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

### Impairment

A review for impairment of a tangible fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the tangible fixed asset may not be recoverable. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised when it arises. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised when it arises.

### Borrowing costs

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

## 14. Heritage assets

Heritage assets are individual objects, collections, specimens or structures of historic, scientific or artistic value that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets costing in excess of the capitalisation threshold of £20,000 will be capitalised and recognised at their cost or value where reasonably obtainable. The University uses the valuation for insurance purposes as the basis for the value reflected in the financial statements. The University's significant donated assets are works of art, porcelain and antiques. These are accounted for as heritage assets.

Heritage assets are revalued in line with insurance valuations, with any movements taken to the Statement of Comprehensive Income. The valuations are usually carried out every five years, and on an interim basis for specific items.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material. However, they are subject to an annual impairment review in accordance with applicable accounting standards.

## 15. Investment Properties

Investment property is land or a building, or part of a building, held for rental income or capital appreciation rather than for use in delivering services. Mixed use property is separated between investment property and property, plant and equipment where the separate portions can be sold separately or leased out under a finance lease. Where the fair value of the investment property portion cannot be reliably measured, the entire property has been included within property, plant and equipment. Where investment property, or a component of that property, is rented to another group entity the property has been accounted for within property, plant and equipment.

Investment properties are initially measured at cost and then subsequently at fair value at the end of each reporting date, with changes in fair value recognised in the Statement of Comprehensive Income. Investment properties are not depreciated but are revalued or reviewed annually according to market conditions as at the reporting date.

## 16. Investments

Investments in jointly controlled entities, associates and subsidiaries are carried at cost (less impairment) in the University's separate financial statements. Investments are held in the Balance Sheet as basic financial assets and are measured in accordance with Note 25.

## 17. Accounting for Joint Operations, Jointly Controlled Assets and Joint Ventures

A joint venture is an entity where the University has joint control and is entitled to a share of the net assets and liabilities. The University accounts for its share of joint ventures using the equity method, which involves recognition in the Statement of Comprehensive Income of the University's share of the joint venture's net surplus or deficit for the year.

The interest in a joint venture is carried in the Balance Sheet as the University's share in the net assets of the joint venture together with any goodwill less any impairment loss. When the University's share in a loss exceeds the carrying amount of the joint venture, the carrying amount is reduced to zero. No further losses are recognised, unless the University has responsibility for obligations relating to the joint venture.

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

## 18. Stock

Stock is held at the lower of cost and net realisable value. Food and beverage stock is held at latest cost.

The development land for sale is valued on a "per acre" basis for the remaining unsold plots on the development site by an external valuer, unless a separate plot specific valuation has been performed.

## 19. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 20. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

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

## 21. Taxation

Current tax, including UK Corporation Tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University group receives no similar exemption in respect of Value Added Tax ("VAT"). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure.

The University's subsidiary companies are subject to Corporation Tax and VAT in the same way as any other commercial organisation.

### Financial instruments

The Group and University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and liabilities are recognised when the Group and University becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Financial assets

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

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

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

### Financial liability

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

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented

as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the Group and University enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The Group and University does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

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

## 23. Reserves

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

## 24. Significant accounting estimates and judgements

Management is required to adopt those accounting policies most appropriate to the circumstances for the purposes of presenting fairly the Group's financial position, financial performance, and cash flows.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements,

estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuations for the University's investment properties and pension funds rely on third party valuations. These valuations are subject to inherent uncertainty. The resulting accounting estimates will therefore, by definition, be unlikely to equal the related actual results.

Management considers the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

### Recoverability of debtors (Note 18)

The provision for doubtful debts is based on an estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due. At the reporting date, the bad debt provision is £2,109k (2022: £1,637k).

### Impairment of assets (Note 13)

At each reporting date, assets (in particular tangible non-current assets) are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. Where an indication of impairment is identified the estimation of the recoverable value requires an estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flow. If the estimated recoverable amount is lower, the carrying value is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the period it arises. During the year, the Group recognised an impairment charge of £0k (2022: £10,314k).

### Investment property valuations (Note 13)

The University and Group holds four investment properties. Properties held for investment purposes are revalued to their fair value at the reporting date by an independent external team of chartered surveyors (Gerald Eve LLP). This is updated annually by them following a site visit, based on assumptions using the current tenant rents, any rental growth projections and an estimate of the rental yield going forward. Investment properties were valued at £10,102k (2022:£12,285k).

### Useful economic life (UEL) of tangible assets (Note 13)

Property, plant and equipment represent a significant proportion of the Group's and University's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the reported performance. Useful lives are determined at the time the asset is acquired, and the UEL of its assets is reviewed annually. The UEL are based on historical experience with similar assets as well as anticipation of future events.

### Provisions (Note 22)

Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount, management assess the likelihood and extent of any future settlement and make judgements based on these.

### Employee leave accrual (Note 20)

A liability for holiday pay is recognised due to accounting standards necessitating that short-term employee benefits be charged to the Statement of Comprehensive Income and Expenditure as the employee service is received. Information has been gathered from the HR/Payroll system on holiday balances, with assumptions having been made for staff where this information was not possible to collect. These balances were then applied against individual pay data to calculate the employee leave accrual. At the reporting date, the employee leave accrual in Creditors: amounts falling due within one year is £4,050k (2022: £3,500k).

### Income recognition (Notes 1-7)

Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

### Retirement benefits (Note 8 and 32)

The University has obligations to pay pension benefits to certain employees. Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have continues to be volatile and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position. In relation to the University Superannuation

Scheme, the current valuation which is underway indicates a significant reduction in the deficit position and an overall improvement in the scheme funding will be reported in the 2023/24 financial year.

### Keele Superannuation Scheme (KSS) and Local Government Pension Scheme (LGPS)

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The actuarial assumptions are set by the University, having first considered actuarial advice. Based on actuarial advice provided, management estimate these factors to determine the net pension obligation in the statement of financial position. In relation to the University Superannuation Scheme, the current valuation which is underway indicates a significant reduction in the deficit position and an overall improvement in the scheme funding is expected to be reported in the 2023/24 financial year.

### University Superannuation Scheme

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 USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the Statement of Comprehensive Income and Expenditure in accordance with section 28 of FRS 102. The University is satisfied that USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

## Notes to the Accounts For the year ended 31 July 2023

### 1. Tuition fees and education contracts

Notes	Year ended 31 July 2023 Consolidated and University £'000	Year ended 31 July 2022 Consolidated and University £'000
Home and EU students	77,410	76,765
International students	15,897	11,716
Short course fees	1,169	928
Degree Apprenticeships	2,382	1,829
Home and EU fees paid by the Department of Health	72	796
Other fees	802	502
	<u>97,732</u>	<u>92,536</u>

### 2. Funding body grants

Notes	Year ended 31 July 2023 Consolidated and University £'000	Year ended 31 July 2022 Consolidated and University £'000
<b>Recurrent grants</b>		
Office for Students (OfS)	14,791	13,133
Research England (RE)	8,753	8,453
Capital Grant	1,807	1,818
<b>Specific grants</b>		
Office for Students	1,689	2,313
Higher Education Innovation Fund (HEIF)	2,061	1,686
Capital Grant	-	-
	<u>29,101</u>	<u>27,403</u>

#### Recurrent grants

The University receives recurrent annual funding from OfS and RE. The OfS recurrent funding is high-cost subject funding and targeted allocations to support important or vulnerable features of higher education in accordance with key OfS policy initiatives.

The University recognised formula and bid Teaching capital income during 2022/23 for the OfS grant year from 1 April 2022 to 31 March 2023 and the Research England formula capital income for the same period. There is no other funding body capital grant income recognised.

#### Specific grants

The specific grant from the OfS relates primarily to the National Collaborative Outreach Programme (NCOP), where the income and expenditure are matched. RE provides HEIF funding for knowledge exchange to support and develop a broad range of knowledge-based interactions between universities and the wider world, which result in benefits to the economy and society.

## Notes to the Accounts For the year ended 31 July 2023

### 3. Grant and fee income

Notes	Year ended 31 July 2023 Consolidated and University £'000	Year ended 31 July 2022 Consolidated and University £'000
Grant income from the OfS	16,991	16,362
Grant income from other bodies (incl furlough income)	27,252	13,101
Fee income for taught awards	94,851	89,817
Fee income for research awards	1,020	930
Fee income from non-qualifying courses	1,862	1,789
<b>Total grant and fee income</b>	<u>141,976</u>	<u>121,999</u>

#### Grant income from the OfS

This includes grants by the OfS for the provision of education, the provision of facilities and the carrying on of other activities.

This includes recurrent teaching funding (including targeted allocations, high-cost subject funding, National Collaborative Outreach Programme ("NCOP") funding and any other recurrent teaching funding) and non-recurrent funding (including grants for capital infrastructure, challenge competitions or any other non-recurrent grant funding) from the OfS.

#### Grant income from other bodies

This includes grants by UKRI, Research England or any other body. This includes the knowledge exchange funding that is distributed by both UKRI and the OfS in the form of Higher Education Innovation Funding.

#### Fee income for taught awards

This includes fee income for higher education courses for taught awards (from students directly or via the Student Loans Company or any other body paying fees on behalf of the student). These include undergraduate and postgraduate taught awards.

#### Fee income for research awards

This includes fee income for research awards, including postgraduate research awards but excluding research training support grants.

#### Fee income from non-qualifying courses

This includes fees paid by students (or by others on behalf of students) for non-credit-bearing courses, further education courses, research training support or any other course that are not included under fee income for taught awards or fee income for research awards.

## Notes to the Accounts For the year ended 31 July 2023

### 4. Research grants and contracts

	Year ended 31 July 2023 Consolidated and University £'000	Year ended 31 July 2022 Consolidated and University £'000
Research councils	3,219	2,828
Research charities	1,915	1,905
UK central government	9,836	7,260
UK industry & commerce	533	421
Other	<u>2,132</u>	<u>2,135</u>
	17,635	14,549
Capital income	745	384
	<u>18,380</u>	<u>14,933</u>

Capital income is the release of capital funding for the Smart Energy Network Demonstrator ("SEND") (2022: £139k). The SEND project met the performance criteria for completion in 2020/21 financial year and so the income for the project was recognised in that year. The income recognised in 2022/23 related to amounts where claims have been made in 2022/23 over and above the income recognised in 2020/21 and 2021/22. The EPSRC grant was completed in full in 2021/22 and no further income was recognised in 2022/23 (2021/22: £245k).

"Other" above includes EU government bodies, UK local authorities, health and hospital sources and other UK, EU and overseas sources.

### 5. Other income

Notes	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences, catering and conferences	18,189	18,189	15,906	15,906
KRF rental payment received	4,061	4,061	3,792	3,792
KRF premium release	2,842	2,842	2,842	2,842
Other services rendered	2,016	2,016	1,658	1,658
Other capital grants	13,757	13,757	21	21
Other revenue grants	2,474	2,474	2,819	2,819
Income from health and hospital authorities	4,228	4,228	3,402	3,402
Other income	9,222	9,222	6,821	7,113
Rent and service charge	2,131	2,387	3,314	2,421
	<u>58,920</u>	<u>59,176</u>	<u>40,575</u>	<u>39,974</u>

### 6. Investment income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Investment income on endowments	33	33	1	1
Decrease in fair value of derivatives	-	-	131	131
Other investment income	1,918	2,054	1,043	1,079
Pension scheme interest	46	46	2	2
	<u>1,997</u>	<u>2,133</u>	<u>1,177</u>	<u>1,213</u>

## Notes to the Accounts For the year ended 31 July 2023

### 7. Donations and endowments

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
New endowments	21	21	28	28
Unrestricted donations	172	172	124	124
	<u>193</u>	<u>193</u>	<u>152</u>	<u>152</u>

There are no donations or endowments being held in the Balance Sheet not recognised as income.

### 8. Staff costs

	Year ended 31 July 2023 Consolidated and University £'000	Year ended 31 July 2022 Consolidated and University £'000
Salaries	79,670	70,320
Social security costs	7,964	6,811
Occupational pension costs (see note 32)		
- Employer contributions	15,540	13,942
- Actuarial movements on pension provisions	<u>(6,774)</u>	<u>44,996</u>
	96,400	136,069
Severance costs	199	282
Total	<u>96,599</u>	<u>136,351</u>
	£'000	£'000
<b>Analysed as:</b>		
On-going staff costs	103,174	91,073
Severance costs (see below)	199	282
	<u>103,373</u>	<u>91,355</u>
Actuarial movements on pension provisions	<u>(6,774)</u>	<u>44,996</u>
Total	<u>96,599</u>	<u>136,351</u>

The above severance costs were payable to 6 post-holders (2022: 29).

A general pay award of 3.0% was made from 1 August 2022 for all staff above point 20 on the Keele pay scale, with increased uplifts, up to 9.0%, for those on grades below point 20. The August 2023 pay award was partially bought forward, with an additional uplift of £1,000 or 2% on pay points being made from 1 February 2023 to help with the high cost-of-living pressures. The remainder of the uplift for 2023/24 will be awarded from 1 August 2023. Operational staff received a pay award of 10.1% from 1 January 2023 (brought forward from 1 April 2023). Staff on NHS pay scales received pay awards in line with their nationally agreed scale.

## Notes to the Accounts For the year ended 31 July 2023

### 8. Staff costs (continued)

Average staff numbers by major category:	Year ended	
	31 July 2023	31 July 2022
	FTE	FTE
Academic / Research	774	729
Technical	87	84
Academic Related	329	313
Secretarial / Clerical	445	414
Other	239	243
<b>Total</b>	<b>1,874</b>	<b>1,783</b>

Emoluments of the Vice-Chancellor (Professor McMillan)	Year to	
	31 July 2023	31 July 2022
	£'000	£'000
Basic salary	260	249
Payments in lieu of pension contributions	42	39
Non-taxable benefit – Clock House residence	2	2
Taxable benefit – Clock House residence	-	-
Remuneration excluding pension contributions	304	290
Contributions to USS – Death In Service	16	14
<b>Total Remuneration</b>	<b>320</b>	<b>304</b>

The Vice-Chancellor is required by the University to have accommodation on campus. The University paid contributions to the University Superannuation Scheme for the Death In Service element only, which increased from 2.1% to 6.3% from 1 October 2021. The Vice-Chancellor had no salary sacrifice arrangements and did not receive any bonus or expenses allowance in the current or previous year. The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff.

#### Basis of the remuneration package of the Vice-Chancellor

The remuneration of the Vice-Chancellor is reviewed annually by the Senior Remuneration Committee with reference to the terms set out in the "Salary Review Framework for the Vice-Chancellor" which was adopted in August 2013 and updated in July 2018 to align with the principles of the Committee of University chairs (CUC) voluntary Higher Education Remuneration Code for Senior Staff published in June 2018. The Committee has regard for the promotion of equality and diversity and ensures equality of opportunity in the way it conducts itself and in the transaction of its business. Committee members consider the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance to the staff within its remit.

During the year 2022/23, the Committee conducted its business through one virtual meeting in November 2022.

The membership of the Committee is:

Name	Position	Dates of meeting attended
		July 22
Mrs Sally Bucknall (Chair)	Deputy Pro-Chancellor	Yes
Mr Richard Callaway	Deputy Pro-Chancellor	Yes
Mr David Hall	Treasurer	Yes
Mrs Manali Lukha	Lay member of Council	Yes
Mr Mike Farrar	Pro-Chancellor	Yes
Ms Frances Hewison	Chief People Officer	Yes

The Vice-Chancellor may attend the Committee, except for an item where their remuneration is under consideration. The Vice-Chancellor attended the meeting held in the year.

## Notes to the Accounts For the year ended 31 July 2023

### 8. Staff costs (continued)

#### Context in which Keele University operates

The University operates in the United Kingdom Higher Education sector, which is both competitive and complex. There is competition across the sector to recruit both UK and International students for undergraduate and postgraduate studies, alongside the desire of all institutions to attract and retain a high quality of academic and professional service staff. This obviously includes key management personnel, including the Vice-Chancellor. Alongside teaching, research is the other key strand of the sector, an area that encompasses varied specialisms, funding streams and requirements. As a result of the staff involved in teaching and research, universities are able to engage in innovation, business engagement and technology transfer, or collectively knowledge exchange.

#### Terms of the Vice-Chancellor's Salary Review

In considering any pay increase, Senior Remuneration Committee takes into account the following:

##### 1. The size and complexity of the role, relevant market comparators, pay ratio data and other metrics as appropriate and the need to protect the strategic interests of the University.

The Vice Chancellor's salary is benchmarked annually against the salary data for comparable roles and institutions set out within the latest available UCEA Remuneration Report, as a basis for ensuring broad based fairness and comparability. However, it is not the intention that the salary is automatically adjusted to reflect a specific percentile point or range.

##### 2. Performance in role

The Vice Chancellor's performance is reviewed annually by the Chair of Council with due consideration of both long and short-term objectives. Only in the case where the Vice Chancellor is deemed to have demonstrated significant achievement and exceptional performance in his/her role against key performance indicators and personal objectives will a salary review based on performance be considered.

##### 3. Affordability – the University's financial position – current and longer terms.

Any increase considered against 1) and 2) above is balanced against available and projected long-term funding, expenditure priorities, discretionary pay expenditure, and pay as a percentage of income in the short to medium term.

##### 4. National Pay Restraint and any associated Public and Employee Relations issues

Any recommended increase is considered within the context of the relevant pay climate. The Vice Chancellor's remuneration package is published annually within the annual statutory accounts which are available on the University's website and the University must be able to properly explain any enhancements based on the strategic interests of the institution.

#### Vice-Chancellor Pay Review 2022 / 23

The Senior Remuneration Committee reviewed the Vice-Chancellor's salary against sector benchmarks and an appraisal of his performance against agreed objectives and agreed an uplift in salary to £250,000 from 1 October 2021. This follows a period of pay restraint with no pay award made above the national uplift. This increased to £257,500 from 1 August 2022 following the 3% national pay award, and increased further to £262,650 from 1 February 2023 when the August 2023 pay award was partially bought forward.

#### Pay ratio of the Vice-Chancellor compared to the median pay of staff

The ratio has been calculated using the OFS Accounts Direction guidance, which states the calculation "must include all employees who are required to be included in real-time reporting to HMRC. Employees that are not required to be included in real-time reporting to HMRC should be excluded from the calculation of the remuneration of 'all other staff'". This includes all substantive staff together with all sessional and casual staff and anyone else paid through the payroll but excludes Agency Staff.

The median pay is calculated on a full-time equivalent basis for the salaries paid by the University to the staff.

	Year ended	
	31 July 2023	31 July 2022
	Pay multiple	Pay multiple
Basic salary of Vice-Chancellor compared to median of University staff	7.23	7.25
	<b>Pay multiple</b>	<b>Pay multiple</b>
Total remuneration of Vice-Chancellor compared to median of University staff	<b>8.11</b>	<b>7.96</b>

## Notes to the Accounts For the year ended 31 July 2023

### 8. Staff costs (continued)

#### Remuneration of higher paid staff

The number of staff with a basic salary of over £100,000 per annum has been included below, including the Vice-Chancellor. Basic salary includes market supplements and agency payments, but excludes (amongst other items) bonuses, payments in lieu of pension contributions, allowances, clinical excellence awards, benefits, compensation for loss of office, employer pension contributions, employer National Insurance and expenses. Payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment are not included within remuneration. In line with the Office for Students Accounts Direction, staff who joined or left part-way through a year who would have received salary in these bands in a full year but did not in this part year are excluded.

Basic salary per annum	Year ended	
	31 July 2023 Number	31 July 2022 Number
£100,000 to £104,999	-	-
£105,000 to £109,999	1	-
£110,000 to £114,999	-	-
£115,000 to £119,999	-	4
£120,000 to £124,999 **	7	3
£125,000 to £129,999	2	1
£130,000 to £134,999	1	1
£135,000 to £139,999	1	1
£140,000 to £144,999*	1	1
£145,000 to £149,999	-	-
£150,000 to £154,999	-	1
£155,000 to £159,999	-	1
£160,000 to £164,999	1	-
£165,000 to £169,999	1	-
£180,000 to £184,999	-	1
£190,000 to £194,999	1	-
£245,000 to £249,999	-	1
£260,000 to £264,999	1	-
	<b>17</b>	<b>15</b>

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University through the University Executive Committee. Key management personnel costs are based on 19 (2022: 18) University employees. Compensation consists of salary, benefits, compensation for loss of office, employer's national insurance and employer's pension contribution.

Key management personnel	Year ended	
	31 July 2023 £'000	31 July 2022 £'000
	<b>3,039</b>	<b>2,712</b>

## Notes to the Accounts For the year ended 31 July 2023

### 9. Other operating expenses

Notes	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other operating expenses include:				
External auditors remuneration				
Fees payable to the auditor for the audit of the University financial statements	169	169	128	128
Audit of the financial statements of the subsidiary	8	-	12	-
Other assurance services	-	-	3	3
Taxation and other advisory services	1	1	24	10
Internal auditors remuneration	111	111	118	118
Impairment of Tangible Assets	13	-	10,314	10,314
Operating lease rentals				
Land and buildings	-	208	-	173
Other	228	228	145	145

The consolidated audit remuneration fee for 2022/23 was £89k excluding VAT (University £81k and subsidiary £8k).

### 10. Interest and other finance costs

	Year ended 31 July 2023 Consolidated and University £'000	Year ended 31 July 2022 Consolidated and University £'000
Loan interest	2,764	2,827
Finance lease interest	1,025	613
Exchange differences	(73)	5
	<b>3,716</b>	<b>3,445</b>
Net charge on pension schemes	32	820
	<b>6,815</b>	<b>4,265</b>

### 11. Analysis of total expenditure by activity

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic	69,466	69,466	60,887	60,887
Academic services	20,077	20,077	19,663	19,663
Central administration	17,248	17,248	14,196	14,196
General education	4,709	4,709	4,198	4,198
Staff and student facilities	7,147	7,147	6,675	6,675
Premises	21,994	21,994	21,334	21,334
Residences, catering and conferences	21,803	21,803	20,464	20,464
Research grants and contracts	15,711	15,711	12,197	12,197
Scholarships, bursaries and prizes	4,433	4,433	4,522	4,522
Other expenses	9,227	9,227	14,276	14,276
Staff costs – actuarial movement	(6,774)	(6,774)	44,996	44,996
Restructuring	218	218	282	282
<b>Total University expenditure</b>	<b>185,959</b>	<b>185,959</b>	<b>223,689</b>	<b>223,689</b>
Subsidiary and consolidation	(2,423)	-	755	-
<b>Total Consolidated expenditure</b>	<b>183,536</b>	<b>185,959</b>	<b>224,444</b>	<b>223,689</b>



## Notes to the Accounts For the year ended 31 July 2023

### 12. Taxation

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Current tax	-	-	-	-
Deferred tax	-	-	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The University has not provided a full tax reconciliation disclosure as tax is not material to the financial statements.  
The University does not believe that any current taxation will be payable by the group.

### 13. Tangible Assets

Consolidated	Freehold Land and Buildings	Leasehold Land and Buildings	Equipment	Assets in the Course of Construction				Tangible Assets Total	Investment Properties	Heritage assets	Total
				(AUC)							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Cost / valuation</b>											
At 1 August 2022	325,823	18,128	24,858	13,875	382,684	12,285	12,116	407,085			
Additions	5,413	-	2,431	1,037	8,881	-	-	8,881			
Valuation increase	-	-	-	-	-	(3,083)	-	(3,083)			
Transfers	7,872	-	1,563	(10,335)	(900)	900	-	-			
Disposals	-	-	(1,252)	-	(1,252)	-	-	(1,252)			
<b>At 31 July 2023</b>	<b>339,108</b>	<b>18,128</b>	<b>27,600</b>	<b>4,577</b>	<b>389,413</b>	<b>10,102</b>	<b>12,116</b>	<b>411,631</b>			
<b>Depreciation</b>											
At 1 August 2022	63,946	442	15,540	-	79,928	-	-	79,928			
Charge for the year	11,212	597	2,197	-	14,006	-	-	14,006			
Impairment	-	-	-	-	-	-	-	-			
Written back on revaluation	(217)	-	-	-	(217)	-	-	(217)			
Disposals	-	-	(1,172)	-	(1,172)	-	-	(1,172)			
<b>At 31 July 2023</b>	<b>74,941</b>	<b>1,039</b>	<b>16,565</b>	<b>-</b>	<b>92,545</b>	<b>-</b>	<b>-</b>	<b>92,545</b>			
<b>Net book value</b>											
<b>At 31 July 2023</b>	<b>264,167</b>	<b>17,089</b>	<b>11,035</b>	<b>4,577</b>	<b>296,868</b>	<b>10,102</b>	<b>12,116</b>	<b>319,086</b>			
At 31 July 2022	261,877	17,686	9,318	13,875	302,756	12,285	12,116	327,157			
<b>University</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Cost / valuation</b>											
At 1 August 2022	322,640	18,128	24,779	13,875	379,422	12,285	12,116	403,823			
Additions	6,296	-	2,430	1,037	9,763	567	-	10,330			
Valuation increase	-	-	-	-	-	(2,750)	-	(2,750)			
Transfers	8,772	-	1,563	(10,335)	-	-	-	-			
Disposals	-	-	(1,252)	-	(1,252)	-	-	(1,252)			
<b>At 31 July 2023</b>	<b>337,708</b>	<b>18,128</b>	<b>27,520</b>	<b>4,577</b>	<b>387,933</b>	<b>10,102</b>	<b>12,116</b>	<b>410,151</b>			
<b>Depreciation</b>											
At 1 August 2022	63,501	442	15,459	-	79,402	-	-	79,402			
Charge for the year	11,120	597	2,197	-	13,914	-	-	13,914			
Impairment	-	-	-	-	-	-	-	-			
Disposals	-	-	(1,172)	-	(1,172)	-	-	(1,172)			
<b>At 31 July 2023</b>	<b>74,621</b>	<b>1,039</b>	<b>16,484</b>	<b>-</b>	<b>92,144</b>	<b>-</b>	<b>-</b>	<b>92,144</b>			
<b>Net book value</b>											
<b>At 31 July 2023</b>	<b>263,087</b>	<b>17,089</b>	<b>11,036</b>	<b>4,577</b>	<b>295,789</b>	<b>10,102</b>	<b>12,116</b>	<b>318,007</b>			
At 31 July 2022	259,139	17,686	9,320	13,875	300,020	12,285	12,116	324,421			

## Notes to the Accounts For the year ended 31 July 2023

### 13 Tangible Assets (continued)

Depreciation	At 1 August 2022	Charge for the year	Impairment	Written back on revaluation	Disposals	Year ended 31 July 2023		Year ended 31 July 2022	
						Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2022	63,946	442	15,540	-	79,928	-	-	79,928	-
Charge for the year	11,212	597	2,197	-	14,006	-	-	14,006	-
Impairment	-	-	-	-	-	-	-	-	-
Written back on revaluation	(217)	-	-	-	(217)	-	-	(217)	-
Disposals	-	-	(1,172)	-	(1,172)	-	-	(1,172)	-
<b>At 31 July 2023</b>	<b>74,941</b>	<b>1,039</b>	<b>16,565</b>	<b>-</b>	<b>92,545</b>	<b>-</b>	<b>-</b>	<b>92,545</b>	<b>-</b>
<b>Net book value</b>									
<b>At 31 July 2023</b>	<b>264,167</b>	<b>17,089</b>	<b>11,035</b>	<b>4,577</b>	<b>296,868</b>	<b>10,102</b>	<b>12,116</b>	<b>319,086</b>	
At 31 July 2022	261,877	17,686	9,318	13,875	302,756	12,285	12,116	327,157	
<b>University</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost / valuation</b>									
At 1 August 2022	322,640	18,128	24,779	13,875	379,422	12,285	12,116	403,823	
Additions	6,296	-	2,430	1,037	9,763	567	-	10,330	
Valuation increase	-	-	-	-	-	(2,750)	-	(2,750)	
Transfers	8,772	-	1,563	(10,335)	-	-	-	-	
Disposals	-	-	(1,252)	-	(1,252)	-	-	(1,252)	
<b>At 31 July 2023</b>	<b>337,708</b>	<b>18,128</b>	<b>27,520</b>	<b>4,577</b>	<b>387,933</b>	<b>10,102</b>	<b>12,116</b>	<b>410,151</b>	
<b>Depreciation</b>									
At 1 August 2022	63,501	442	15,459	-	79,402	-	-	79,402	
Charge for the year	11,120	597	2,197	-	13,914	-	-	13,914	
Impairment	-	-	-	-	-	-	-	-	
Disposals	-	-	(1,172)	-	(1,172)	-	-	(1,172)	
<b>At 31 July 2023</b>	<b>74,621</b>	<b>1,039</b>	<b>16,484</b>	<b>-</b>	<b>92,144</b>	<b>-</b>	<b>-</b>	<b>92,144</b>	
<b>Net book value</b>									
<b>At 31 July 2023</b>	<b>263,087</b>	<b>17,089</b>	<b>11,036</b>	<b>4,577</b>	<b>295,789</b>	<b>10,102</b>	<b>12,116</b>	<b>318,007</b>	
At 31 July 2022	259,139	17,686	9,320	13,875	300,020	12,285	12,116	324,421	

The University and Group revalued its land and buildings on a fair value basis as at 31 July 2014, taking advantage of the transitional provisions of FRS 102 section 35.10. The University appointed Gerald Eve LLP, an independent external valuer which is regulated by the Royal Institution of Chartered Surveyors ("RICS"). The valuation was performed in accordance with the RICS Valuation - Professional Standards January 2014. In accordance with the FRS 102 transitional provisions these revised values are now used as the deemed cost of land and buildings going forward.

At 31 July 2023, freehold land and buildings included £34,598k University and £34,598k Consolidated (2022 - £34,601k University; £34,893k Consolidated) in respect of freehold land that is not depreciated. There are no leased assets included in the above, other than the Leasehold Land and Buildings. During the year there was an inter group transfer of Freehold Land and Buildings from KUSBPL to the University.

The investment properties held by the University currently totalling £10,012k (2022: £12,285k) were valued on a fair value basis as at 31 July 2023 by an external valuer (GeraldEve LLP), which is regulated by the RICS. The historical cost of these investment properties is £9,417k (2022: £8,850k). The valuations have been carried out in compliance with the Practice Statements contained within the Valuation - Global Standards 2020 of the Royal Institution of Chartered Surveyors (RICS). The critical assumption made relating to the valuations is an equivalent net yield on the properties of between 0.5% - 13.5% (2022: between 8.4% and 10.3%).

## Notes to the Accounts For the year ended 31 July 2023

### 14. Heritage Assets

#### Consolidated and University

The University has a number of different types of heritage assets, some of which it owns, and some of which are held on loan deposit. On-deposit and loan items are not included within the valuation total for the University. During the year, the heritage assets were not revalued for insurance purposes. The total heritage assets are split between:

#### Library: Archives and Special Collections

The University holds a large number of manuscripts, archives and other special collections; these collections are housed in the University Library. They are held and maintained principally for their contribution to knowledge and culture.

Collections are acquired by deposit, gift and purchase. The University is committed to ensuring that these collections are exploited to their maximum advantage and made available efficiently and effectively. The University's collecting policy states that material should conform to at least one of the following criteria:

- It fits with the current or future teaching and research profile of the University
- It is of strategic local interest
- It supplements an existing collection
- It is material generated by the University and considered worth preserving.

The collections were professionally valued for insurance purposes during 2015/16 by Hansons Auctioneers and Valuers Ltd. The valuation of items owned by the University totalled £6,972k.

Listed below are the collections owned by the University:

Arnold Bennett Papers  
 Wilfred Bloor Papers  
 Goldendale Iron Company  
 T.E. Hulme Archive  
 William Jack Collection  
 The Foundations of British Sociology Archive  
 (formerly called the LePlay Collection)  
 Lord Lindsay Papers  
 Local Collection  
 Karl Mannheim Papers  
 Pape Collection  
 Raymond Richards Collection  
 Sneyd Family Papers  
 Warrillow Collection  
 Josiah Clement Wedgwood Collection  
 Jeavons Collection of 20th Century Slides  
 An Illuminated Manuscript  
 Reserve stock (13,529 other titles held by the University)  
 George Thomas Baggaley – Finishing Designs  
 Ray Pahl Papers  
 David Pownall (see below)

## Notes to the Accounts For the year ended 31 July 2023

### 14 Heritage Assets (continued)

Additionally, within the Hansons Auctioneers and Valuers Ltd insurance valuation there were items that were not owned by the University and were on deposit, valued at a total of £977k. As noted in the 2018/19 financial statements, the University has been loaned the Joyce Holliday Archive valued at £5k, although again no value has been assigned to this in the financial statements as this is on loan.

During 2022/23, the University took receipt of an archive collection of the literary papers of David Pownall (novelist, playwright, dramatist and Keele alumnus) comprising scripts, drafts, correspondence, poems, publications, audio recordings, research notes, and press / promotional materials dating from 1965 to 2022. This has not yet been valued but is not material from a financial perspective (estimated at a few thousand pounds). As such, a value has not been attributed to these papers for the Heritage assets in the financial statements.

Other than above, no significant additions or disposals have occurred of University owned Archives and Special Collections in this or the previous four years.

#### Other Miscellaneous Artefacts

The University has various miscellaneous artefacts that it owns, mainly situated in Keele Hall and the Library. These are classed as follows:

- Silver and Plated Ware
- Ceramics
- Furniture
- Sculpture
- Pictures (including Drawings and Prints)

During 2015/16, the collections were professionally valued for insurance purposes by Hansons Auctioneers and Valuers Ltd. The new valuation totalled £5,144k. Additionally, within the valuation there were items that were not owned by the University and were on deposit, valued at a total of £241k.

Other than above, no significant additions or disposals have occurred of University owned Artefacts in this or the previous four years.

### 15. Non-Current Investments

Consolidated	Keele Residential Fund (see 15a)		(see 15b)	(see 15c)	(see 15d)	Total
	Stanhope Capital	Nat West Guaranteed Investment	Subsidiary companies	Investment in spinouts	Other fixed asset investments	
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	25,901	13,370	-	-	82	39,353
Additions	1,688	633	-	-	100	2,421
Disposals	(1,788)	(2,978)	-	-	-	(4,766)
Change in market value	(2,244)	-	-	-	-	(2,244)
At 1 August 2022	23,557	11,025	-	-	182	34,764
Additions	6	525	-	-	43	574
Disposals	-	(3,044)	-	-	-	(3,044)
Change in market value	(1,032)	-	-	-	-	(1,032)
<b>At 31 July 2023</b>	<b>22,531</b>	<b>8,506</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>31,262</b>

## Notes to the Accounts For the year ended 31 July 2023

### 15 Non-Current Investments (continued)

Consolidated	Keele Residential Fund (see 15a)		(see 15b)	(see 15c)	(see 15d)	Total
	Stanhope Capital	Nat West Guaranteed Investment	Subsidiary companies	Investment in spinouts	Other fixed asset investments	
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	25,901	13,370	-	-	82	39,353
Additions	1,688	633	-	-	100	2,421
Disposals	(1,788)	(2,978)	-	-	-	(4,766)
Change in market value	(2,244)	-	-	-	-	(2,244)
At 1 August 2022	23,557	11,025	-	-	182	34,764
Additions	6	525	-	-	43	574
Disposals	-	(3,044)	-	-	-	(3,044)
Change in market value	(1,032)	-	-	-	-	(1,032)
<b>At 31 July 2023</b>	<b>22,531</b>	<b>8,506</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>31,262</b>

University	Keele Residential Fund (see 15a)		(see 15b)	(see 15c)	(see 15d)	Total
	Stanhope Capital	Nat West Guaranteed Investment	Subsidiary companies	Investment in spinouts	Other fixed asset investments	
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	25,901	13,370	-	-	82	39,353
Additions	1,688	633	-	-	100	2,421
Disposals	(1,788)	(2,978)	-	-	-	(4,766)
Change in market value	(2,244)	-	-	-	-	(2,244)
At 1 August 2022	23,557	11,025	-	-	182	34,764
Additions	6	525	-	-	43	574
Disposals	-	(3,044)	-	-	-	(3,044)
Change in market value	(1,032)	-	-	-	-	(1,032)
<b>At 31 July 2023</b>	<b>22,531</b>	<b>8,506</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>31,262</b>

### 15. (a) Keele Residential Fund Investments

The Keele Residential Fund investments relate to monies generated from the financial restructuring deals in 1999 and 2007, and can be categorised as follows:

#### Stanhope Capital Investment Funds and Refurbishment Funds

The strategic asset investment funds are an overall fund managed by Stanhope Capital on behalf of the University. The fund is held over a variety of different investments. Where an element of the fund is held in liquid assets, this is shown as cash and cash equivalents with the rest shown as non-current asset investments above. All of the investments are shown at market value, as provided by the Investment managers, with any changes in market value being adjusted for in the Statement of Comprehensive Income and Expenditure.

#### National Westminster Bank plc (Nat West) Guaranteed Investment Contract

The Nat West Guaranteed Investment Contract is a separate fixed interest cash account against which a specified annual amount is drawn down by the University to use for the Halls of Residence refurbishment works. The ability of the University to draw down against the profile is subject to confirmation by Keele Residential Funding plc, and the final draw down is in 2029 when the balance in the account will be £nil. The whole of the Guaranteed Investment Contract is included in fixed asset investments.

## Notes to the Accounts For the year ended 31 July 2023

### 15. (b) Investment in wholly owned subsidiary companies

The University had the following investments in wholly owned subsidiary companies as at 31 July 2023, which had a 31 July year end:

Name of Investment	Class of share	Proportion held by University	Nature of business
Keele University Science and Business Park Ltd	Ordinary	100%	Land development and associated activity
Keele Pension Trustee Ltd	Ordinary	100%	Dormant – Corporate pension trustee

The companies are registered in England and Wales.

There were no acquisitions in the year. The University does not believe that there is any material difference between the cost and market value of the shares in the above company, and the investment is shown at cost.

### 15. (c) Investment in spin out companies

The University had the following investment in a spin out company as at 31 July 2023:

Name of Investment	Class of share	No of shares purchased	Proportion held by University & Group	Nature of business
Prescribing Decision Support Limited (PDS)	£1 Ordinary (1,000) £1 Ordinary B (100)	250 -	25.0% -	Software to assist pharmacists

The University does not believe that there is any material difference between the cost and market value of the shares in PDS, and the investment is shown at cost. Where the University holds 20% or more of the share capital of any spin out company, the University does not account for these investments as associates but holds them as simple investments in line with those in which it has a less than 20% shareholding. This is on the basis that the University merely holds the shares as an investment and does not seek to exercise any significant influence over the operating and financial policies of a spin out company.

### 15. (d) Other Investments

The University holds the following equity shares, which are accounted for at cost as a simple investment:

£	Shares held in	Description
31,761	CVCP Properties PLC	CVCP Properties plc is a company owned by 100 Higher Education institutions, whose executive heads are members of Universities UK.
49,850	KRF Holdings Ltd	The University holds 99.7% of the shares, being "A" Ordinary shares. These shares have no voting rights, and the holders of this class of shares do not have any right to appoint directors of the company. Consequently, the University has no Board representation. On the basis that the University lacks the ability to control the entity, KRF Holdings Ltd has not been consolidated into the accounts and is included at cost.

The University holds the following investment which is accounted for at cost as a simple investment:

£	Midland Mindforge Ltd	Description
143,000	Midland Mindforge Ltd	In 2021/22, the University invested £100,000 into a convertible loan agreement with Midlands Mindforge Limited, to enable the establishment of an investment fund to support the commercialisation of university IP across Midlands Innovation Universities. In 2022/23, these were converted into 100 ordinary shares, and a further £43,000 invested to obtain an additional 43 ordinary shares whilst maintaining the proportions of the original equity stake.

## Notes to the Accounts For the year ended 31 July 2023

### 16 Investment in jointly controlled company and other partnerships

#### Joint contracts and partnerships

The University operates a number of collaborative provision arrangements with other Universities and educational establishments, as follows:

Partner	Country	Type of arrangement
<b>Active</b>		
Beijing Foreign Studies University	China	Joint Programme / Dual Award
Harper Adams University	United Kingdom	Joint Award
Shaw Education Trust and Keele and North Staffordshire Primary SCITT	United Kingdom	Franchising
Higher Education Partners	United Kingdom	Online Programmes
British International College	Nepal	Franchising
Navitas - Keele University International College	United Kingdom	Pathway Provider
Jiangxi University of Applied Sciences	China	Joint Programme / Dual Award
<b>Newly approved but yet to launch</b>		
Kingston International School	Singapore	Franchising
<b>Undergoing teach out</b>		
Foundation for International Medical Education and Research	USA	Validation

### 17. Stock

	At 31 July 2023		At 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Finished goods	74	74	51	51
Development land	3,053	-	3,052	-
	<u>3,127</u>	<u>74</u>	<u>3,103</u>	<u>51</u>

The development land is held by Keele University Science and Business Park Ltd.

### 18. Trade and other receivables

	At 31 July 2023		At 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Amounts falling due within one year:</b>				
Research grants receivables	4,655	4,655	3,492	3,492
Other trade receivables	4,092	4,092	2,537	2,537
Other receivables	7,274	7,241	5,896	5,823
Prepayment and accrued income	9,554	9,588	7,057	7,057
Amounts due from subsidiary companies	-	-	-	-
	<u>25,575</u>	<u>23,218</u>	<u>18,982</u>	<u>18,909</u>
<b>Amounts falling due after one year:</b>				
Prepayment and accrued income	2,921	2,921	3,138	3,138
Amounts due from subsidiary companies	-	-	-	3,544
	<u>28,496</u>	<u>28,497</u>	<u>22,120</u>	<u>25,591</u>

Within the prepayments balances are deferred costs relating to the Keele Residential Funding agreements in 1999 and 2007, which are being expended over the life of the leases.

## Notes to the Accounts For the year ended 31 July 2023

### 19. Current Investments

	At 31 July 2023		At 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other trade receivables	12,000	12,000	-	-
	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>

Current asset investments include deposits held with banks and building societies operating in the London market and licenced by the Financial Services Authority with more than three months but less than twelve months maturity at the balance sheet date.

### 20. Creditors: amounts falling due within one year

	At 31 July 2023		At 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans (see note 21a)	6,263	6,263	1,962	1,962
Obligations under finance leases	589	589	589	589
Trade payables	4,948	4,948	5,963	5,963
Other creditors	697	697	899	899
Social security and other taxation payable	2,625	2,625	1,896	1,896
Accruals and deferred income	23,265	23,254	37,575	37,562
Research grants and contract advances	15,518	15,518	15,734	15,734
Payments received on account	3,264	3,264	2,880	2,880
Amounts due to subsidiary companies	-	-	-	12
Deferred income: Keele Residential Funding premium (see Note 21b)	2,842	2,842	2,842	2,842
Derivative (see note 25)	-	-	-	-
	<u>60,011</u>	<u>60,000</u>	<u>70,340</u>	<u>70,339</u>

#### Deferred income

Included within creditors falling due within one year are the following items of income which have been deferred until specific performance related conditions have been met.

	At 31 July 2023	At 31 July 2022
	Consolidated and University £'000	Consolidated and University £'000
Capital grant income	231	11,333
Research grants received on account	1,157	1,086
Other income	-	15
	<u>1,388</u>	<u>12,434</u>

## Notes to the Accounts For the year ended 31 July 2023

### 21. Creditors: amounts falling due after more than one year

	At 31 July 2023		At 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans (see note 21a)	56,606	56,606	62,869	62,869
Deferred income: Keele Residential Funding premium (see Note 21b)	37,528	37,528	40,370	40,370
Obligations under finance leases	16,199	16,199	16,787	16,787
Other long-term creditors	2,847	-	2,864	14
	<b>113,180</b>	<b>110,333</b>	<b>122,890</b>	<b>120,040</b>

### 21. (a) Mortgages and unsecured loans

	At 31 July 2023		At 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Analysis of secured and unsecured loans:				
Due within one year or on demand (see note 20)		6,263		1,962
Due between one and two years	1,521		6,263	
Due between two and five years	4,563		4,563	
Due in five years or more	50,522		52,043	
Due after more than one year (see note 21)		56,606		62,869
Total secured and unsecured loans		<b>62,869</b>		<b>64,831</b>
Secured loans		-		-
Unsecured loans repayable by 2042		<b>62,869</b>		<b>64,831</b>

### 21. Creditors: amounts falling due after more than one year (continued)

The loans are all held by the University, with no loan facilities in the subsidiary companies. As at 31 July 2023, the loans comprise of the following:

Lender	Term	Balance £'000	Interest rate %
Royal Bank of Scotland	2029	1,652	SONIA plus agreed margin
Royal Bank of Scotland	2027	2,000	9.19% fixed
Royal Bank of Scotland	2029	1,543	SONIA plus agreed margin
National Westminster Bank (Revolving credit facility)	2024	-	SONIA plus agreed margin
Barclays Bank	2035	7,931	Mix of 6.885% fixed and SONIA plus agreed margin
Barclays Bank (Revolving credit facility)	2025	-	SONIA plus agreed margin
Lloyds Bank	2024	4,743	Mix of 5.715% fixed and SONIA plus agreed margin
Barings Bank	2037/2042	45,000	3.27% Series A and 3.37% Series B Senior Notes
Total		<b>62,869</b>	

The Lloyds Bank loan has a final repayment date in April 2024, and the above assumes a full repayment of the outstanding balance at that date.

## Notes to the Accounts For the year ended 31 July 2023

### 21 (b) Keele Residential Funding premium

The Keele Residential Funding premium represents the premiums received on the lease of student accommodation to Keele Residential Funding plc. The premiums are held as deferred income in creditors and are being released on a straight-line basis over the period of the lease agreements.

### 22. Provisions for Liabilities

#### Consolidated and University

	Obligation to fund deficit on pensions for:				Pay and severances £'000	Other provisions £'000	Total Other Provisions £'000
	USS £'000	KSS £'000	LGPS £'000	Total Pensions Provisions £'000			
At 1 August 2022	71,014	23,847	-	94,861	36	-	36
Utilised in year	-	-	-	-	(36)	-	(36)
Transfer from statement of comprehensive income	(4,593)	(413)	-	(5,006)	1	-	1
University deficit contributions	-	(2,966)	-	(2,966)	-	-	-
Additions	-	-	-	-	-	-	-
<b>At 31 July 2023</b>	<b>66,421</b>	<b>20,468</b>	<b>-</b>	<b>86,889</b>	<b>1</b>	<b>-</b>	<b>1</b>

#### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 32. Following the completion of the 2020 actuarial valuation, a deficit recovery plan has been agreed which requires deficit payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and 6.3% from 1 April onwards.

The major assumptions used to calculate the obligation are:

	2023	2022	
Discount rate	5.51%	3.32%	(based on rate issued by Mercers in their workings for the sector through BUFDG)
Salary growth – Year 1	10.89%	4.40%	(includes spine and grade point increases, and estimated national pay awards)
Salary growth – Year 2	6.46%	3.50%	
Salary growth – Year 3	3.64%	3.50%	
Salary growth – Year 4	3.53%	3.50%	
Salary growth – Year 5	2.70%	3.50%	

#### Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2023	Approximate impact
0.5% change in the salary inflation	£2.4m
0.5% change in the staff numbers	£2.4m
0.5% change in the discount rate	£2.4m

## Notes to the Accounts For the year ended 31 July 2023

### Provisions for Liabilities (continued)

#### KSS deficit

This relates to pension scheme obligations that have been calculated by actuaries. See note 32 for further details.

#### LGPS

This relates to pension scheme obligations that have been calculated by actuaries. It must be noted that the position for LGPS as at 31 July 2023 shows a surplus of £1,670k (2022: £1,263k surplus). As no change in contributions will immediately arise from this actuarial surplus, then FRS102 does not allow the recognition of the surplus and so no asset or liability balance is recognised on the Statement of Financial Position for LGPS at 31 July 2023. Note 32 shows the details for LGPS and assumes the nil balance position by reducing the assets from £5,136k to £3,466k to eliminate the £1,670k surplus.

#### Pay and severances

The provision of £1k (2022: £36k) relates to severance payments that the University and individuals have agreed by 31 July, but the University had not paid by that date.

## 23 Endowment Reserves

Restricted net assets relating to endowments are as follows:

Consolidated and University	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2023 Total	
	£'000	£'000	£'000	£'000	
<b>Balances at 1 August 2022</b>					
Capital	251	-	-	251	
Accumulated income	80	-	707	787	
	331	-	707	1,038	
New endowments	-	-	33	33	
Investment income	10	-	22	32	
Expenditure	(2)	-	(61)	(63)	
	8	-	(6)	2	
<b>At 31 July 2023</b>	<b>339</b>	<b>-</b>	<b>701</b>	<b>1,040</b>	
<b>Represented by:</b>					
Capital	251	-	-	251	
Accumulated income	88	-	701	789	
	339	-	701	1,040	
				<b>2023 Total</b>	<b>2022 Total</b>
				£'000	£'000
<b>Analysis by type of purpose:</b>					
General fund				332	337
Hardship fund				36	35
Prize funds				199	206
Scholarships and bursaries				437	425
Student Loans				36	35
				<b>1,040</b>	<b>1,038</b>

The funds are held as cash and cash equivalents.

There are no deficit balances as at 31 July 2022 or 31 July 2023.

## Notes to the Accounts For the year ended 31 July 2023

## 24. Restricted Reserves

Reserves with restrictions are as follows:

### Consolidated and University

	Capital Grant Income Unspent
	£'000
<b>Balances at 1 August 2022</b>	-
New capital grant income	-
Capital grants utilised	-
	-
<b>At 31 July 2023</b>	<b>-</b>

## 25. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Examples of financial instruments include cash, debtors and creditors, investments, hedging instruments and loans.

### Nature and Extent of Risks Arising from Financial Instruments

The university's activities expose it to a variety of financial risks. The main risks to the University's treasury activities are:

- Credit and counterparty risk (security of investments);
- Liquidity risk/refinancing risk (inadequate cash resources/impact of debt maturing in future years);
- Interest rate risk (fluctuations in interest rate levels);
- Inflation risk (exposure to inflation); and
- Foreign exchange risk.

### Interest rate risk

The University is exposed to risk in terms of its exposure to interest rate movements on its borrowings and cash equivalent investments. Movements in interest rates have a dual impact on the University. A rise in interest rates would increase the interest payable costs of any variable rate loans, but interest income credited to the surplus or deficit will rise for investments and cash equivalents that are based on a variable interest receivable. The University 'hedges' its interest rate risk using swaps which provide stability against interest rate fluctuations, as highlighted below.

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

Notes	At 31 July 2023		At 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>Categories of financial instruments</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through Statement of Comprehensive income</i>				
Listed investments	15	22,531	22,531	23,557
<i>Financial assets that are equity instruments measured at cost less impairment</i>				
Other investments	15	8,731	8,731	11,207
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Trade and other receivables	18	4,092	1,734	2,537
		<b>35,354</b>	<b>32,996</b>	<b>37,301</b>
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Loans	20/21	62,869	62,869	64,831
Trade and other payables	20	4,948	4,948	5,963
		<b>67,817</b>	<b>67,817</b>	<b>70,794</b>

## Notes to the Accounts For the year ended 31 July 2023

### 25 Financial Instruments (continued)

#### Derivatives

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

Notes	At 31 July 2023		At 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Interest income and (expense)</b>				
	461	461	384	384
Total interest income for financial assets at fair value				
Total interest income for financial assets at amortised cost	484	484	597	597
Total interest expense for financial liabilities at amortised cost	(3,789)	(3,789)		
10	<u>(2,844)</u>	<u>(2,844)</u>	<u>(3,440)</u>	<u>(3,440)</u>
			<u>(2,459)</u>	<u>(2,459)</u>
<b>Fair value gains and (losses)</b>				
On financial assets measured at fair value through the Statement of Comprehensive Income				
	(1,032)	(1,032)	(2,244)	(2,244)
On financial liabilities measured at fair value through the Statement of Comprehensive Income				
6	-	-	131	131
	<u>(1,032)</u>	<u>(1,032)</u>	<u>(2,113)</u>	<u>(2,113)</u>

### 26. Cash and cash equivalents

	At 1 August 2022	Cash Flows £'000	At 31 July 2023 £'000
Consolidated	£'000	£'000	£'000
Cash at bank and on deposit	36,484	(14,698)	21,786

The cash at bank and on deposit represents cash in hand together with current and short-term deposit accounts without a notice period or a notice period of less than 3 months.

## Notes to the Accounts For the year ended 31 July 2023

### 27. Consolidated reconciliation of net debt

	Year ended 31 July 2023 Consolidated £'000	
<b>Net debt 1 August 2022</b>		<b>45,723</b>
Movement in cash and cash equivalents (note 26)	14,698	
Repayment of loans	(1,962)	
New finance leases	-	
Repayment of finance leases	(588)	
Changes in market value (note 6)	-	
	<u>12,148</u>	
<b>Change in net debt</b>		
<b>Net debt 31 July 2023</b>		<b>57,871</b>

#### Analysis of net debt:

	31 July 2023 Consolidated £'000		31 July 2022 Consolidated £'000	
<b>Cash and cash equivalents (note 26)</b>		<b>(21,786)</b>		<b>(36,484)</b>
<b>Borrowings: amounts falling due within one year</b>				
Unsecured loans	6,263		1,962	
Bank overdraft	-		-	
Obligations under finance leases	589		589	
Derivatives	-		-	
	<u>6,852</u>		<u>2,551</u>	
<b>Borrowings: amounts falling due after more than one year</b>				
Unsecured loans	56,606		62,869	
Obligations under finance leases	16,199		16,787	
Derivatives	-		-	
	<u>72,805</u>		<u>79,656</u>	
<b>Net debt</b>	<u>57,871</u>		<u>45,723</u>	

### 28. Capital and other commitments

Provision has not been made for the following capital commitments:

	31 July 2023 Consolidated and University £'000	31 July 2022 Consolidated and University £'000
Commitments contracted for (order placed but work not completed)	<u>7,260</u>	<u>7,270</u>

## Notes to the Accounts For the year ended 31 July 2023

### 29. Contingent liabilities

	31 July 2023 Consolidated and University £'000	31 July 2022 Consolidated and University £'000
Repurchase of houses sold to staff	15,974	15,707
Garden Vets at Keele	1,082	-
	<u>17,056</u>	<u>15,707</u>

The University has a stock of houses on campus that is available to purchase or rent for employees under various Schemes. If a house is purchased by an individual, the University covenants to re-purchase the house from that person if they are unable to sell to another eligible person. The contingent liability represents the stock of houses that the University would be liable to purchase if all of the owners called on the University to do so as at 31 July at an estimated market value.

The University of Keele has a strategic partnership with the Education and Clinical Research and Innovation Group (ECRIG) Limited, trading as Garden Vets at Keele (GVK) for the delivery of Intra Mural Rotations (IMR) (placements) for Harper Keele Veterinary School students.

The partnership contractually manifests itself in an Education Collaboration Agreement (ECA) for the IMR delivery and an agreement for lease and two underleases for space occupied by GVK in the Harper Keele Veterinary School (HKVS) building where GVK will have a veterinary practice and hospital.

As part of the due diligence on GVK proof of funds to finance the works has been obtained. However noting that: (i) GVK is a start up organisation; (ii) Keele has a step in right in the JCT works contract should GVK cease to trade and; (iii) that whilst Keele's superior landlord for the building (Legal and General (Pension Management) Limited) has approved the works there is a reinstatement liability on Keele. Therefore, a contingent liability has been recognised following detailed consideration of the relationship through the University's governance structures (including University Executive Committee, Budget and Finance Group and the Project Executive Group).

At the time these accounts were signed the contingent liability of £2.6m plus VAT had been reduced to £1.08m following a series of payments on account. The contingent liability is forecast to materially reduce to a nil value (on the basis that retention is out of scope) by January 2024.

In February 2021, an independent operator opened a new hotel on campus. As part of the agreements, upon practical completion of the Hotel, Keele University is required to underwrite the lease rental for 37 years as an "income guarantee" to Legal & General who will be long leasing the land and providing the funds to the external developer for the construction of the Hotel. The rental for the year February 2022 to January 2023 was £787k, and this will increase annually based on RPI using a "cap and collar" of between zero to 5%.

The NHS Pension Scheme operates a "Scheme Pays" and for 2019/20 the government put in place an allowance compensation scheme for that year. This guaranteed that any annual allowance tax charge for eligible clinicians will be compensated at the time of retirement, with the additional pension obligation falling on the employer but an equal amount of funding being "guaranteed" by the government. 4 people have signed up through Keele University to the NHS Scheme Pays 2019/20 allowance compensation scheme.

## Notes to the Accounts For the year ended 31 July 2023

### 30. Leases

#### (a) Lease commitments

Total rentals payable under operating leases:

Consolidated	31 July 2023		31 July 2022	
	Land and Buildings £'000	Equipment leases £'000	Land and Buildings £'000	Equipment leases £'000
<b>Payable during the year</b>	-	145	-	108
<b>Future minimum lease payments due:</b>				
Not later than 1 year	-	47	-	47
Later than 1 year and not later than 5 years	-	46	-	93
Later than 5 years	-	-	-	-
<b>Total lease payments due</b>	<u>-</u>	<u>93</u>	<u>-</u>	<u>140</u>
<b>University</b>				
	31 July 2023	31 July 2022	Land and Buildings £'000	Equipment leases £'000
<b>Payable during the year</b>	208	145	173	108
<b>Future minimum lease payments due:</b>				
Not later than 1 year	-	47	194	47
Later than 1 year and not later than 5 years	-	46	834	93
Later than 5 years	-	-	-	-
<b>Total lease payments due</b>	<u>-</u>	<u>93</u>	<u>1,028</u>	<u>140</u>

The equipment relates to a contract that the University has in place for multifunctional printing devices.

Related to a lease that the University has with Keele University Science and Business Park Limited for the lease of the Sustainability Hub building. Thus building was sold back to the University in July 2023.

#### (a) Lessor disclosures

Total rentals receivable as lessor:

	31 July 2023 £'000	31 July 2022 £'000
<b>Future minimum lease receipts due:</b>		
Not later than 1 year	5,008	4,886
Later than 1 year and not later than 5 years	21,317	20,797
Later than 5 years	135,691	141,218
<b>Total lease receipts due</b>	<u>162,016</u>	<u>166,901</u>

The lease relates to the leasehold interest in the University Halls of Residence property held by KRF Holdings Ltd. There are no financial restrictions imposed by the lease agreement. There is no contingent rent recognised as income.

Further details of the KRF agreement are disclosed under note 31 (h).



## Notes to the Accounts For the year ended 31 July 2023

### 31. Related Party Transactions

The operating statements of the University include transactions with related parties. In accordance with FRS102 these are disclosed where members of the University Council disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party. Due to the nature of the University's operations and the composition of its Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. There were no payments for services provided by a Council Member in the year. Please refer to the Corporate Governance Statement for the total expenses paid to council members.

The University has taken advantage of the exemption within FRS 102 Section 33 "Related Party Disclosures" and has not disclosed transactions with other wholly owned group entities. Included within the financial statements are the following transactions with related parties:

Ref	Name of Council member/ disclosing body	Relationship with related party	Income from related party	Expenditure with related party	Balance in Debtors with related party	Balance in Creditors with related party
			£000	£000	£000	£000
(a)	Keele Superannuation Scheme ("KSS")	Staff Pension Scheme (closed)	1,623	3,166	Nil	Nil
(b)	Keele University Students' Union President ("KSU")	Representative body for students at the University	17	1,287	917	4
(c)	Keele Postgraduate Association President ("KPA")	Representative body for Post Graduate students at the University	15	252	2	1
(d)	Professor Mark Ormerod	Board of Governors at Harper Adams University	1,155	193	141	244
(e)	Tracy Bullock	Chief Executive at UHNM	2,525	1,028	136	287
(f)	Jane Burns	Executive Director at Cheshire East Council	4	15	Nil	Nil
(g)	Professor Trevor McMillan	Midlands Innovation - Chair	5	72	Nil	Nil
(h)	Professor Trevor McMillan	National Centre for Universities and Business - Trustee	Nil	5	Nil	Nil

#### 3.1 (a) Keele Superannuation Scheme ("KSS")

KSS is a final salary defined benefit scheme in the United Kingdom, with the assets held in separate trustee-administered funds. The University is the principal employer. KSS is closed to future service benefit accrual. Accordingly, no further contributions by either members or the University to KSS have been made except for the deficit funding contributions paid by the University in line with the recovery plan. For the year ended 31 July 2023, these were £2,966k. Additionally, administrative expenses of £200k have been re-imbursed by the University, including Trustees Indemnity Insurance.

The University settles the pensions payable of £1,623k through its payroll. These costs are then recharged by the University to KSS.

#### 31. (b) Keele University Students' Union President ("KSU")

The President of KSU is a Council member during their term of office. As such they are trustees of the University, and transactions are required to be disclosed between the University and KSU. The expenditure includes £1,215k of grant payments, of which £433k was paid in advance and deferred on the Balance Sheet. A loan repayable over 10 years was provided by the University to KSU in the year to facilitate the refurbishment of the Co-op shop, with a balance of £484k on the University balance sheet.

## Notes to the Accounts For the year ended 31 July 2023

### 31. Related Party Transactions (continued)

#### 31. (c) Keele Postgraduate Association President ("KPA")

The President of the KPA is a Council member during their term of office. As such they are trustees of the University, and transactions are required to be disclosed between the University and the KPA. The expenditure includes £179k of grant payments.

#### 31. (d) Harper Adams University

Professor Mark Ormerod is on the Board of Governors at Harper Adams University. This is primarily due to the joint Harper and Keele Veterinary School, which is run by the two Universities. Income and expenditure incurred by both Universities on the Veterinary School is reconciled through the year, and the above debtor and creditor balances include the gross income and expenditure balances held on the Balance Sheet. Additionally, both Universities are part of the Uni Connect Programme through Higher Horizons. Keele manages the regional Hub and so receives claims from, and passes grant income to, Harper Adams.

#### 31. (e) University Hospitals of North Midlands NHS Trust ("UHNM")

Tracy Bullock is the Chief Executive of UHNM. The University has a Faculty of Medicine and Health Sciences including a School of Medicine and School of Nursing and Midwifery, and so naturally has a significant relationship with UHNM. The balances due from UHNM includes debtors and accrued income and the balances due to UHNM includes creditors and accrued expenditure.

#### 31. (f) Cheshire East Council

Jane Burns is the Executive Director at Cheshire East Council with whom the University has Social Work placements.

#### 31. (g) Midland Mindforge

Professor Trevor McMillan was the Chair of the Midland Innovation group up to June 2023. Midlands Innovation is a collaboration between eight research intensive Universities across the Midlands: Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick. The spend in the year related to subscriptions.

#### 31 (h) National Centre for Universities and Business

Professor Trevor McMillan is a trustee for the National Centre for Universities and Business. The spend in the year related to subscriptions.

#### Other related party disclosures

#### 31 (i) Keele Residential Funding ("KRF") agreement

The term Keele Residential Funding ("KRF") is used to describe several linked transactions running throughout the financial statements. The principal relationships and transaction flows are described in this note.

During the financial year 1999/2000, the University undertook a securitisation deal in respect of the rental income flow from its Halls of Residence up to 2029 with Keele Residential Funding plc. In 2006/07, this was extended to 2047. The University received a premium on both occasions, and this premium (together with associated costs) is being released to the Statement of Comprehensive Income and Expenditure over the life of the agreements. The residual premium and associated costs are recognised as deferred income and prepayments respectively on the Balance Sheet.

The university collects rent on behalf of Keele Residential Funding plc under a Letting Services agreement and passes these rents over on an annual basis. Halls of Residence rental income is recognised in full within income for the University, with the payment to Keele Residential Funding plc being a cost recognised in other operating expenses. Keele Residential Funding plc pays the University a management fee for the management of the Halls of Residence, which is included within income, and disclosed in note 5 to the accounts.

As part of these agreements, the University leases a proportion of its student accommodation portfolio to Keele Residential Funding plc. The assets leased remain on the balance sheet of the University, because the substance of the transaction is that they will fully revert back to the University at the end of the agreement in 2047. The updated net book value on the University fixed asset register as at 31 July 2023 of these assets is £70,192k (2022: £73,546k).

## Notes to the Accounts For the year ended 31 July 2023

### 31. Related Party Transactions (continued)

Additionally, the University has a contractual duty to maintain and refurbish the student halls of residence. Investments of £23,041k (2022: £26,098k) have been set aside in fixed asset investments as at 31 July 2023 to enable the University to meet its future obligations in respect of the agreed refurbishment programme. These investments are shown as part of the Keele Residential Funding investments. The University is required to ensure funds are maintained at a level to ensure compliance with agreed maintenance programmes and failure to comply may result in monies being withheld from annual University facilities management payments due from Keele Residential Funding plc.

As highlighted in note 15(d), the University holds shares in KRF Holdings Ltd, but does not consolidate its accounts into the University accounts. KRF Holdings Ltd owns 100% of the share capital of Keele Residential Funding plc, which owns 100% of the share capital of KRF Management Ltd.

Insert heading: 32. Pension Schemes (Cont.)The University contributes to the following pensions schemes:

Name of pension scheme	Type of pension scheme accounted as
(i) Universities' Superannuation Scheme (USS)	Multi-employer (Contributions plus recognise contractual commitment to fund past deficits)
(ii) Keele Superannuation Scheme (KSS)	Defined benefit
(iii) Local Government Pension Scheme (LGPS)	Defined benefit
(iv) National Health Service Pension Scheme (NHSPS)	Multi-employer (Contributions only)
(v) National Employment Savings Trust (NEST)	Defined contribution

The two principal pension schemes for University staff are USS and KSS. The assets of these pension schemes are held in separate trustee administered funds.

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£'000	£'000
<b>Total pension costs comprised:</b>		
<b>Contributions paid</b>		
USS	14,882	13,342
KSS	-	-
LGPS	94	95
NHSPS (includes invoiced amounts for additional NHS pension costs)	551	490
NEST	13	15
	<b>15,540</b>	<b>13,942</b>
<b>Actuarial adjustment in staff costs</b>		
USS	(6,951)	44,969
KSS	170	113
LGPS	7	(86)
	<b>(6,774)</b>	<b>44,996</b>
<b>Total pension cost for year (charged to staff costs in the Statement of Comprehensive Income and Expenditure as per Note 8)</b>	<b>8,766</b>	<b>58,938</b>

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
<b>Statement of Comprehensive Income and Expenditure - net interest charge on pension schemes</b>		
USS	2,358	227
KSS	741	593
LGPS	(46)	(2)
<b>Total net interest charge on pension schemes in the Statement of Comprehensive Income and Expenditure (as per notes 6 and 10)</b>	<b>3,053</b>	<b>818</b>
<b>Other Comprehensive Income - actuarial (gain) / loss in respect of pension schemes</b>		
KSS	(1,324)	(9,750)
LGPS	39	88
<b>Total actuarial (gain) / loss in respect of pension schemes in the Statement of Comprehensive Income and Expenditure</b>	<b>(1,285)</b>	<b>(9,662)</b>

The pension scheme liability on the Balance Sheet is disclosed in note 22.

#### (i) The Universities Superannuation Scheme (USS)

The University participates in USS which is the main scheme covering most staff. The Scheme is 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. USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total cost charged to salaries in the Statement of Comprehensive Income and Expenditure is £14,882k (2022: £13,342k), excluding the impact of the change in the deficit recovery plan as shown above as the "Actuarial adjustment".

Deficit recovery contributions due within one year for the University are £5,137k (2022: £4,115k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

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

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles ([uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](http://uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)).

<b>CPI assumption</b>	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less:  1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
<b>Pension increases (subject to a floor of 0%)</b>	CPI assumption plus 0.05%
<b>Discount rate (forward rates)</b>	Fixed interest gilt yield curve plus:  Pre-retirement: 2.75% p.a.  Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
<b>Mortality base table</b>	101% of S2PMA "light" for males and 95% of SEPFA for females.
<b>Future improvements to mortality</b>	CMI-2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.5%	3.3%
Pensionable salary growth - Year 1	10.9%	4.4%
- Year 2 onwards	6.5%	3.5%

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

The employers' contribution rates are as follows:

Effective date	Rate
1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

#### (ii) Keele Superannuation Scheme (KSS)

The KSS is a final salary defined benefit scheme in the United Kingdom that pays out pensions at retirement based on service and final pay, with the assets held in separate trustee-administered funds. The employer cash contribution made for the year ended 31 July 2023 was £2,966k (2022: £3,930k), with £200k (2022: £200k) of expenses paid by the University on behalf of the Scheme. This includes Enil (2022: Enil) outstanding contributions at the balance sheet date.

In 2013, it was decided to close KSS to future service benefit accrual and to transfer active members to USS. Therefore, no further contributions by either members or the University have been made in this financial year, with the exception of the deficit funding contributions paid by the University in line with the recovery plan agreed between the University and the KSS Trustees that began in November 2015.

#### Assumption

The following information is based upon a full actuarial valuation of KSS at 1 August 2020.

The principal financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2023 %pa	At 31 July 2022 %pa
Discount rate	4.95	3.30
Rate of increase in salaries	3.35	3.55
Price Inflation (RPI)	3.35	3.55
Price Inflation (CPI)	2.50	2.70
Rate of increase of pensions in payment and deferred pensions:		
Pre 1 August 2001 Service	3.95	4.05
1 August 2001 to 30 November 2006 Service	3.34	3.55
Post 1 December 2006 Service	2.30	2.35

Commutation allowance (Members commute % of their pension)	25%	25%
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No allowance has been assumed for early retirement.

The most significant non-financial assumption is the assumed level of longevity. The table below shows life expectancy assumptions (in years) used in the accounting assessments based on the life expectancy of male and female members at age 65.

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

	Current Pensioner aged 65 (Male)	Non-pensioner currently aged 45 (Male)	Current Pensioner aged 65 (Female)	Non-pensioner currently aged 45 (Female)
<b>At 31 July 2023</b>	21.4	22.7	23.8	25.2
<b>At 31 July 2022</b>	21.4	22.7	23.8	25.2

The actuarial tables used for this are 112% S3PA CMI 2021 (1.25%) (2021: 112% S3PA with CMI 2020 improvements trending to 1.25%).

COVID-19 has caused significant disruption to economic activity which has been reflected in global stock market fluctuations and, in turn, in the valuation of pension Scheme assets. Although allowance is made for known membership movements, the longer-term impact of the pandemic on pension scheme members is not yet known and no specific adjustments have been made to mortality assumptions adopted at the 31 July 2023 year-end. Consistent with previous years, the approach taken is to set mortality assumptions broadly in line with the mortality assumption adopted for the latest triennial valuation of the Scheme.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

#### Scheme assets of KSS

The assets in the scheme were:

	Fair value as at	
	31 July 2023 £'000	31 July 2022 £'000
Equities / Return seeking Funds	7,754	13,072
Corporate bonds	10,259	13,042
Insured pensioners	699	899
Cash	620	140
<b>Total</b>	<b>19,332</b>	<b>27,153</b>

The scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of the amount shown in the balance sheet for KSS</b>		
Scheme assets	19,332	27,153
Scheme liabilities	(39,800)	(51,000)
<b>Deficit in the scheme – recorded within pension provisions (note 22)</b>	<b>(20,468)</b>	<b>(23,847)</b>
<b>Total operating charge</b>		
Staff costs and administrative expenses	370	313

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

#### Analysis of the amount charged to interest payable for KSS

Interest on net deficit	741	593
<b>Total profit and loss charge before deduction for tax</b>	<b>1,111</b>	<b>906</b>

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
<b>Analysis of other comprehensive income for KSS:</b>		
Experience (loss)/gain on assets	(9,066)	(8,901)
Gain on liabilities	10,390	18,651
<b>Total other comprehensive income before deduction for tax</b>	<b>1,324</b>	<b>9,750</b>

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Cumulative actuarial loss recognised as other comprehensive income for KSS</b>		
Cumulative actuarial losses recognised at the start of the year	(8,143)	17,893
Cumulative actuarial losses recognised at the end of the year	9,467	(8,143)

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of movement in deficit for KSS</b>		
<b>Deficit at beginning of year</b>	<b>(23,847)</b>	<b>(36,821)</b>
Contributions paid by the University	2,966	3,930
Administration expenses paid by the University	200	200
Total operating charge	(370)	(313)
Other finance charges	(741)	(593)
<b>Deficit at end of year</b>	<b>(20,468)</b>	<b>(23,847)</b>

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of movement in the present value of KSS liabilities</b>		
<b>Present value of KSS liabilities at the start of the year</b>	<b>51,000</b>	<b>70,600</b>

Total operating charge	370	313
Interest cost	1,643	1,182
Actuarial (gain)/loss	(10,390)	(18,651)
Actual benefit payments	(2,453)	(2,131)
Recognition of insured pensioners	-	-
Administration expenses paid by KSS	(370)	(313)
<b>Present value of KSS liabilities at the end of the year</b>	<b>39,800</b>	<b>51,000</b>

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>27,153</b>	<b>33,779</b>
Expected return on assets	902	589
Actuarial (loss)/gain on assets	(9,066)	(8,901)
Contributions paid by the University	2,966	3,930
Administration expenses reimbursed by the University	200	200
Actual benefit payments	(2,453)	(2,131)
Recognition of insured pensioners	-	-
Administration expenses paid by KSS	(370)	(313)
<b>Fair value of scheme assets at the end of the year</b>	<b>19,332</b>	<b>27,153</b>

KSS assets do not include any of the University's own financial instruments, or any property occupied by the University.

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
<b>Actual return on Scheme assets</b>		
Expected return on assets	902	589
Actuarial gain on assets	<u>(9,066)</u>	<u>(8,901)</u>
Actual return on Scheme assets before administration expenses	<u>(8,164)</u>	<u>(8,312)</u>
Administration expenses	<u>(370)</u>	<u>(313)</u>
<b>Actual return on Scheme assets before administration expenses</b>	<u><u>(8,534)</u></u>	<u><u>(8,625)</u></u>

Based on the Schedule of Contributions dated 24 November 2021, the University expects to contribute in the region of £3,300k to the scheme in the next year, through deficit contributions and expenses payments.

#### (iii) Local Government Pension Scheme (LGPS)

LGPS is a contributory defined benefit pension scheme administered by Staffordshire County Council. The scheme is governed by the Public Service Pensions Act 2013 (as amended). The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- the Statement of Recommended Practice (SORP) The Financial Reports of Pension Schemes (as amended in 2014).

The employer contribution (including contributions in respect of unfunded benefits) made for the year ended 31 July 2023 was £94k (2022: £97k). This includes £8k (2022: £nil) outstanding contributions at the balance sheet date.

For the year ended 31 July 2023, the University has been contributing at a rate of 34.40% with agreed annual lump sum contributions to the scheme of £84k. Employee contributions were tiered at 6.50% and 6.80% of pensionable salaries.

#### Assumptions

The following information is based upon a full formal actuarial valuation of LGPS as at 31 March 2019 projected forward to 31 July 2022 by a qualified independent actuary. There is an allowance for the impact of the recent McCloud ruling, as there was in the year to 31 July 2021.

The 2022 formal funding valuation included an allowance for full Guaranteed Minimum Pension Benefits (GMP) indexation within the LGPS. The rolled forward position to 31 July 2023 therefore includes this allowance.

The principal financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2023 %pa	At 31 July 2022 %pa
Discount rate	5.10	3.45
Price Inflation (RPI)	3.55	3.30
Price Inflation (CPI)	3.55	2.80
Rate of increase in salaries	3.05	3.20
Rate of increase of pensions	3.05	2.80
Commutation allowance (Members commute % of their pension) – pre-April 2008 service	50%	50%
–post-April 2008 service	75%	75%

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

The most significant non-financial assumption is the assumed level of longevity. The table below shows future life expectancy assumptions (in years) used in the accounting assessments based on the life expectancy of male and female members.

	Current Pensioner aged 65 (Male)	Non-pensioner currently aged 45 (Male)	Current Pensioner aged 65 (Female)	Non-pensioner currently aged 45 (Female)
At 31 July 2023	20	22	24	25
At 31 July 2022	21	22	24	25

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

#### Scheme assets of LGPS

As noted in Note 22, based on the actuarial calculations, the LGPS had a surplus of £1,670k (2021: £1,263k) which has not been recognised in these financial statements. This is reflected below by reducing the assets of the scheme to £3,466k to give a nil provision and adjusting the actuarial gain in respect of pension schemes recognised in Other Comprehensive income.

The assets in the scheme were:

	Fair value as at 31 July 2023 £'000	31 July 2022 £'000
Equities / Return Seeking Funds	2,357	2,816
Corporate bonds	797	579
Property	243	309
Cash	69	154
<b>Total</b>	<u><u>3,466</u></u>	<u><u>3,858</u></u>

The scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of the amount shown in the balance sheet for LGPS</b>		
Scheme assets	5,136	5,121
Scheme liabilities	<u>(3,466)</u>	<u>(3,858)</u>
Surplus not recognised	<u>(1,670)</u>	<u>(1,263)</u>
<b>Deficit in the scheme – recorded within pension provisions (note 22)</b>	<u><u>-</u></u>	<u><u>-</u></u>
Current service cost	7	11
<b>Total operating charge</b>	<u><u>7</u></u>	<u><u>11</u></u>
<b>Analysis of the amount charged to interest payable for LGPS</b>		
Interest income on net assets	(175)	(80)
Interest cost on defined benefit obligation	129	78
<b>Net charge to other finance income</b>	<u><u>(46)</u></u>	<u><u>(2)</u></u>
<b>Total profit and loss charge before deduction for tax</b>	<u><u>(39)</u></u>	<u><u>9</u></u>

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of other comprehensive income for LGPS:</b>		
Experience gain on assets	(447)	(1,264)
Contributions by University	94	-
Experience loss on liabilities	(358)	(12)
Change in demographic assumptions	53	25
Change in financial assumptions	619	1,163
<b>Total other comprehensive income before deduction for tax</b>	<b>(39)</b>	<b>(88)</b>

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Cumulative actuarial gains recognised as other comprehensive income for LGPS</b>		
Cumulative actuarial gains recognised at the start of the year	936	(1,024)
Cumulative actuarial gains recognised at the end of the year	(975)	936

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of movement in deficit for LGPS</b>		
<b>Deficit at beginning of year</b>		
Contributions paid by the University transferred to actuarial gain	-	97
Administration expenses paid by the University	-	-
Total operating charge	(7)	(11)
Other finance charges	46	2
<b>Deficit at end of year</b>	<b>-</b>	<b>-</b>

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of movement in the present value of LGPS liabilities</b>		
<b>Present value of LGPS liabilities at the start of the year</b>	<b>3,858</b>	<b>5,160</b>
Current service cost	7	11
Interest cost	129	78
Actuarial loss	(314)	(1,176)
Contributions paid by scheme members	2	2
Actual benefit payments	(216)	(217)
<b>Present value of LGPS liabilities at the end of the year</b>	<b>3,466</b>	<b>3,858</b>

	At 31 July 2023 £'000	At 31 July 2022 £'000
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>3,858</b>	<b>5,160</b>
Expected return on assets	175	80
Actuarial gain on assets	(447)	(1,264)
Actual contributions paid by University	94	97
Contributions paid by scheme members	2	2
Actual benefit payments	(216)	(217)
<b>Fair value of scheme assets at the end of the year</b>	<b>3,466</b>	<b>3,858</b>

## Notes to the Accounts For the year ended 31 July 2023

### 32. Pension Schemes (continued)

LGPS assets do not include any of the University's own financial instruments, or any property occupied by the University.

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
<b>Actual return on Scheme assets</b>		
Expected return on assets	175	80
Actuarial gain on assets	(447)	(1,264)
Actual return on Scheme assets before administration expenses	(272)	(1,184)
Administration expenses	-	-
<b>Actual return on Scheme assets before administration expenses</b>	<b>(272)</b>	<b>(1,184)</b>

The University expects to contribute in the region of £90k to the scheme in the next year through deficit contributions and on-going service costs.

#### (iv) National Health Service Pension Scheme (NHSPS)

The University also participates in the NHSPS which is contracted out of the State Second Pension (S2P). The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the Government.

The NHS Pension Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A new reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

An HM Treasury pension scheme valuation for funding purposes was carried out as at March 2012. The Scheme Regulations have been changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The contribution rate payable by the University during the year to 31 March 2023 was equal to 14.30% (plus a 0.08% scheme administration levy) (2023 - 14.30% plus 0.08%) of the total pensionable salaries in accordance with the conclusion of the Government Actuary's report on the scheme, and the University contributed £491k (2022:£436k).

### 33. Access and Participation Plan

Access and Participation Plans ("APPs") set out how a higher education provider will improve equality of opportunity in higher education. If providers want to charge higher level tuition fees, their plans must be approved by the OfS's Director for Fair Access and Participation

The Keele APP articulates our ongoing commitment to improving equality of opportunity for underrepresented groups to access, succeed in and progress from higher education. We are committed to enabling social mobility through education, aiming to widen participation, raise attainment, contribute to a strong regional skills base and bridge gaps in retention, progression and success. Our latest Plan incorporates contributions from colleagues across our university community. Keele has an approved APP to 2024/25. The APP for Keele can be accessed on either the OfS website or the Keele website on:

[www.keele.ac.uk/access-plan](http://www.keele.ac.uk/access-plan)

## Notes to the Accounts For the year ended 31 July 2023

### 33. Access and Participation Plan (continued)

Expenditure incurred during the year on the APP in the four sectors identified by the OfS was:

	At 31 July 2023 £'000	At 31 July 2022 £'000
Access investment	1,626	1,855
Financial support provided to students	2,651	2,102
Support for disabled students	1,930	1,669
Research and evaluation related to access and participation activities	310	261
<b>Total access and participation expenditure</b>	<b>6,517</b>	<b>5,887</b>

Included within the above expenditure is £2,974k (2022: £2,535k) of staff costs that are also included in Note 8 "Staff costs".

#### Variance to submitted 2022/23 APP

The actual access expenditure is £169k below the planned expenditure in the 2022-23 APP and £229k below the 2021-22 spend. The reduced spend in comparison to the planned expenditure reflects structural changes within Keele Institute for Innovation and Teaching Excellence, reduced staffing costs associated within Information and Digital Services, and reduced non-pay costs within the Estates and Campus Services team. These reductions are due to improved financial monitoring of access spend and improved institutional understanding of the costs and time involved in delivering activities badged as 'access'.

Spend on financial support is £401k above the planned expenditure from the 2022-23 APP and £549k above the 2021-22 spend. This is primarily due to a continued more focused approach to bursaries and hardship funding in the year, the introduction of cost-of-living packages to support students in the current cost-of-living crisis, alongside the one-off additional OfS hardship funding in 2022-23 of £86k which facilitated additional Hardship fund spend to support students.

Expenditure on support for disabled students has increased by £261k since 2021-22 and is £260k above planned expenditure. This increase is primarily due to continued additional expenditure on counselling, mental health, disability and dyslexia support, and new roles focusing on service development and inclusivity.

Expenditure on research & evaluation is £85k above planned expenditure from the 2022-23 APP and £49k above the 2021-22 spend. The higher spend in this year compared to 2021-22 relates to higher spend in Student Services with investment in staffing linked to APP. Looking ahead, and in line with an increased emphasis on evaluation by OfS, it is likely that this figure will continue to increase in future years.



# Council Members *and* Professional Partners

The following were members of Council for the period from 1 August 2022 to the date the Financial Statements were *approved* (unless noted):

## Council Members

### Members Ex-Officio

#### The Pro-Chancellor

Dame Jo Williams DBE  
(until 31 August 2022)

Michael Farrar, CBE  
(from 1 September 2022)

#### The Deputy Pro-Chancellors

Richard Barnes  
Sally Bucknell  
Richard Callaway

#### The Vice-Chancellor

Professor Trevor McMillan, OBE

#### The Treasurer

David Hall

#### The Deputy Vice-Chancellor & Provost

Professor Mark Ormerod

### Members of University Staff

Emma Colley  
Dr Masi Noor  
Dr Shalini Sharma  
Dr Abigail Rutter

### Lay Members appointed by the Council

Ruth Bagley  
Tracy Bullock  
David Brown  
Jane Burns

### Lay Members appointed by the Council (*continued*)

Michael Farrar, CBE (until 31 August 2022)  
Tim Foreman (from 1 September 2022)  
Simon Greenhalgh (from 1 September 2023)  
Hifsa Haroon-Iqbal, OBE  
Manali Lukha (until 31 August 2023)  
Andrew Macleod (until 31 August 2023)  
Sherree Schaefer  
Dr Lesley Thompson, MBE

### Student Representatives

Jade Cioffi  
Abdelrhman Rayis (until 30 June 2023)  
Rachana Dhaka (from 1 July 2023)

### In attendance

Dr Mark Bacon,  
Chief Operating Officer  
Stephen Avery,  
Chief Financial Officer  
(until 11 November 2022)  
Helen Simpson,  
Interim Chief Financial Officer  
(from 9 January to 24 July 2023)  
Louise Parr-Morley,  
Interim Chief Financial Officer  
(from 24 July 2023)  
Frances Hewison,  
Chief People Officer  
Clare Stevenson,  
Secretary to Council

## Professional Partners

### External Auditors

PKF Littlejohn LLP  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

### Bankers

National Westminster Bank  
High Street  
Newcastle-under-Lyme  
Staffordshire ST5 1PP

### Internal Auditors

UNIAC  
Oxford Road  
Manchester  
M1 7ED

## University Status

The University of Keele (trading as Keele University) was established by Act of Parliament and the granting of a Royal Charter in 1962. Prior to this, the University was founded as the University College of North Staffordshire in 1949. The University is a charity, but it is not a "Registered Charity". Instead, it holds charity status as one of the exempt charities listed in Schedule 2 of the Charities Act 1993 (An exempt charity is exempt from certain requirements, notably the need to register with the Charity Commission). The University preserves its exempt status under the Charities Act 2011 and the Office for Students (OfS) is the University's principal regulator. Although the University is not a company, it has a Companies House registration number of RC000655 as a Company Incorporated by Royal Charter in England and Wales. Royal Charter companies are not obliged to register any documents with Companies House.





[keele.ac.uk/statementofaccounts](https://www.keele.ac.uk/statementofaccounts)