



LONDON
METROPOLITAN
UNIVERSITY



Annual Report and Accounts

for the year ended
31 July 2022

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Foreword from the Vice-Chancellor



This past year has once again been an extraordinary one for London Met.

This past year has once again been an extraordinary one for London Met. I am very pleased that for the second year running we have outperformed our strategic plan by achieving a significant surplus and generating further reserves giving us room to invest.

One of my first priorities since arriving at London Met has been to bring it to financial sustainability. This security will enable us to make significant changes for the benefit of our staff, students, to our environment and in the University's future.

It was wonderful that our commitment to social mobility and developing the aspirations and outcomes of our students and local communities was recognised in this year's Social Mobility Awards. We took home the Silver Award in the University of the Year category. This followed a report recently published by the Sutton Trust, which named London Met in the top 10 universities in the country for social mobility.

For the third year running in the NSS and against the backdrop of another covid affected year, our score for overall student satisfaction increased, now to a new high of 82.5%. Every day I see how hard our staff work to ensure all our students have the chance to reach their full potential, and to bring about positive change in our communities. It's wonderful to work alongside them, and to see that their work is reflected in the views of our students.

I was also delighted that the second annual Knowledge Exchange Framework (KEF) placed our support for student entrepreneurs ahead of many other London-based universities, and recognised our work with external organisations to deliver continuing professional development courses among the very best in the sector. There is a great deal to look forward to too. Our ambitious £150 million estates strategy, which we launched this year, outlines our commitment to becoming a carbon net-zero University by 2030. We will transform our buildings and spaces to create vibrant, community-focused campuses with cutting-edge facilities; as well as the development of a new School of the Built Environment, and a portfolio of new Nursing programmes.

And finally, earlier this year we signed a ground breaking partnership with a number of Historically Black Colleges and Universities in the United States. This is a significant initiative that will help us to improve student and graduate outcomes on both sides of the Atlantic and epitomises our confidence in the international community.

It's great to see the progress we're making on our strategy, especially during a period of great instability for the country. I am so proud to lead this fantastic, incredibly diverse community.

A handwritten signature in black ink that reads "Lynn Dobbs". The signature is fluid and cursive.

Professor Lynn Dobbs

October 2022

Introduction from the Chair of the Board of Governors



Since joining the University in July, I have been struck by the dedication and tenacity of our staff to championing equity and inclusion, and putting students first in all they do.

I was delighted to join London Met as Chair of the Board of Governors earlier this year, and to now have this opportunity to formally introduce myself to you all.

London Met is a leading institution for enabling social mobility and promoting diversity, two areas that have been a big part of my professional and civic life. Like many of London Met's students and their families, I came to London as an immigrant, having grown up and been educated in the Netherlands. I've now lived here for nearly two decades, and I have been proud to contribute to this diverse and vibrant city across business, civil society, culture and education.

Since joining the University in July, I have been struck by the dedication and tenacity of our staff to championing equity and inclusion, and putting students first in all they do. Every day, I see the work that goes into ensuring every student is able to reach their full potential.

Through a number of initiatives which you will read about in these pages, we are having a demonstrable impact on the lives of our students and in tackling the challenges in the communities in which we serve.

Earlier this year the Mayor of London (and London Met alumnus!) Sadiq Khan launched the city's new violence against women and girls (VAWG) strategy, which we're proud to say was developed by London Met's Child and Woman Abuse Studies Unit (CWASU). The innovation of the University's approach to closing the attainment gap was highlighted for its excellence by Universities UK in a recent report.

The London Met Lab, led by Sophie Clouterbuck, was part of a successful partnership to secure a £5 million grant from the National Institute for Health Research (NIHR), for a research project with Tower Hamlets Council, UEL and Queen Mary University of London to better understand health determinants and inequalities.

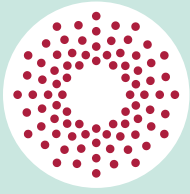
As elected Councillor for the Cheap Ward in central London, I hear from residents and businesses all the time about the challenges facing the capital as we emerge from the Covid pandemic and deal with the fallout from Brexit. Universities like London Met have an important role to play in the recovery by helping to address skills shortages and supporting businesses and the local community through their research and expertise.

I am very much looking forward to working with Professor Lynn Dobbs, the Senior Leadership Team and the London Met Board at this exciting time in the University's history.

Tijs Broeke

October 2022

London Met in numbers



10,535
students are enrolled at
London Met



We were ranked
5th
in the UK for student
satisfaction in the
Complete University Guide



148
distinct nationalities
represented on campus



We were ranked
9th
in the UK for Teaching Quality
in the *Good University Guide*



79%
of our students are studying
full time



London Met climbed
236 places
in Stonewall Workplace
Equality Index, and received
a Stonewall Bronze Award



75%
of our students are mature



We received an overall student
satisfaction score of
82%
in the National Student Survey



56%
of our students are BAME



We've committed
£150 million
to create vibrant campuses
with cutting-edge facilities,
as part of new estates strategy



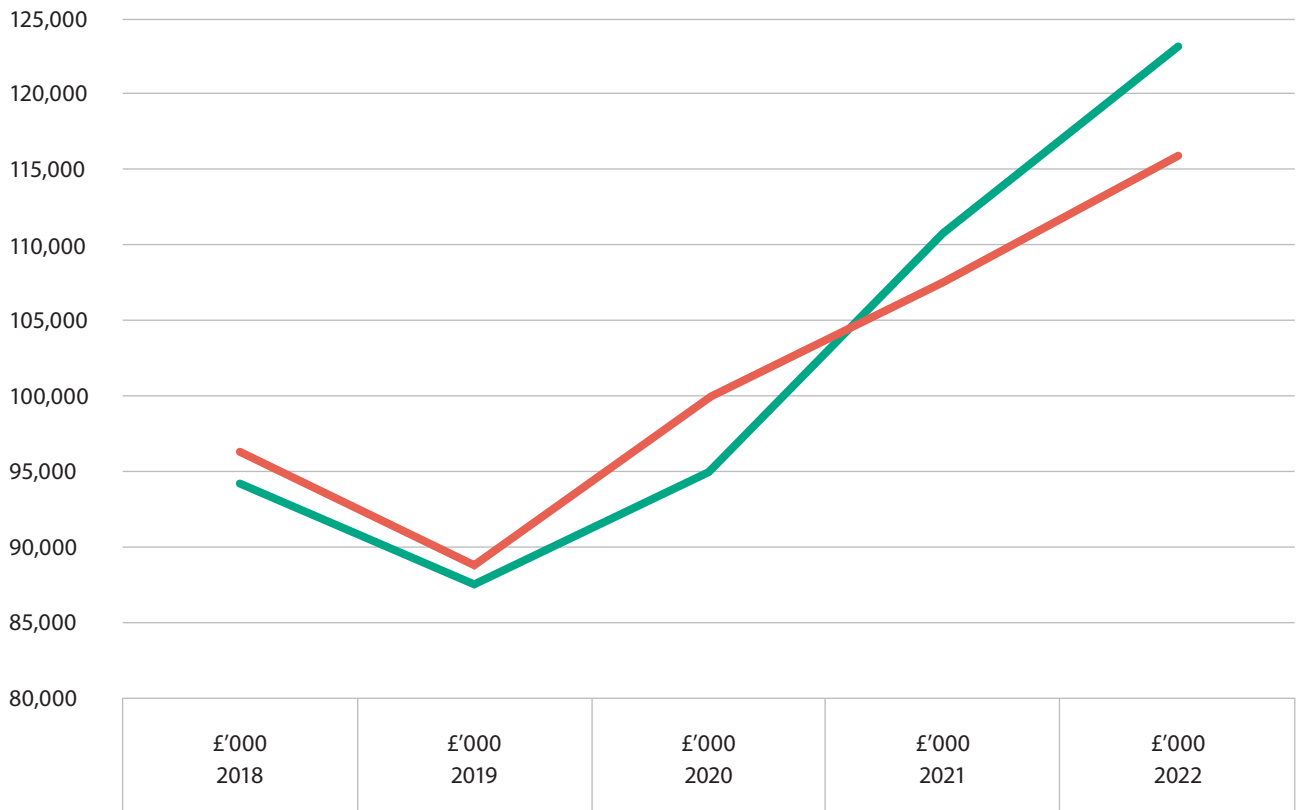
86%
of our research is
internationally recognised,
according to the 2021 REF



We work with
600+
local community
organisations through the
London Met Lab initiative

Income and expenditure exc notional pension costs

● Total income ● Total expenditure



Student Numbers (HESA)

● FT Home ● FT Overseas ● PT



Progress against our strategy

Year 3



Starting with our people

Our outstanding academics and professional service staff are at the heart of our strategy.

Our goals

- To build capacity and capability amongst all staff.
- To drive confidence, ambition, and pride across our institution.
- To promote wellbeing and inclusion.

During 2021/22 we:

Identified five key priorities for our People Strategy

Our priorities for 2022 have been shaped by our strategic plan and feedback from our 2022 staff survey. We received further feedback through consultations with People and Remuneration Committee, senior leadership and management teams, HR, and the Centre for Equity and inclusion. We defined our priorities as:

- Health and wellbeing.
- Inclusive culture, behaviour, and values.
- Attracting talent.
- Enabling talent and excellent performance.
- Reward and recognition.

We reviewed and further improved our offerings to staff by:

Making our policies more accessible by moving them onto an externally accessible A-Z, and providing regular reminders about where to access employee support and wellbeing advice and services more frequently via Met Connect articles and on our staff web pages.

We updated our maternity provisions to support staff better in the event that things don't go to plan. This includes an additional neo-natal leave and provisions for miscarriage, and new provision to our Special Leave policy for paid time off for fertility treatment, to help us remain at the leading edge of supporting staff with family-friendly policies. We also published new Death in Service guidelines to help managers through this rare, but difficult scenario.

We continue to incorporate the lessons we have learned from increased remote working into our policies including a new draft Hybrid Working policy to maintain improved flexibility for staff.

In addition, we continued to work with our staff networks and trade unions to hear feedback and suggestions and to help improve our employment framework, and to strengthen our leadership and management arrangements across the University to demonstrate our values and deliver our strategy.

We created further opportunities to ensure that all staff are appropriately developed, mentored, and deployed to deliver our strategic priorities, and support their career aspirations. Our academic workloads have been carefully refined as we continue to seek to reduce our reliance on hourly paid contracts.

We have made further progress towards meeting the standards for Athena SWAN, the Race Equality Charter, Stonewall and Disability Confident to facilitate diversity in our staff community and ensure that everyone at London Met is valued and included.



Updates against our Key Performance Indicators (2021/22)

(KPI 2) Staff satisfaction

- 63% of staff responded to our 2022 staff survey saying they would recommend the University as a good place to work. This is an increase of 10% since 2020 and is 13% higher than the 55% target set for the end of 2021/22. It is also 3% better than HEI London benchmark, and therefore above target.

(KPI 3) Athena SWAN

- We are accredited at Bronze level.
- We are working towards Silver accreditation by the end of 2024/25 (on target).

(KPI 4) Race Equality Charter.

- We are working towards Bronze accreditation by the end of 2023/24 (on target).

(KPI 5) Stonewall

- We are a Stonewall Global Diversity Champion member.
- We climbed 236 places on the last Stonewall Index relative to our initial (2020) position, and we were 215th of 403 employers.
- We have been awarded a Bronze Award, and we are ranked 33 in the Education sector.
- The results from our latest Stonewall Index submission are not yet released and are expected by February 2023. The target for this result was for us to be in the top 50% by the end of 2021/22 (result pending).

(KPI 6) Disability Confident.

- We became a certificated Disability Confident Employer in April 2022.
- We are working towards becoming a Disability Confident Leader by the end of 2024/25 (on target).

Focusing on student success

Our students are the fabric of our University. We are committed to improving every aspect of their university experience and we will work together to ensure our whole institution is built for student success, especially those who already face barriers.

Our goals:

- To engage all students as partners.
- To create a world-class academic offer that meets the evolving needs of our highly diverse student body.
- To strengthen the infrastructure that helps all our students to succeed.

We had exceptional results for the NSS 2022, with an overall satisfaction score of 82.5%, representing a huge cross-institutional effort in consistently delivering excellent teaching, learning and student experience. Our overall NSS score is just behind University of Exeter and ahead of every other Russell Group University.

During 2021/2022 we:

Built on the progress that we made through our Centre for Equity and Inclusion and Centre for Educational and Professional Development by:

Enabling and overseeing inspirational and inclusive teaching practice, while closely monitoring and driving forward improved student outcomes. We implemented our Education for Social Justice Framework (ESJF) as our learning and teaching strategy – currently, 95% of academic staff have completed the values-driven training. Data familiarisation workshops were introduced for academic staff to build practice in using student life cycle data to inform decision-making.

We also oversaw the actions required to deliver our Access and Participation Plan (APP), and our Student Curriculum Partners scheme, in partnership with academic teams, with regular reviews of course materials to help academics reflect on their practice.

Delivered an excellent remote learning, teaching and support experience for our students during the pandemic by:

Working in partnership with the Students' Union and our students to ensure that our decisions reflected the student voice at all stages, and that we continue to close the feedback loop so students are assured that their feedback helps shape their academic experience.



We've also conducted an extensive assessment practice review to ensure assessment strategies and practices at the institutional, School, subject and course level reflect high quality provision that provides students with appropriate and up-to-date skills for their graduate pathway.

Developed strong learning communities for students by:

Creating and establishing School offices within academic schools, and moving the Peer Assisted Study sessions into the Centre for Equity and Inclusion to align its activity to the overall strategy of the university. We continue to work with the Students' Union in the inclusivity training of the student course reps.

Put a range of academic and organisational measures to improve continuation by:

Creating a Transitions Framework to support successful onboarding of new students during the first term of study and consulting on and developing a new approach to personal tutoring and enhancing academic support. We've established an engagement monitoring system to track students' engagement on a weekly basis. This sees an engagement monitoring group meet weekly to review students' engagement and their financial status to ensure targeted support is provided.

We continue to improve processes around assessment boards to ensure that students achieve the necessary credits for their future success, including through the implementation of the Careers Education Framework. This aims to increase graduate level employment with a particular emphasis on Black, Asian and Minority Ethnic achievement delivering a range of initiatives to improve graduate level employment.

During 2022/23 we will build on the work we have undertaken in 2021/22 but we will also place particular emphasis on:

- Continuing to improve the NSS scores of all our courses.
- Evaluating the impact of our Education for Social Justice Framework training on student success.
- Implementing a new personal tutoring and academic support model that will be integrated with our student support services.
- Enhancing our assessment practice by working across schools and with professional service departments.
- Continuing to achieve success in our charter mark submissions as well as streamlining and improving our charter mark processes to produce impactful change across the institution.

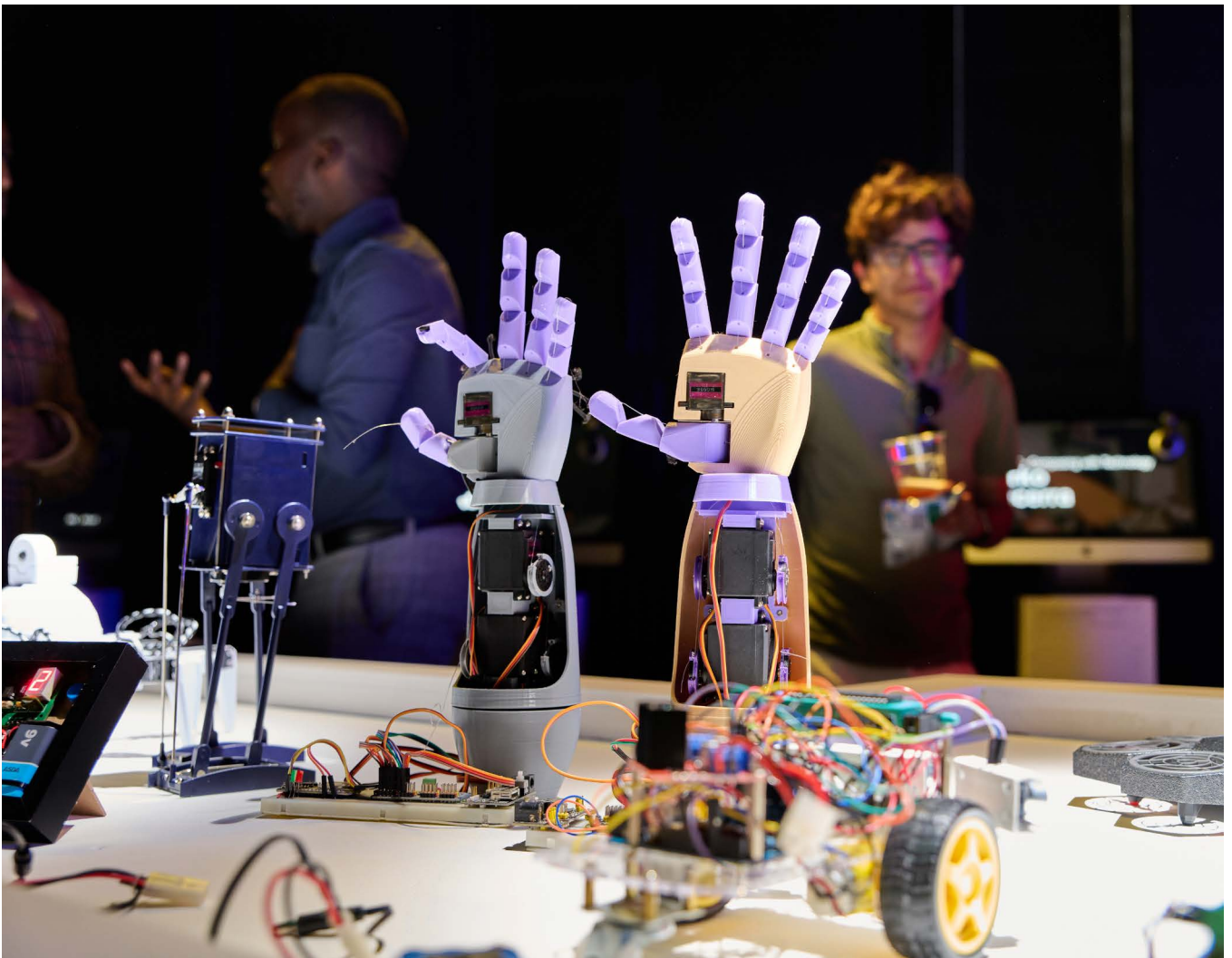


Growing our research and impact

Our research, and the impact that it has, is fundamental to our social mission. It is also the key to supporting our high-quality teaching portfolio.

Our goals

- To establish an improved infrastructure to support high-quality, high-impact research
- To grow the volume of world-leading and internationally excellent research that we undertake
- To improve the visibility of our research and the impact it has on some of the biggest challenges facing society today



We launched our Research and KE Strategic Plan 2020/21 - 2024/25 in April 2021 mapping our progress towards core elements of the University Strategy and our direction of travel. Having submitted to REF 2021, we reached a major milestone with the publication of the results in May 2022. 86% of our research is internationally recognised and 60% is world-leading or internationally excellent.

The societal impact of our research achieved particular recognition in the REF with 82% of our research regarded as internationally recognised in terms of impact, whilst 65% as world-leading or internationally excellent. This was a significant improvement in comparison to REF 2014: the corresponding figures being 70% and 47%. As a result, London Metropolitan University jumped 10 places nationally for impact.

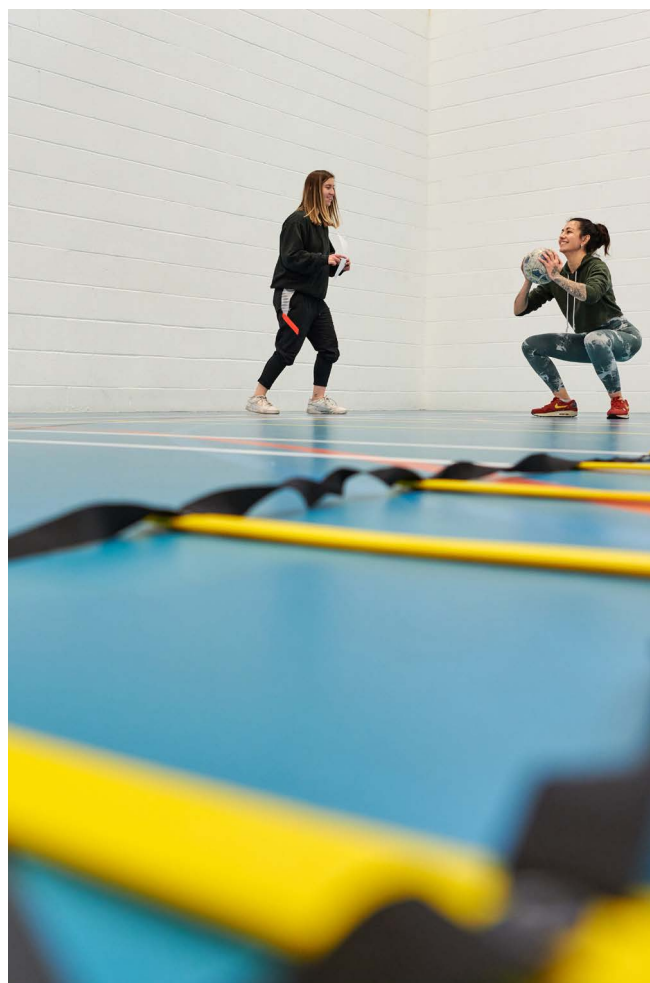
We were also successful in increasing the absolute number of academics returned to the REF by 31%. This is particularly notable given the relatively small size of our University, with just over 10,000 students.

During 2021/2022, we drove the development of research across the University. The number of academics engaged in research, with approved research plans and in receipt of personal research allocations increased from 112 in 2020/21 to 167 in 2021/22.

We continued the process of strategic development and consolidation of Research Centres, Groups and Units. Each of our 11 Centres has a plan, a lead, and a strong membership base: pursuing critical mass that has been identified as important for success sector wide. We established a Research Centre Peer Learning Group to share best practice, encourage multi-disciplinary synergies and facilitate growth. We further developed the Graduate School and Research Office for research and professional doctorate students underpinned by excellent training and support. This included the third annual Student and Staff Research Conference and the launch of the Vice Chancellor's PhD Scholarship Fund, to support nine exceptional candidates with limited means to pursue research projects aimed at having a positive impact on social injustice and improving equity. The success of these developments were reflected in significant improvements in the Postgraduate Research Experience Survey (PRES), including an increase in overall satisfaction to 82% (69% in 2020/1).

We have made significant advances in Knowledge Exchange activities and have embarked on a plan to grow Innovate UK funded Knowledge Transfer Partnerships (KTP). Following a four-year hiatus, two proposals were submitted in September 2022.

Following the results of the first and second Knowledge Exchange Framework (KEF) exercises, we have evaluated our KE activity - particularly in the areas of Continuous Professional Development and Student Enterprise, where we are in the top quantile nationally and our areas for development.



We have undertaken deeper analysis of our HE-BCI returns to gain a better understanding of our areas of strength and for development, and participated in the Knowledge Exchange Concordat development year, to further embed the principles of KE within our community. Our Head of the Accelerator post has been redefined to Head of Enterprise to augment its reach beyond the business incubation facility and student enterprise to more business-focused knowledge exchange.

Two academics have been promoted to the Associate Professor Enterprise, creating role models and highlighting KE as a career pathway.

During 2022/23 we will build on the work we have undertaken in the last year but we will also place particular emphasis on:

- Embarking on our strategy for the next REF.
- Submitting updated narrative statements for KEF 3 in Spring 2023.
- Taking forward our plans for diversifying our funding streams through consultancy and Knowledge Transfer Partnerships (KTP), by appointing and training KTP Champions from within our ECR community.
- Continuing to deliver more sessions aimed at professional development for all our academic colleagues, including the enhancement of opportunities and skills for ECRs.
- Delivering a new set of 10 KE-specific training workshops.

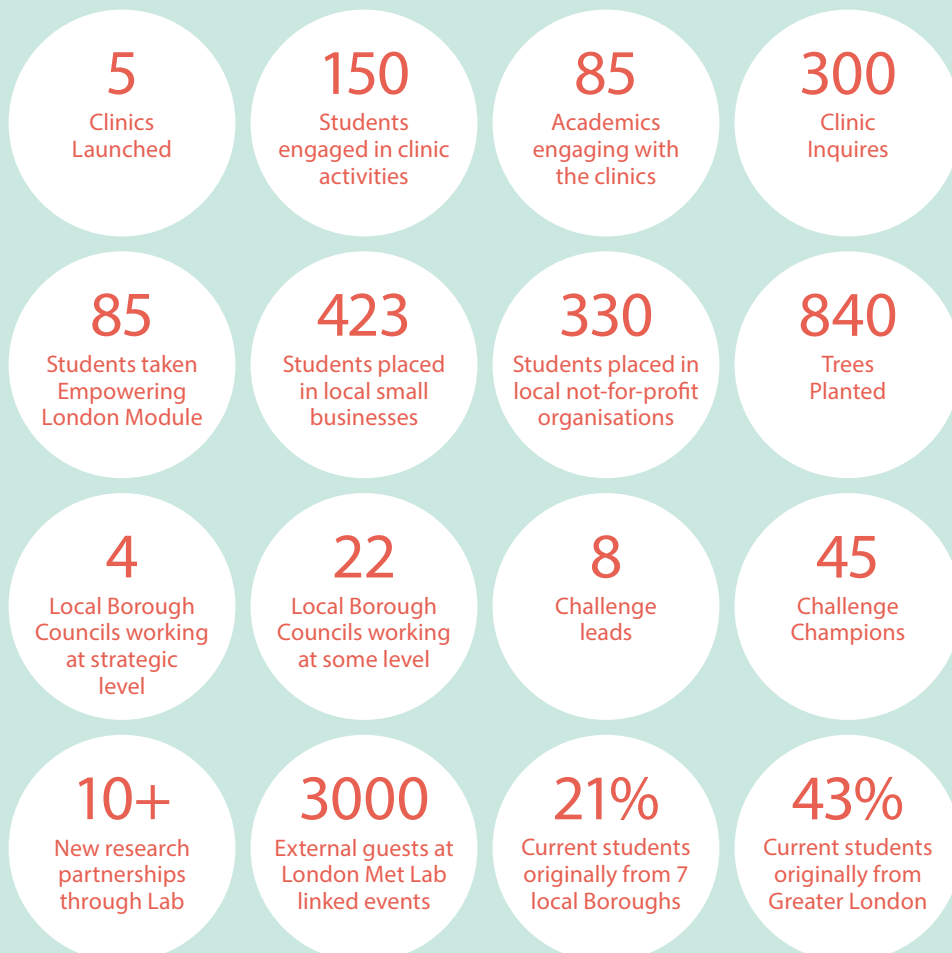
Giving back to our city

We are one of London’s vital civic institutions, united with other key organisations in our localities and the wider capital in driving opportunity and prosperity for all.

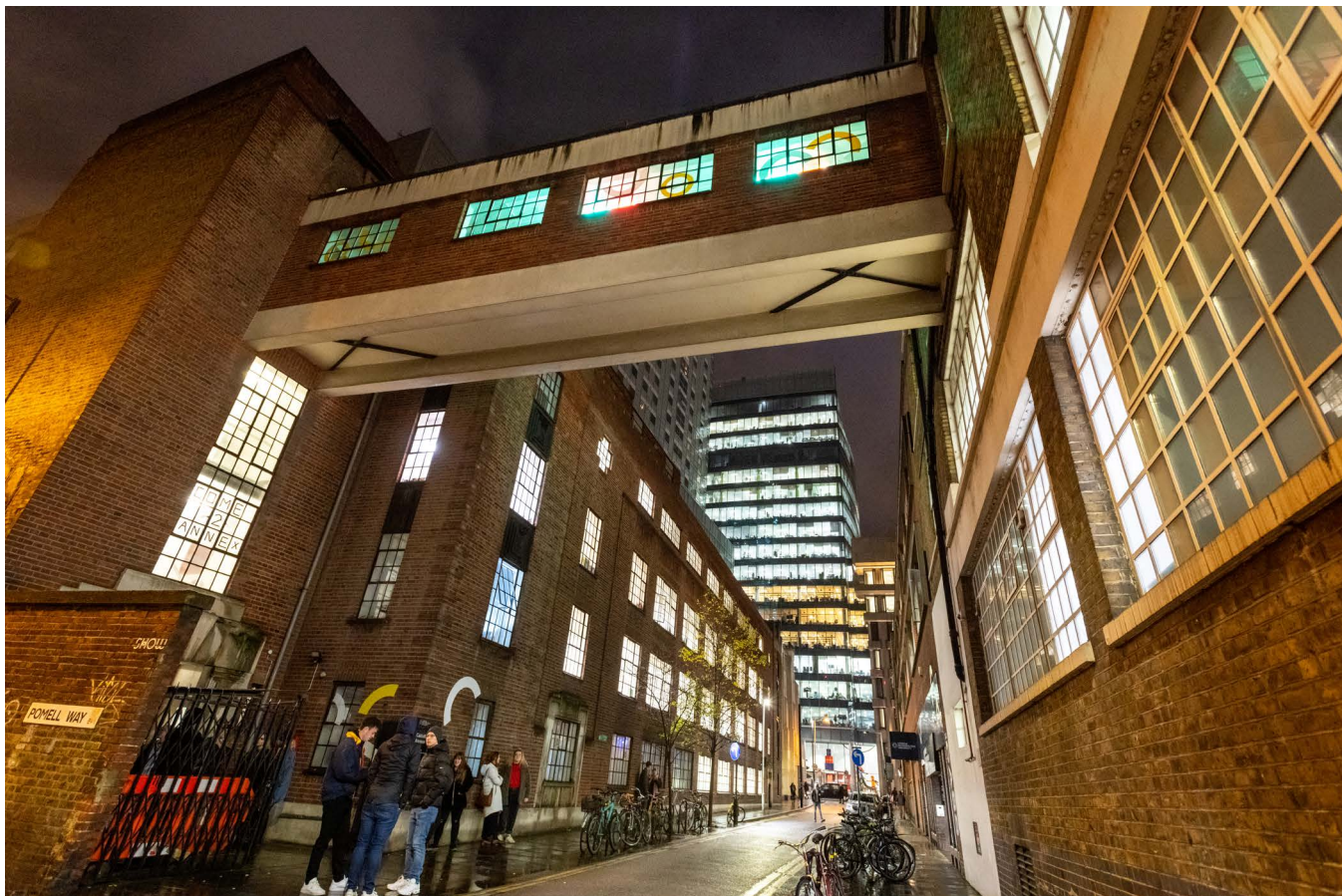
Our goals

- To embrace the strategic priorities of our London partners and the concerns of our local communities to support the city’s economy and address the social issues it faces.
- To provide opportunities for our staff and students to give back to our city and contribute to its success.
- To provide the capital with values-driven graduates who will support London’s transformation in line with our mission.

The London Met Lab: Empowering London 2021/22 in Numbers



londonmet.ac.uk/londonmetlab



During 2021/22 we:

Engaged with London partners, local education providers and alumni and the University community to co-design solutions to the challenges facing London.

The London Met Lab: Empowering London is the University's key driver for changes in our communities and beyond. It focuses on six key challenges facing London; Crime, Social Wealth, Health Improvement, Discrimination, Poverty, and Deprivation and Environment.

In January 2022, our Director of London Engagement, was appointed Chair of London Higher's Civic Network to lead its work highlighting the vital role of the capital's universities in benefiting local communities. Sophie's board and steering committee participation also includes the GLA Hiring and Skills working group, London Council's Social Impact working group, and the Islington Anchor Institution Network, the GP Federation North Central London Training Hub Steering Group, amongst others.

Undertook research and impact work to support the key priorities of our partners.

Over the last year, the Lab's work has supported research projects that focus on personal attitudes and experiences of Covid-19. These projects will add to the body of knowledge that will help our communities bounce back following the pandemic.

We have further developed our five pro bono clinics; the Injury and Rehabilitation clinic working with the local NHS, the Legal Advice clinic focusing on Housing, Employment and Consumer law, the Projects Office clinic providing art, architecture and design projects for the community;

the Small Business clinic and the Charity and Social Enterprise clinic. In the coming year, we will be introducing a multidisciplinary Health and Wellbeing clinic.

We continue to develop a number of other strands of work which link research expertise and knowledge exchange to our work giving back to our city. London Met's Social Integration and Regeneration Learning Network published an evaluation report on their work commissioned by the Mayor of London. We were part of a team which secured a £5 million grant to research health inequalities in Tower Hamlets, and worked with the Borough of Islington to understand and make recommendations on the BAME employment gap. In 2022, the University's work in this area was shortlisted by the Times Higher Awards in the Outstanding Contribution to the Local Community category, and received a Silver Award in the Social Mobility Awards 'University of The Year' category.

In 2021/22, London Met staff and students have been more involved than ever in local community initiatives.

We've developed more work placements in local community organisations, councils and SMEs, signed more Memorandums of Understanding (MOUs), partnership agreements, and provided a number of outreach programmes.

Student involvement in our civic work has been encouraged through the introduction of the new 'Empowering London' work-based learning module for level 5 and 6 students. The module, which concentrates on working in the community and the issues London Faces, has also been developed for the University's Study Abroad students.



During 2022/23 we will build on the work we have undertaken in 2021/22, but we will also place particular emphasis on:

- Strengthening and deepening our relationships with existing partners.
- Working with partners to engage in more meaningful research and knowledge exchange that actively changes policy.
- Introducing a fundraising initiative to support the University, the priorities of our London partners and the concerns of our local communities within the context of the issues our city faces.
- Running the Small Business Charter course to deliver support to leaders of small and medium-sized businesses to boost performance, resilience and long term growth.
- Securing places for staff on more council, charity and third sector boards.
- Embedding ESD (Education for Sustainable Development) goals in our Education for Social Justice Framework.
- Running the North London Social Work Partnership.



KPIs end 21/22

(KPI 16) We have met and exceeded our target number of 250 partners for 2024/25 five years early and are now working with approximately 650 partners, making a real difference in our communities.

Progress against our strategy

Managed growth and diversification

The ongoing success of our University depends on us growing student numbers and diversifying our business – this will allow us to strengthen our financial position and reduce our reliance on any one recruitment channel.

Our goals

- To provide an attractive and highly distinctive course portfolio.
- To broaden the reach of our recruitment strategies locally, nationally and internationally.
- To make our education more accessible to a greater number of prospective students.

During 2021/22 we:

Added significantly to our portfolio by launching two significant new subject areas, including establishing a new School – The London School of the Built Environment – and adding Nursing programmes to our School of Human Sciences. We have recruited two well-established academics to lead the provision in these areas and will be working with partners to deliver our Nursing programmes in the community. We've additionally secured capital investment of £5.8m from the Office for Students (OfS) to develop our Nursing facilities

We have returned successfully to international recruitment after our international recruitment strategy implementation was delayed by Covid-19 through the recruitment of our first substantial cohort in Spring 2022. We launched the London Met international college with our partner Education Centre of Australia, seeing the first cohorts and progression to our degree programmes; and established our first overseas operation in India, delivering support to our recruitment, admissions and compliance processes with our partner Adventus Professional Services.

Brand and partnerships

Our new brand campaign, 'the Real London' was launched featuring current students, alumni and staff talking about London Met and what it means to be part of the London Met community. Since its launch in May 2022, new campaign videos have been viewed more than 450,000 times with an average watch duration of 95%. 61% of people who were served the YouTube advert watched it in full (compared to a 30% industry average), and our conversion from paid advertising increased by 145% compared to the previous year.

Our research and people saw high-profile media coverage in outlets including *The Telegraph*, *The Guardian*, the *Independent*, *Cosmopolitan*, *Stylist*, the *BBC*, the *Today Show*, *Time Out*, the *Express*, the *Daily Mail*, among others.

We launched our sector-leading programme partnering with Historically Black Colleges and Universities in the US, initially with three partners. Whilst principally a programme to help the University improve outcomes for BAME students it also supports our visibility in the US and our activity to recruit full degree and Study Abroad students from the market. The first students will go on exchange to our new partners in Spring 2023.

Our collaborative partnership network enables more students to study for one of our degrees in their home country, ultimately improving their prospects by reviewing all current collaborations to ensure quality and financial viability, and terminating several partners who were no longer viable. We brought on new partnerships in Sri Lanka and the UAE, and terminated a partnership in Russia following the invasion of Ukraine.

During 2022/23 we will build on the work we have undertaken in 2021/22 but we will also place particular emphasis on:

- Further enhancing our recruitment, marketing, and admissions infrastructure to support our growing student numbers and partnership development.
- Continuing investment in our international recruitment work to support managed growth and continued high quality in our applicants.
- Further strengthening and adding depth to our collaborative partnerships.
- Continuing to review our partnerships to ensure quality and financial viability.
- Enhancing our conversion in the main cycle across both home and international markets.

Vibrant campuses and cutting-edge facilities

Our physical infrastructure is the foundation of our strategy.

Our goals

- To maintain and renovate our estate, IT, and digital infrastructure to support our strategic priorities.
- To ensure that we provide high-quality learning resources and facilities to support student success.
- To continue taking steps to reduce our carbon footprint and demonstrate leadership on environmental sustainability.

Our new estates strategy will transform our buildings for students, staff and the local community

Launched in July 2022, our Estates Strategy is a transformational programme which will see an investment of £150 million into our buildings and spaces over ten years, to create vibrant, community-focused campuses with cutting-edge facilities.

Sustainability is a huge part of the strategy, which is backed by a commitment to being a carbon net-zero University by 2030, with all onsite electricity from renewable sources.

We will promote positive learning outcomes through a sense of belonging and identity with our Schools. Each will have its own heart on campus, consisting of academic offices, specialist teaching spaces, school offices, pastoral and academic support and independent learning spaces.

New courses in Nursing will be offered from 2023, through an expansion of our School of Human Sciences, and our learning centres and libraries will be reconfigured to support the changing digital learning requirements of our students. The exciting project to redevelop the Holloway campus Learning Centre and Science Centre for these aims is already underway.





Work is already underway on a number of projects

During the past eight months the University has spent £3m on Capital developments, including a significant spend on Health and Safety at both Holloway Road and Aldgate. This was possible because plans were underway pre covid and the work progressed faster than expected as a result of having buildings that were closed to the public.

We're on the road to being a digital first institution

Over the last year, our we have launched a number of strands of our digital first strategy which was approved by our Board in March 2021.

Prioritising the student experience, we've worked in partnership with Estates colleagues on the refurbishment of classrooms to install cutting edge AV design and the installation of classroom capture software, Panopto, to enable students to join in lectures remotely.

We've supported the growth of our international student cohort, by enabling the implementation of compliance software, and business efficiency by providing advanced business intelligence supporting data-informed decision-making, and implementation of student service support software.

Our Estates and ITS teams enabled our new way of working

In late summer 2021, London Met's buildings fully reopened again as we prepared for the 2021/22 academic year. Our New Ways of Working programme provided all staff with modern, secure, and portable equipment to enable them to work on campus or remotely.

During 2022/23 we will build on the work we have undertaken in 2021/22 but we will also place particular emphasis on:

- Creating a home for our School of Social Sciences and Professions and support blended learning.
- Improving our functional suitability rating through re-configuring and re-sizing our teaching spaces, including the Learning Centre and the library and re-equipping spaces with appropriate technologies.
- Creating a vibrant campus that reinforces the positive psychosocial environment and inspires all who use it by aligning refurbished space with the design of new spaces.
- Commencing digital mapping of the campus to enhance the welcome and navigation experience.

Selected KPIs end of 22/23

- 80% of our staff will be digitally competent, based on our new digital standard.
- Carbon footprint 24.0kg Co2/M2 (17kg ahead of target).
- 25% of our control systems will be linked to digital sensors.
- 100% of staff and students fully migrated to Office 365.

A year in review

Research excellence

REF 2021

The most recent Research Excellence Framework (REF) showed very positive results for London Met: providing confirmation that 86% of our research is internationally recognised, whilst 60% is world-leading or internationally excellent.

Particular success can be seen in London Met's maths research impact, which has been ranked joint top in the country, alongside the Universities of Swansea and Lancaster.

The societal impact of our research is viewed very positively in the REF. Indeed, 82% of our research is internationally recognised in terms of impact, whilst 65% is world-leading or internationally excellent. This is a significant improvement in comparison to 2014: the corresponding figures being 70% and 47%. As a result, London Met jumped 10 places nationally for impact.

The experiences of Afghan refugees in London

London Met sociologists, Professor Louise Ryan and Dr Maria Lopez, have interviewed a number of refugees as part of an ongoing research project on Afghan migrants in London, in partnership with charitable organisations Paiwand, the Afghan Association of London and four Afghan peer researchers.

They report a high level of concern around the long waiting times and lack of information provided to the refugees about their legal status and the resettlement process timescales. The BAME employment gap

A research project from London Metropolitan University and Islington Council has found that mistrust of national employment services is a key barrier to people of ethnic minority backgrounds finding employment.





The research found that residents were more able to access support that they trusted, including many community-based organisations and the council's iWork service. However, many were unaware of the relevant services, and some expressed mistrust of national employment services, such as the Job Centre.

As a result, the council is keen to improve its outreach into local communities, by using more locations that residents use, and in which they feel comfortable.

The benefits of omega-3 fats in Type-2-Diabetes

A major new international collaborative study with London Met's Lipidomics and Nutrition Research Center (LNRC) has found that people with Type-2-Diabetes who supplemented their diet with Omega-3 fatty acids had better control of their blood glycaemia and lipids.

The study, published in the international journal *Metabolites* was led by Professor Laurence S Harbige. The study analysed the data from 30 randomised controlled trials (RCTs) from across the world. It found that, depending on dose and duration, Omega-3 fatty acids significantly improved glycaemic factors such as blood glucose and glycated hemoglobin (HbA1c) and decreased blood cholesterol and triglycerides.

These metabolic factors are important and need to be managed properly by diet and/or drug treatment in Type-2-Diabetes, as they track with clinical deterioration and progression.

Lockdown drinking habits

Covid-19 lockdowns led many people in the UK to drink more than they felt comfortable with, new research from London Metropolitan University and the University of York found.

The qualitative study, published in *Drug and Alcohol Review*, explored drinking practices among adults who self-defined as regular drinkers. It found that increased time spent at home during the UK lockdowns seemed to partly drive people to drink more than they had done in the pre-pandemic era. For example, survey data has suggested that more than a fifth (22%) of people in the UK (nearly 12 million individuals) – have typically consumed more alcohol on a regular basis since the first UK lockdown.



The study was co-authored by London Met's Dr Dom Conroy, Senior Lecturer in Psychology and Dr Emily Nicholls, Lecturer in Sociology at the University of York.

Female leadership in higher education

A new paper from London Met's Dr Eleni Meletiadou investigates female leaders' experiences in Higher Education during the Covid-19 pandemic in the UK, to understand both the barriers and opportunities they faced.

It also examines their leadership and crisis management principles amidst the pandemic. Dr Meletiadou indicates that the addition of unique female perspectives and leadership styles will afford gender-diverse senior leadership teams (SLTs) a leadership capability advantage over equally talented yet homogeneous male teams, particularly in times of crisis, such as the pandemic.

Expanding the role of pharmacists in general practice

An expansion of the remit of pharmacists through a new Structured Medication Review (SMR) service could alleviate workload pressures on GPs - but concerns remain about its implementation, according to an editorial co-authored by London Met's Professor Duncan Stewart.

Professor Stewart and his colleagues say that the long term drivers of the SMR are clear: to address problematic polypharmacy – the use of multiple medications at the same time by one person; to reduce avoidable hospitalisations; to deliver better value in medicines spending; and ultimately to improve patient care and outcomes through improved quality of prescribing.

Heightened risk of disease as a means of terrorism

Experts from the Biological Security Research Centre (BSRC) at London Met, led by Professor Lijun Shang, have warned the scientific community and policymakers of the risks of deliberately-caused disease as a means of terrorism.

A particular concern, they say, is the currently weak state of the Biological and Toxin Weapons Convention (BTWC) which is the cornerstone of the international efforts to prevent biological warfare.



Teaching, assessment and our student community

National Student Survey

We saw increases across the board in all areas in the latest National Student Survey (NSS) results, putting us at 5th for student satisfaction nationally in the Complete University Guide.

The NSS is a high profile annual survey of nearly half a million students across the UK. The survey gathers opinions from students about their time in higher education and helps universities to improve the student experience.

Teaching at London Met was shown to be of a particularly high standard, with 83% of students satisfied with the quality of the teaching they received, 88% of students agreeing that staff are good at explaining things, and 81% agreeing that the course has challenged them to do their best work.

Student Partnership Agreement

We further developed the London Met Student Partnership Agreement (SPA), an agreement between the students, the Students' Union and the University. It clearly lays down the values and principles that define everything we do as a University to ensure students have the best possible experience.

The SPA is a commitment to adopt approaches and behaviours that embed these values in the decisions we make as an institution, as well as the ways we engage students and staff in the activities we undertake. It's about engaging people at the beginning of the process and, in turn, shifting the power dynamic towards one of co-creation. In short, it is the commitment to do 'nothing about you without you'.

Creating inclusive communities

Universities UK showcased London Met's whole-institution approach as an example of innovation and excellence in higher education in their *Closing The Gap* report, which looks at successful strategies introduced by universities to reduce the attainment gap. This reflects a huge effort from every department and reflects progress made so far to deliver equity for our students.

London Met's *Fixing the Pipeline* strategy, which aims to ensure staff at the University are representative of its students and community, was one of the key areas praised for its success in creating inclusive communities.

Education for social justice framework

Our Framework has been crafted by a group of 30 staff, students and the Students' Union as a values-led framework which combines principles of inclusive pedagogy with a values-based vision of a curriculum which reflects the mission of London Met.

The Education for Social Justice Framework is in part a response to the challenge to eliminate our continuation and awarding gaps. However, our overriding motivation to introduce the framework is because we believe our curricula and practice must align with principles of equity, with who our students are, and the challenges facing London and its communities.

Infrastructure and estates

Estates strategy

Through a transformational programme, we will invest £150 million into our buildings and spaces over ten years, to create vibrant, community-focused campuses with cutting-edge facilities.

Sustainability is a huge part of the strategy, which is backed by a commitment to being a carbon net-zero University by 2030, with all onsite electricity from renewable sources.

We will promote positive learning outcomes through a sense of belonging and identity with our Schools. Each will have its own heart on campus, consisting of academic offices, specialist teaching spaces, school offices, pastoral and academic support and independent learning spaces.
Digital transformation

Our new Digital First Strategy aims to ensure learning, teaching, research, professional services and infrastructure at the University operate under excellent digital environments. Led by the University's new Director of Digital Transformation, Will Hopson-Hill, the Strategy outlines that by 2025:

- Every course will have digital learning at its core.
- We will create an outstanding digital environment for students from awareness to enrolment to lecture theatre.
- Personalised learning via multi location and multi device access will be standard.
- Access to networks and data will be Cyber Secure.
- Our infrastructure will be Smart – sensing when students and staff are on site – and delivering exceptional value to our stakeholders.
- All of our staff will be digitally competent.
- Decision making will be data informed.

International initiatives

Partnering with US Historically Black Colleges and Universities

We have launched a series of ground-breaking partnerships with Historically Black Colleges and Universities (HBCUs) in the USA to support us in improving student outcomes through knowledge exchange and sharing of expertise. We have signed agreements to form a number of partnerships and our network is expanding, with increasing numbers of institutions approaching us to get involved.

One year of partnership with the ECA

We celebrated the first anniversary of its partnership with the Education Centre of Australia (ECA), to offer international students the chance to join pathway programmes, equipping them with the necessary skills for entry onto Bachelor's or Master's programmes at London Met.

The Turing Scheme

We have been awarded 100% of the funding we bid for through the Turing Scheme, which will allow us to continue offering funding to students who wish to participate in outward mobility experiences at selected partner institutions overseas. With reports that many other institutions received only 70% of their bids, this is a fantastic achievement.

International recruitment

We have seen a significant increase in international recruitment and re-established London Met as a strong international brand. The UK Visas and Immigration Office has approved our request to sponsor increased numbers of international students, because of our sustainable growth and strong compliance. We expect to recruit more international students next year than we have since 2003, and are looking forward to the positive contribution these students will make to the cultural diversity of our campus.



The Real London

London Met was proud to launch The Real London, an authentic new campaign which celebrates the rich diversity of our student body and staff, which makes the University such a vibrant place to study and work.



The Real London came from an idea developed by a London Met graduate who was inspired by the extraordinary people who make up the University community here.

It tells the stories of different members of our community – students, staff, and graduates – through photography and video in a London location that means something to them.

Their *Real London* stories explore who they are in their own words, and come from informal interview-style discussions conducted by this same graduate – and now colleague, as she now works at London Met.

Get to know some of our *Real London* community:

Aaron Patel

One of eight children and the first in his family to go to university, Aaron Patel was determined that his background wouldn't define him. Inspired to succeed through his love of football, he found something special in London Met – and it's not altogether dissimilar from an international football tournament.

"Everyone comes from different corners of the globe to win the World Cup," he said, "like everyone comes from different corners of the globe to come to London Met and get a degree. You're all there for the same reason."

With his friends and fellow journalism students, he started a student magazine in 2019 called *Mental Magazine*, and has been running it ever since. "That gives me a lot of joy because we're providing resources and advice for people who need it. Mental health is something that's become really important to me.

"London Met's been such an amazing place for me. Don't let anything stop you from going after whatever you want. London Met is a great example of an institution that provides this opportunity."

Nils Perez Codesal

Nils grew up in foster care in Germany but later moved to the UK to become an au pair. He's now studying a subject he's been passionate about since a teenager – in a university and city where he feels accepted for who he is.

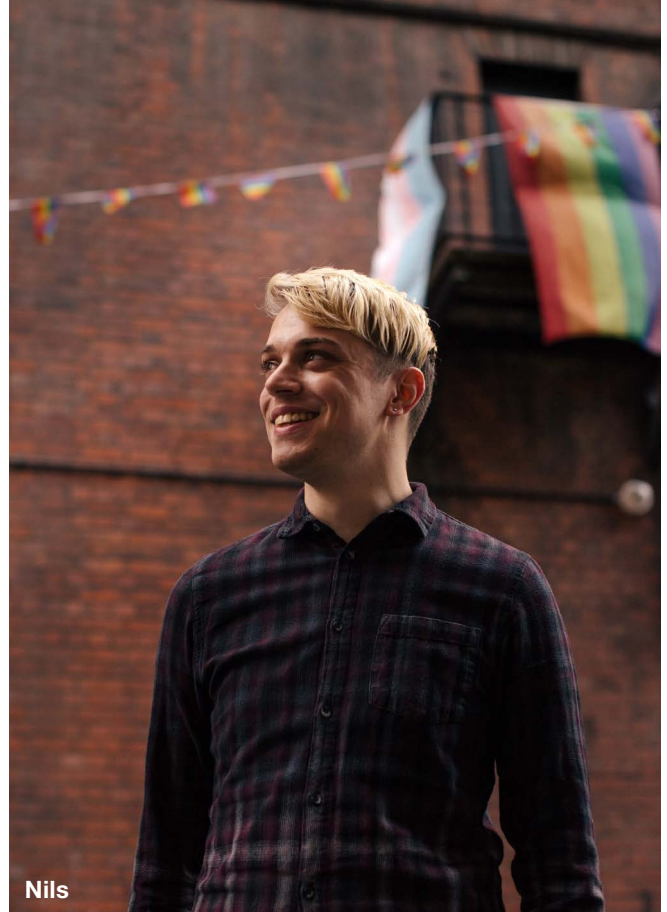
“I knew I wanted to at least have some experience abroad,” he said. “I decided to become an au pair and, as English was the only language I spoke, I went to the UK. In the beginning, I was in Ascot, but I went as an au pair a lot to Reading, and even in Reading, I felt already that people were so much more accepting of me being a gay man.

“And then when I came to London, I did not at all have any problems. I really liked the huge diversity that London had to offer. There's an exchange of ideas, culture, beliefs, and also a lot of acceptance. I just felt very, very much more welcomed and free. London is a place for me where I could grow in the best way possible. I felt so much more comfortable just being myself.”

He applied initially for social work because having gone through foster care himself, he thought it would be a great idea to give back.

“Without the social workers in my life, I wouldn't have gotten to a place where I could go to school and even go to another country. I wouldn't have been the well-rounded and independent person that I am now.”

He then discovered he was more interested in becoming a therapist, and switched to psychology. “It's one of the best decisions that I have made,” he said. “From week one I was making friends. The course was just fascinating to me from day one.



Nils

Donna Jones

As an alumna, London Met provided the gateway to the path that led Donna to realise her passion for social work – she has since gone on to become Principal Lecturer, Head of Social Work and now Interim Head of a Subject Area (Community Development and Leadership, Social Work, Youth and Refugee programmes).

She spoke of her pride of being able to make a difference to students who come to social work education from diverse backgrounds.

“One of my proudest moments was being told by a student, ‘you don't look or act like a senior lecturer’,” she said.

“I hope I am a “Mr Fraine” and “Mr Burns” to students who are similarly inspired to imagine and create. I would also choose making the noise of 10 at my son's graduation – not sure he would concur – and the fact that he made it through living life whilst Black relatively unscathed and graduated.”

Her work and practice is informed by art and the world around her. She said, “I am curious about other people's stories and how those stories are articulated. Before lockdown I saw a live performance of one sort or another – whether dance, theatre, poetry, comedy – every week. Performance is often reflected in my lectures, and informs my arts-based research interests.”

Read our other Real London stories on
londonmet.ac.uk/the-real-london



Donna



COMB-A/2

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the staff are on site to help you and for you
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Strategic Report

2021–
2022

The University has had an outstanding year. We have delivered an operating surplus of £7.2m (2020-21: £3.2m operating surplus). In addition, we ended the year with £88.8m (2020-21: £74m) of cash and liquid investments in the bank. This was ahead of budget by £19.1m as a result of the strong operating performance, improved working capital management and slower spend on some capital projects. The total comprehensive income has increased to £127.5m (2020-21: £21.8m) mainly due to an actuarial gain of £130.4m for the LGPS pensions.

This performance has beaten the expectations of our current University strategy by three years and has moved the University closer to its objective of achieving financial sustainability. Financial sustainability is consistently generating more cash than we need to run our operation, ensuring that our expenditure is aligned closely to our income generation. By the year ended 2024-25 activities in the University will be delivering year-on-year surpluses with significant cash reserves to invest in our University. In addition we will have over 12,500 students on campus through the support of a strong collaborative partnership network for student recruitment.

Adjusted Operating Performance Summary

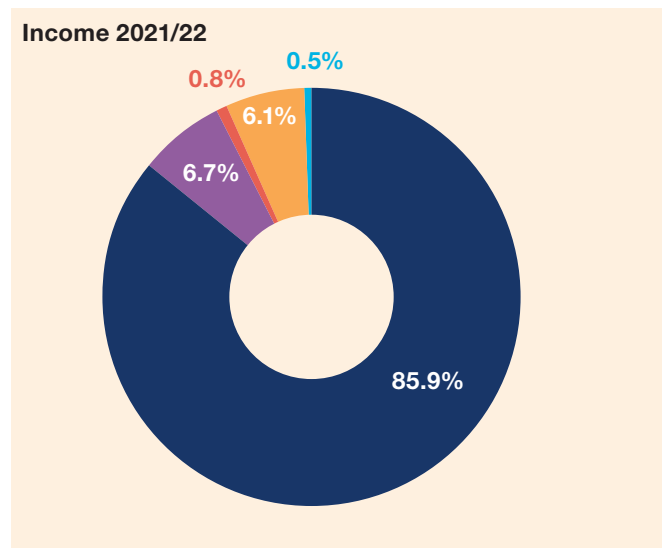
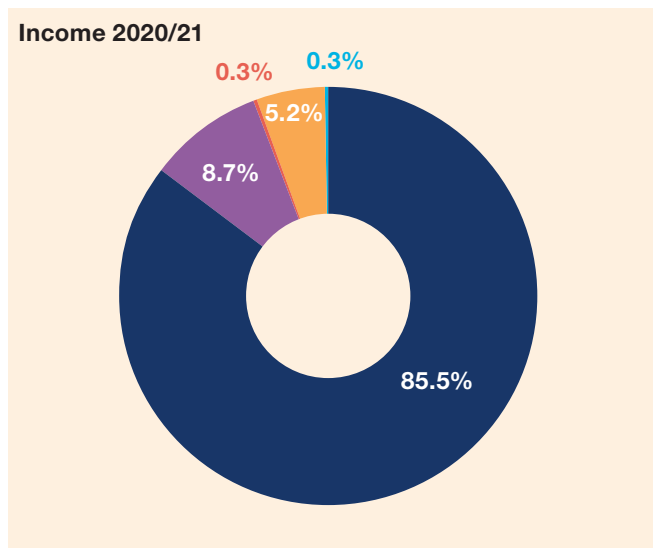
	2020-21	2021-22
	£'000	£'000
Total Comprehensive Income	21,761	127,481
Actuarial loss / (gain) in respect of pension scheme	(26,244)	(130,446)
Pension Interest	2,324	2,463
Notional Costs and staff adjustments relating to pension fund deficit	5,377	7,690
Operating Performance Surplus/(Deficit)	<u>3,218</u>	<u>7,188</u>

Income

Total income for 2021-22 was £122.5m, an increase of £11.6m (10.5%) on 2020-21 and an increase of £27.4m (28.9%) on 19-20. This change was driven mainly by an increase in tuition fees income resulting from better student recruitment and retention, particularly in the spring semester of 2022.

	2020-21 £'000	2021-22 £'000
Tuition fees	94,839	105,254
Funding body grants	9,683	8,216
Research grants and contracts	312	936
Other income including donations	5,688	7,582
Investment income	370	558
Total income	110,892	122,546

Income is predominantly driven by tuition fees in 2021/22, with 85.9% of income from this source, compared to 85.5% in 2020/21. In the year, tuition fee increases reflects an increase of mainly UK/EU full time undergraduate students studying at the University.

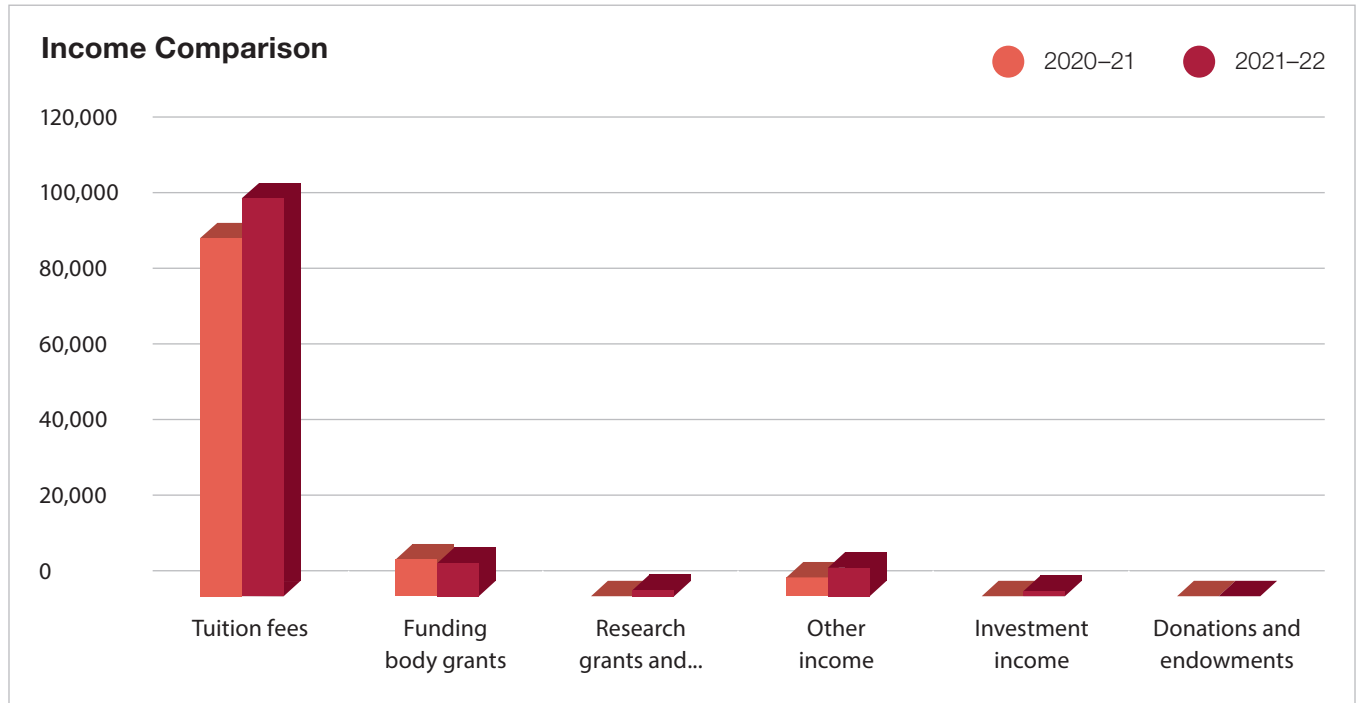


- 85.5% Tuition fees
- 8.7% Funding body grants
- 0.3% Research grants and contracts
- 5.2% Other income including donations
- 0.3% Investment income

- 85.9% Tuition fees
- 6.7% Funding body grants
- 0.8% Research grants and contracts
- 6.1% Other income including donations
- 0.5% Investment income

Income (continued)

Tuition fee income increased in the year by 11% to £105.3m (2020/21:£94.8m) and funding body grants fell by 15.2% to £8.2m (2020/21:£9.7m). Investment income on the other hand increased by 50.8% and this reflects the investment decisions taken by the treasury management team.

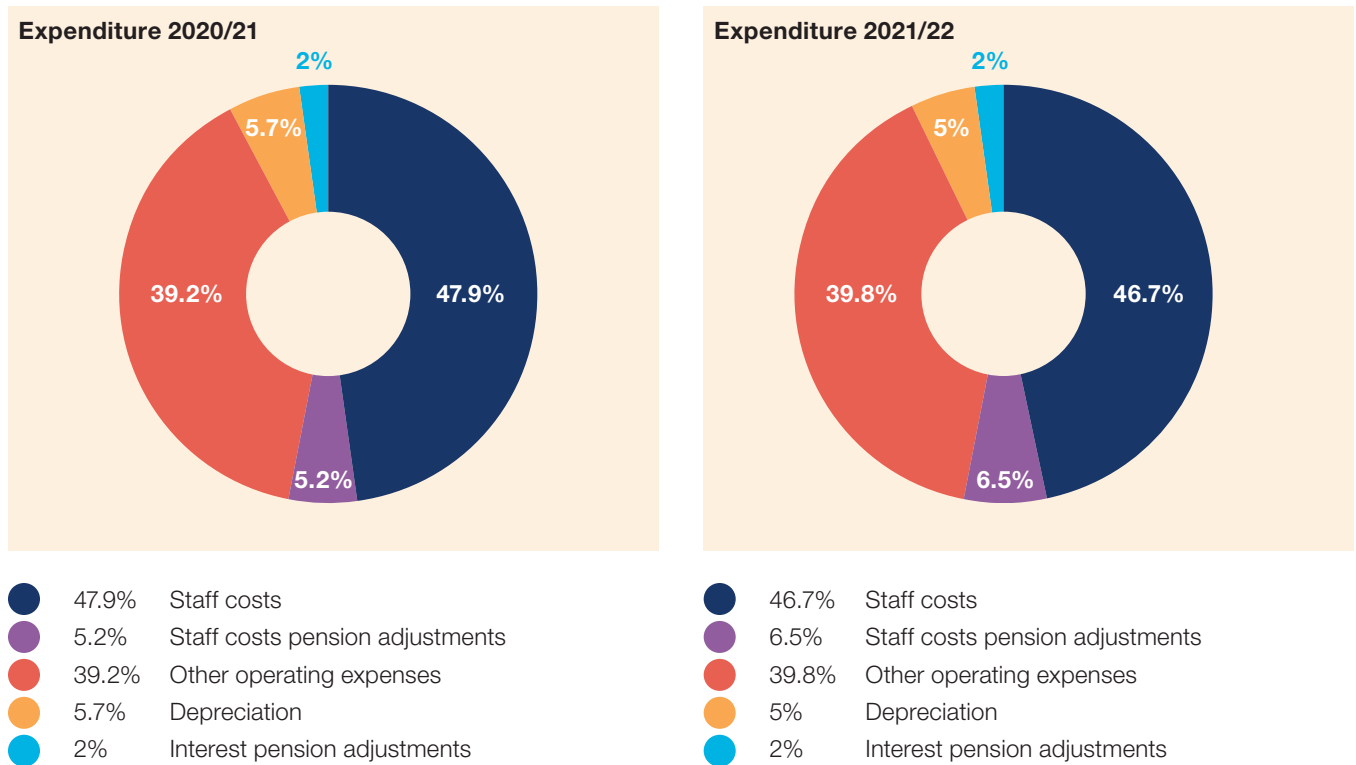


Expenditure

Total expenditure for 2021/22 was £125.5m, an increase of £10.1m (8.8%) from the previous year.

	2020-21 £'000	2021-22 £'000
Staff costs	55,294	58,664
Staff costs pension adjustments	5,980	8,212
Other operating expenses	45,197	49,913
Depreciation	6,580	6,259
Interest pension adjustments	2,324	2,463
Total expenditure	115,375	125,511

Staff costs increased from £55.3m last year to £58.7m which represents an increase of 5.1%. In 21/22 total staff costs represented 46.7% (2020/21:47.9%) of expenditure. The increased staff costs reflects the additional spend on academic teaching and non-teaching staff due to the increase in students studying at the University.



Other operating expenditure increased to £49.9m (2020/21: £45.2m) an increase of 10.4%. This was a combination of increased student recruitment costs and franchise fees which is directly related to the increase in tuition fees generated. Other operating expenditure makes up 39.8% (2020/21:39.2%) of total expenditure.

Depreciation reduced by 4.9% from £6.6m in 2020/21 to £6.3m in 2021/22, reflecting the changing mix of our fixed assets base and the changes to our capital expenditure, which reflects purchasing equipment as well as building improvement projects. Depreciation is 5.0% (2020/21:5.7%) of total expenditure.

The staff costs pension adjustments increased to £8.2m (2020/21:£6.0m) which represented 6.5% (2020/21:5.2%) of total expenditure in 21/22. Interest pension costs adjustments increased to £2.5m (2020/21:£2.3m) which represented 2.0% (2020/21:2.0%) of total expenditure in 21/22.

Balance sheet

The University's Balance Sheet has been impacted favourably by the latest valuation of the assets and liabilities associated with the Local Government Pension Scheme at the end of July 2022. The balance sheet shows a strong total net assets figure of £212.2m at 31 July 2022 compared to £84.7m at the end of last year, 31 July 2021. The strong total net assets is mainly due to an actuarial gain of £130.4m from the LGPS pensions resulting from an increased discount rate.

	2020-21 £'000	2022-22 £'000
Non-current assets		
Fixed assets	175,120	174,064
Investments	64	64
	<u>175,184</u>	<u>174,128</u>
Current assets		
Stock	57	59
Trade and other receivables	18,274	25,575
Investments	53,007	59,034
Cash and cash equivalents	20,996	29,787
	<u>92,334</u>	<u>114,455</u>
Less: Creditors: Amounts falling due within one year	(26,550)	(38,258)
Net current assets	65,784	76,197
Total assets less current liabilities	240,968	250,325
Provisions		
Pension provisions	(155,687)	(35,393)
Other provisions	(551)	(2,721)
	<u>84,730</u>	<u>212,211</u>
Total net assets	<u>84,730</u>	<u>212,211</u>
Restricted reserves		
Income and expenditure reserve - endowment reserve	249	251
Income and expenditure reserve - restricted reserve	328	320
Unrestricted reserves		
Income and expenditure reserve - unrestricted reserve	23,531	151,018
Revaluation reserve	60,622	60,622
	<u>84,730</u>	<u>212,211</u>
Total reserves	<u>84,730</u>	<u>212,211</u>

Fixed assets were valued at £174m (2020/21: £175m). During the year £5.2m was spent on fixed asset additions.

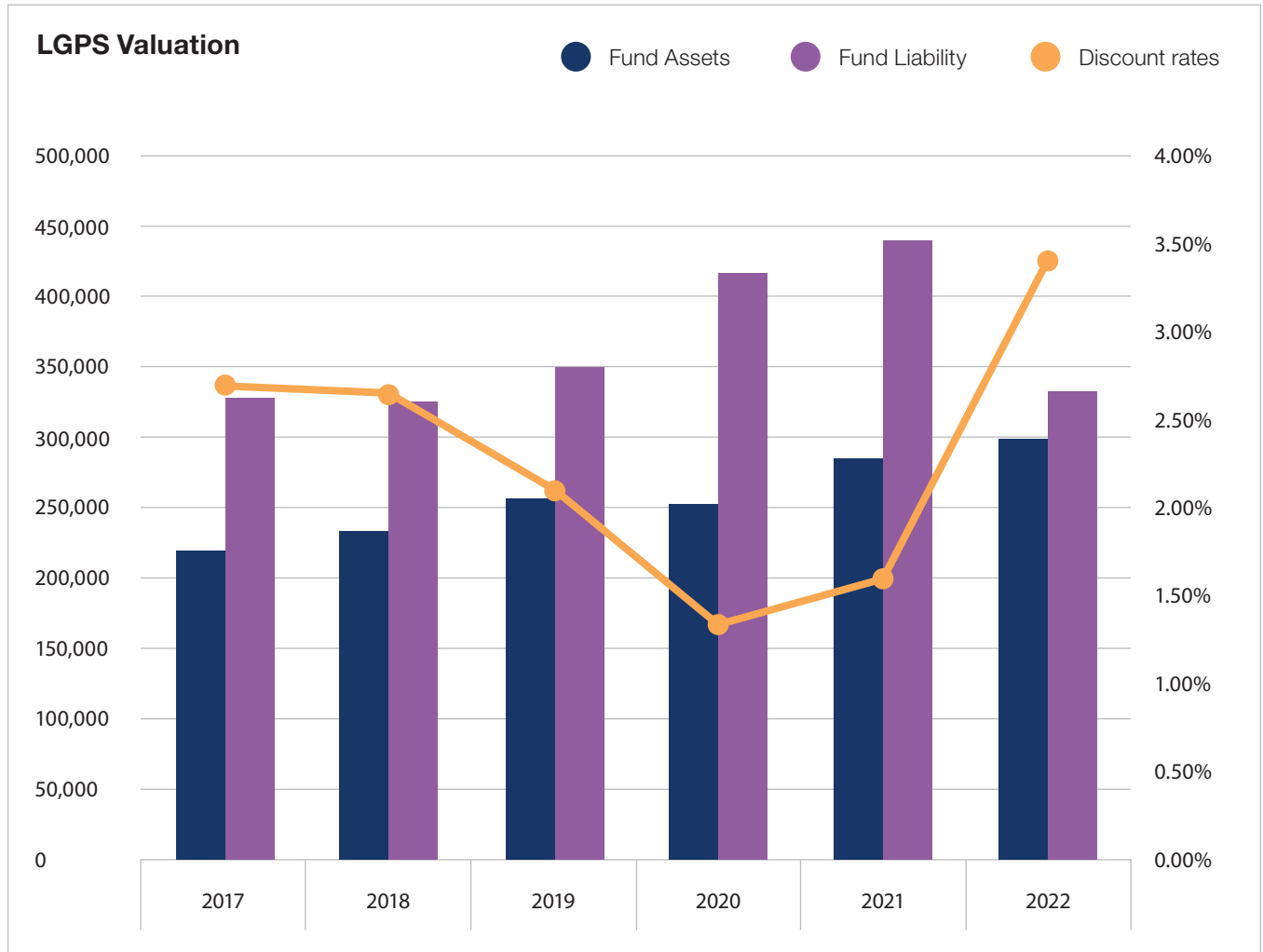
The University's working capital management has remained robust. Total current assets ended the year at

£114.4m (2020/21: £92.3m) an increase of £22.1m. Debtors increased by £7.3m, cash and cash equivalents increased by £8.8m and investment balances increased by £6m as a result of the underlying trading performance.

Creditors falling due within one year increased by £11.7m, from £26.5m in 2020/21 to £38.2m in 2021/22.

Pension provisions reduced by £120.3m from £155.7m to £35.4m, a decrease of 77.3% which is due to a favourable valuation resulting in actuarial gains of £130.4m.

The fund assets in the year ended 31st July 2022 increased to £298m (2020/21:£284.6m) which was mainly due to an increase in the return on assets. Fund liabilities reduced to £331.9m (2020/21:£439.7m) and the net effect of the assets and liabilities resulted in an increase in fund assets of £13.4m and an actuarial gain of £130.4m compared to a gain of £26.2m in 20/21.



Treasury management

Treasury management plays a critical role by ensuring that the University has the cash it needs at all times to operate smoothly. As a key component of the University's financial control, the treasury management function monitors the timing and amounts of cash inflows and outflows, in particular monitoring and tracking those activities that result in significant cash movements.

Day-to-day cash and short-term investments are managed through rolling annual cash flow forecasts which are reviewed every month. Annual capital cash flow budgets are updated every year in line with the strategic planning and annual budget setting cycles, so that potential future borrowing requirements can be identified and negotiated well in advance of need. Currently the University has an unused £1m overdraft facility in place to provide flexibility for its working capital needs.

The University carefully manages its long-term and short-term cash requirements. In the short term, the University earns interest on working capital fluctuations via placing funds on money market deposit. The University also invests in longer term investments in order to maximise the interest receivable.

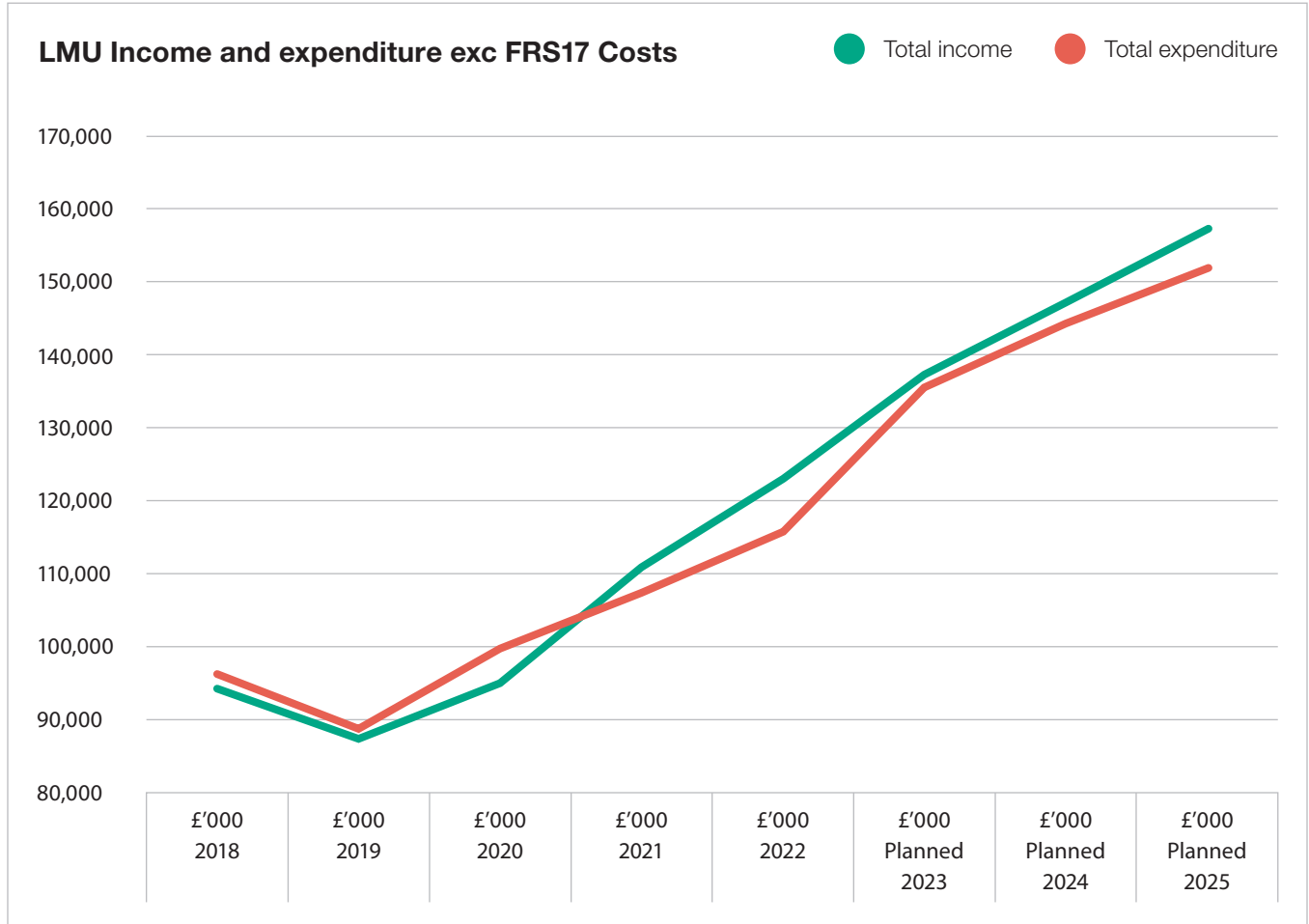
All investments are governed by the University Ethical Investment Policy that is reviewed annually and was been updated in 2022 to place stricter conditions on investing. The University also has a treasury management policy to ensure that each counterparty meets the minimum credit rating requirement set by the University, as well as restricting the amount deposited with counterparties in any single country and restricting the percentage deposit with any single counterparty.

The University's foreign currency earnings represent a small proportion of its income and the overall exposure to exchange rate fluctuations is small.

Average daily cash and short-term investment balances in 2021-22 was £88.8m (2020-21: £74m). Interest earned on the balances was £0.6m (2020-21: £0.4m) giving an average return for the year of 0.6% (2020-21: 0.5%

Planned Future developments

The University agreed a new Strategy – 2019/20 – 2024/25 in October 2019. This plan is underpinned by a drive towards financial sustainability. A key target is to increase operating surplus year on year over the life of the strategy. The University is on target to achieve this.



Over the life of the Strategy, the University had capital expenditure plans worth some £34.4m. In March 2022, the governing body approved a new estates strategy, coupled with the digital first strategy and ongoing capital maintenance amounting to an investment of £180m over the next ten years. This spend will be targeted at improving the University infrastructure to enhance the student experience and drive student success. This increased spend in capital expenditure will result in the University’s cash balances reducing from £67.7m in 2019 to £20m in 2025.

Key Performance Indicators	Actual 2019-20	Actual 2020-21	Actual 2021-22	Planned 2022-23	Planned 2023-24	Planned 2024-25
Operating Surplus as a % of Turnover	-5.0%	2.9%	5.9%	1.1%	2.2%	3.3%
Net Cashflow from Operations as a %of Turnover	-9.4%	15.6%	15.8%	6.4%	3.1%	6.7%
Staff Costs as a %of Turnover	62.3%	55.3%	54.6%	50.7%	47.3%	46.9%
Cash Balance at Year End	£60.1	£74.0	£88.8	£35.8	£33.5	£20.7

Risks and Uncertainties

The University has in place an embedded risk management strategy and policy which has been approved by senior management and the Audit and Risk Committee. This is also subject to review by the University's internal auditors. The key risks, priorities and mitigating factors within the risk register are regularly considered and updated. The risk register is a standing item on the agenda of the University Executive Board and the Audit and Risk Committee.

The principal risks to the achievement of the University's strategy and uncertainties include:

- Economic and political risks related to political uncertainty and changes in HE policy.
- Failure to meet legal and regulatory requirements.
- Reputational risk management.
- Failure to recruit and re-enrol students to target numbers.

Members of the Board of Governors

The members of the Board of Governors of London Metropolitan University as at 31 July 2022 are listed below. Unless otherwise stated, all members served throughout the year.

Rohin Aggarwal (FRC)
 Rolande Anderson (PRC [Chair], FRC)
 Baron Anyangwe (ARC)
 Tijs Broeke ([Chair], PRC, GC)
 Tim Cochrane (FRC [Chair], PRC)
 Rosemary Benson (SG, FRC,EMP)
 Tricia Croasdell (GC)
 Lynn Dobbs (AB [Chair], FRC, GC, EMP)
 Urmi Dutta- Roy (FRC)
 Margaret Farragher (GC [Chair], ARC)
 Renarta Guy (ARC, PRC)
 Harini Iyengar (GC)
 Anders Krohn
 Denise Morrison (ST, GC, FRC, AB)
 Rishi Trikha (AG, AB, GC, ARC, EMP)
 Shefaly Yogendra (ARC [Chair])

Independent co-opted committee members

Allan Boardman (ARC)
 Rosemary Lemon (PRC)
 Avnish Savjani (ARC)

Changes in membership during the year and after the year-end

- Lena Samuels was appointed as a director on 20 January 2022.
- Lena Samuels resigned from the Board of Governors effective 13 April 2022.
- Frances Trought resigned from the Board of Governors effective 21 June 2022.
- Mark Anderson (Chair of the Board of Governors) resigned from the Board of Governors effective 28 May 2022.
- Yasmeen Bashir served as the Student Governor in accordance with their term of office throughout the year, ending 30 June 2022.
- The Board confirmed the appointment of Denise Morrison as the Student Governor in accordance with her term of office as President of the Students' Union, commencing 8 July 2022.
- The Board approved the appointment of Shefaly Yogendra as Interim Chair of the Board of Governors, to commence on 28 May 2022. Shefaly served as Chair until the commencement of Tijs Broeke's appointment.
- The Board approved the appointment of Tijs Broeke as Chair of the Board of Governors to commence 1 July 2022.
- The Board approved the appointment of Valerie Leipheimer, Linda Patterson, Usman Khan and Muniya Barua as Independent Governors for an initial term of three years, commencing on 1 August 2022.
- Tim Cochrane, Rolande Anderson and Harini Iyengar's term as Independent Governors ended 31 July 2022.
- Avnish Savjani's term as a co-opted member of Audit and Risk Committee ended 31 July 2022.

The Board confirmed the following appointments commencing 1 August 2022:

- i) Urmi Dutta-Roy as the Chair of the Finance and Resources Committee;
- ii) Tijs Broeke, Linda Patterson and Muniya Barua as members of the Finance and Resources Committee;
- iii) Usman Khan as a member of the Governance Committee;
- iv) Usman Khan as the Chair of the People and Remuneration Committee, and;
- v) Valerie Leipheimer as a member of the Audit and Risk Committee.

Key

(AB)	Member of the Academic Board
(ARC)	Member of Audit and Risk Committee
(EMP)	University Employee
(FRC)	Member of Finance and Resources Committee
(GC)	Member of Governance Committee
(PRC)	Member of People and Remuneration Committee
(ST)	Student Governor
(AG)	Academic Governor
(SG)	Staff Governor

Principal advisers

Bankers

Barclays Bank Plc
Holloway and Kingsland Business Centre
London E8 2JK

External Auditors

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Insurer

Arthur J. Gallagher
Station Square
One Gloucester Street
Swindon SN1 1GW

Zurich Municipal
Southwood Crescent
Farnborough
Hampshire GU14 0NJ

Internal Auditors

Deloitte LLP
1 New Street Square,
London EC4A 3HQ

Property Adviser

Avison Young
65 Gresham Street,
London, EC2V 7NQ

Solicitors

JG Poole & Co LLP
E-Space South
26 St Thomas Place
Ely
Cambridgeshire CB7 4EX

Veale Wasbrough Vizards LLP
24 King William Street,
London, EC4R 9AT

Statement of responsibilities of the Board of Governors

The Education Reform Act 1988 vested the custody and control of all assets and affairs in the Board of Governors of the University.

Under the University's revised Articles of Association approved in March 2022 (which took effect on 19 March 2022), the Board of Governors is responsible for "determining the educational character and mission of the University, for stewardship of its resources and for oversight of its activities" (Article 11.1).

The Financial Statements have been prepared in compliance with the Companies Act 2006 and the Office for Students' Account direction.

The Financial Statements should give a true and fair view of the state of affairs of the University, and of the income and expenditure, cash flows and recognised gains and losses for that period.

In causing the financial statements to be prepared, the Board has to ensure that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable accounting standards and statements of recommended practice are followed, and that any material departures are disclosed and explained in the financial statements, and
- the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue in operation.

To assist the members of the Board of Governors in discharging its ultimate responsibility, the University's Finance and Resources Committee and, where appropriate, the Audit and Risk Committee, are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University. This also enables the Board of Governors to ensure that the financial statements comply with the Companies Act, the Accounts Direction issued by the OfS and the Statement of Recommended Practice: Accounting for Further and Higher Education. The Finance and Resources Committee and the Audit and Risk Committee also have delegated responsibilities for ensuring that the assets of the University are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Board of Governors are responsible for ensuring that funds from the Department for Education, the OfS and other funding bodies are used only for the purposes they have been given and in accordance with the OfS' Terms and Conditions of Funding and the grant funding agreement with the Department for Education and any other conditions which funding bodies may prescribe from time-to-time. Members of the Board must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, members of the Board are responsible for promoting the economic, efficient and effective management of the University's resources and expenditure, so that the benefits derived from the application of public funds provided by the OfS are not put at risk.

The Board of Governors is responsible for preparing the Annual Report, Strategic Report, the Directors' Report 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.

Company law requires the Board of Governors (the members of which are the Directors of the University company for the purposes of company law) to prepare financial statements for each financial year. Under that law it has elected to prepare the 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.

Statement of responsibilities of the Board of Governors (continued)

Under company law the Board of Governors must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the University and of their income and expenditure, gains and losses and changes in reserves, and of the University's cash flows for that period. In preparing each of the University financial statements, the Board of Governors 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors 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 and enable it to ensure that its financial statements comply with the Companies Act 2006. 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 them to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by 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 the University's Articles of Government;
- 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 Board of Governors 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.

Statement of corporate governance

This statement is intended to help readers understand the corporate governance procedures that are in place at the University. It covers the period from 1 August 2021 to the date of approval of the audited financial statements.

The moral and ethical environment

The University's mission and values are defined in the University's Strategic Plan 2019/20 – 2024/25. The University endeavours to conduct 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). Through appropriate due diligence processes, the University ensures that Governors are fit and proper persons.

In accordance with these principles the University maintains a publicly accessible register of governors' interests and declared charity trusteeships. Provisions relating to the declaration of interests are specified in the University's Articles and in the Board Regulations approved by the Board. All governors are asked to declare their interests on appointment and at least annually thereafter, and to inform the University of any changes to their declaration. Members are asked to declare any interests they may have in business on the agenda at the beginning of each meeting of the Board and its sub-committees.

The Board has regard to the voluntary Higher Education Code of Governance issued by the Committee of University Chairs (CUC). The revised Higher Education Code of Governance (the 'CUC Code') was published in September 2020. The Board's Governance Committee received the revised CUC Code at its October 2020 meeting. The Board's Governance Committee carried out its annual mapping of the University's compliance with the CUC Code in May 2022, this exercise was used to inform further development of the University's governance arrangements. The University also adopted the CUC Higher Education Senior Staff Remuneration Code (June 2018) and the CUC Higher Education Audit Committee Code of Practice (May 2020).

The University complies with the OfS Regulatory Framework. Any enquiries about the governance of the University should be addressed to the University Secretary

As the University is a charity, the Board has also had regard to the Charity Commission's guidance on public benefit.

How the University is governed

The University is a company limited by guarantee and an exempt charity defined by the Charities Act 2011 (with the OfS acting on behalf of the Charity Commission as the principal regulator for English higher education institutions), which means that the governors are simultaneously company directors and charity trustees. Its governing document is the Memorandum and Articles of Association. The current Articles were approved and adopted by the Board of Governors on 19 March 2021 to take immediate effect.

The Board consists of staff, student and independent (non-executive) members, and is structured so that the independent members form an absolute majority. The roles of Chair and Chief Executive (Vice-Chancellor) are separated. The Articles stipulate that neither staff nor student members of the Board are eligible to serve as Chair of the Board. There is thus a clear division of responsibility.

The Board is responsible for the ongoing strategic direction of the University, its financial solvency, approval of major developments, and the receipt of regular reports from the Senior Leadership Team (the University's Executive) on the day-to-day operations of the University and its subsidiary companies. Under the Articles of Association a number of matters are reserved to the Board. The Board has approved the following key governance documents, which are regularly reviewed:

- A Statement of Primary Responsibilities, defining the Board's principal responsibilities under the University's Articles of Association;
- A Scheme of Delegation, which defines how responsibilities are delegated to the Board's Committees and to the Vice-Chancellor and other members of the Executive;

Board Regulations, which set out in detail how matters which the University's Articles envisage being governed by Regulations will operate and how matters set out in the Articles will operate on a day to day basis. The Board Regulations provide an overarching framework for other University Regulations,

- including the Academic Regulations (approved by the Academic Board under delegated authority), the Financial Regulations and the Scheme of Delegation, and
- Financial Regulations, which provide the framework within which the University's financial policies, procedures and systems of control operate.

Statement of corporate governance (continued)

The Board has established an Academic Board which is responsible under delegated authority from the Board of Governors for maintaining and enhancing the academic performance of the University in teaching, examining and research, and for advising the Board of Governors on matters relating to the educational character and mission of the University. The Academic Board's terms of reference are approved by the Board of Governors.

The Senior Leadership Team (SLT) is formally designated as the University's Executive by the Scheme of Delegation, and is responsible for advising the Vice-Chancellor on the exercise of the functions and responsibilities delegated by the Board to the Vice-Chancellor as the University's chief executive. The SLT is assisted by the Senior Management Team (SMT), reporting to the SLT, which brings together the senior academic and professional services management of the University to ensure a common understanding and engagement over the implementation of the University's Strategic Plan and the strategies and plans approved by the Board to ensure the sustainability of the University.

London Metropolitan University's Students' Union is a company limited by guarantee with charitable status. While the Students' Union is an independent organisation with considerable responsibility for and autonomy in its own affairs, the University's Board of Governors is responsible under the Education Act 1994 for general oversight. The University values its students and to that end the University's Articles of Association provide for up to 2 Student Governors (who shall be the President of the Students' Union acting ex-officio and the Deputy President or a sabbatical officer appointed by the Students' Union Executive Committee).

Governance during the year

In the year to 31 July 2022 the Board met six times, which included two Strategy sessions which were held in January and May 2022.

The Board's sub-committees are:

- Audit and Risk Committee (met four times in 2021/22, plus 3 deep dive sessions)
- Finance and Resources Committee (met four times in 2021/22)
- Governance Committee (met three times in 2021/22)
- People and Remuneration Committee (met five times in 2020-21)

Additionally the Audit Committee and Finance and Resources Committee met jointly to consider the University's Financial Statements in November 2022.

These committees are formally constituted with appropriate terms of reference approved by the Board of Governors, which are regularly reviewed. The Scheme of Delegation defines the responsibilities delegated to committees by the Board. The Board of Governors receives a report of each committee meeting, which is presented to the Board by the chair of the committee.

The membership of each of the above committees consists of a majority of independent governors and co-opted members, and the chair is always an independent governor.

The People and Remuneration Committee was chaired by Rolande Anderson in 2021/22. The People and Remuneration Committee is responsible for the remuneration benefits and terms and conditions of the Vice Chancellor and other Senior Staff as defined by the Board Regulations, the performance and personal development objectives of the Vice Chancellor and Senior staff, returns relating to senior staff remuneration as required by the OfS and other regulatory bodies. The Committee has responsibilities in relation to pay and conditions of employment for all University Staff and is responsible for recommending and advising on matters relating to the University's People Strategy and policies. The University has formally adopted The Higher Education Senior Staff Remuneration Code, published by the CUC in June 2018.

The Audit and Committee, chaired by Shefaly Yogendra 2021/22, reviews the work of the internal and external auditors and considers their reports, together with recommendations for the improvement of the systems of internal control in conjunction with management responses and implementation plans. It reviews the University's annual financial statements and the appropriateness of its accounting policies. It also provides oversight of the risk management process on the Board's behalf. The committee receives and considers reports from the Office for Students insofar as they affect the University's business and monitors adherence to regulatory requirements, including health and safety (a health and safety report is provided to each meeting of the Audit and Risk Committee; operational matters relating to the implementation of the Health and Safety Strategy are considered by the Health and Safety Committee, which is an executive committee). Members of the Senior Leadership Team attend Audit and Risk Committee meetings as necessary, but are not members of it. The Chair of the Board is not a member and does not attend its meetings.

The Finance and Resources Committee, chaired by Tim Cochrane in 2021/22, reviews and recommends to the Board of Governors the University's annual capital and revenue budgets and the financial forecasts submitted to the Office for Students. Its role includes inter alia reviewing the University's financial regulations and its draft financial statements, monitoring financial performance, and considering estates and Human Resources matters.

The Governance Committee, chaired by Margaret Farragher in 2021/22, is responsible for making recommendations to the Board about filling vacancies in Board and Committee membership and about the award of honorary degrees. It has a remit to consider any governance matters. The Committee reviews the effectiveness of the University's governance as an ongoing process, including an annual assessment of the University's compliance with the Higher Education Code of Governance, and the annual consideration of effectiveness questionnaires completed by governors and committee members.

The committee regularly reviews the diversity of the Board and its committees, and takes diversity into account when making recommendations to the Board regarding appointments in line with the target adopted by the Board of Governors in March 2020 that to reflect the London adult population¹, 55% of our Board and associated committees will be from a Black or minoritised background by 2025.

Internal control

The Board of Governors is responsible for ensuring a sound system of internal control to support the University's policies and objectives. It is responsible for safeguarding the public and other funds available to the University.

Internal control is designed to manage rather than eliminate the risk of failing to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss. It is also designed to prevent and detect fraud and other irregularities.

Our Internal Auditors assist the University in maintaining effective controls by evaluating the effectiveness, efficiency of controls and promoting continuous improvement.

Our external auditors ensure that the University's internal controls, processes, guidelines and policies are adequate, effective and are in compliance with governmental requirements, industry standards and company policies.

The system of internal control is informed by a continuous process to identify, evaluate and manage the University's significant risks, linked to the achievement of institutional objectives. This process covers business, operational and compliance as well as financial risk, and has been in place for the year ended 31 July 2022 and up to the date of approving these financial statements.

The effectiveness of the system of internal control is assessed in the following ways:

- The Board receives regular progress reports on Risk Management and confirms there is a clear policy and plan of risk management, which has been communicated to the Schools and Professional Service Departments (PSDs). The University's Risk Management Policy and Process was reviewed and approved in September 2021.
- The Corporate Risk Register is updated throughout the year and identifies the main risk owners and risk-mitigating actions. Risks are scored by likelihood and impact and are ranked accordingly. Risk registers are also maintained for each School and major PSD. The University has a 'Risk Champions' group of staff involved in maintaining local risk registers which meets quarterly. A report of the Risk Champions group is submitted to the Audit and Risk Committee and to the Senior Leadership Team;
- The Board and Audit and Risk Committee have been regularly updated regarding the review of the Corporate Risk Register throughout 2021/22;
- The Senior Leadership Team reviews the Corporate Risk Register on a quarterly basis over the course of the year. The Chief Operating Officer is the member of the Senior Leadership Team with lead responsibility for risk management;
- The Audit and Risk Committee oversees the arrangements for risk management and at each meeting receives a report on the Corporate Risk Register as well as a report on the risk management processes in place in Schools and PSDs. Members of the Board receive a report of each meeting of the Audit and Risk Committee;
- Each year the Audit and Risk Committee approves a programme of specific internal audits for the following year. The programme of internal audit is based around a structured assessment of system risks within the University's operations and is reviewed in-year to ensure that emerging issues are addressed;

¹ England and Wales Census 2011

Statement of corporate governance (continued)

- The Audit and Risk Committee receives reports from the internal auditors at each meeting. These reports provide an independent opinion of the adequacy and effectiveness of the University's arrangements for risk management and the internal control systems, together with appropriate recommendations. The internal auditors also report as a matter of course on the progress made in implementing recommendations from previous reports;
- The Audit and Risk Committee, in its annual report to the Board of Governors, provides an annual opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance;
- The University's external auditors undertook A risk management benchmarking exercise intended to support the Audit and Risk Committee in challenging whether the focus of the corporate risk register was right for the University via a number of questions.

Statement of corporate governance

- In 2021/22 Audit and Risk Committee continued its deep-dive process for undertaking end to end reviews of risks within the University's Corporate Risk Register which was first established in 2020/21
- The Chief Operating Officer and the University Secretary attend meetings of the Audit and Risk Committee and have direct and independent access to members of that Committee, as do the internal and external auditors. The Audit Committee held two 'members only' sessions with the internal and external auditors throughout 2021/22.

The Board, through the Audit and Risk Committee, has reviewed the effectiveness of the system of internal control operating in 2021/22 and up to the date of approval of the financial statements.

There were no significant internal control issues during the year.

The financial statements on pages 51 to 82 were approved by the Board of Governors of London Metropolitan University on 24 November 2022, and signed on its behalf by:

Tijs Broeke



Chair of the Board of Governors

Date: 24 November 2022

Professor Lynn Dobbs



Vice-Chancellor and Chief Executive

Date: 24 November 2022

The Board of Governors (the Board), as the directors of London Metropolitan University, presents the University's annual report and audited financial statements for the year ended 31 July 2022

Basis of preparation of the financial statements

The financial statements have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education. The University has applied the Accounts Direction for periods beginning on or after 1 August 2019 as published on 25 October 2019.

After examining the financial forecasts of the University, the Board has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future.

The Board has examined financial forecasts based upon these audited financial statements, estimates of income, expenditure and cash flow for the period to 31 July 2025. For the purpose of their going concern review, the Board has focused on the period to 30 November 2023.

As at 31 July 2022, the University held cash and liquid investments totalling £88.8m, which provide the basis for investment in the plan. The cash flow forecast for 2022/23 shows cash and liquid investments of £68m at 31 July 2023, after funding £15.6m of capital investment. The forecast cash and liquid investments balance at 31 July 2024 is £31.2m, after funding £37.6m of capital investment in 2023/24. All major capital projects are considered by the Board before major financial commitment is made. The forecasts are regularly updated and reported to the Board at each meeting.

The Board approved a budget for 2022/23 in June 2022 which forecast an operating surplus of £1.5m, in line with the University strategy for 2020 – 2025. From 2023/24 the University will continue to generate positive operating cash flows and capital expenditure over the time line of the strategy amounts to some £77.1m to ensure funds are available to enhance the student experience.

Based upon its review of the financial forecasts, the Board is satisfied that these financial statements are properly prepared on a going concern basis. The Board considers that the use of the going concern basis is appropriate because, at the date of approval of the financial statements, it is not aware of any material uncertainties related to events or conditions that might cast significant doubt as at the date of approval of the financial statements about the ability of the University to continue as a going concern.

Constitution

London Metropolitan University is a company limited by guarantee with no share capital, with up to 15 members limited in liability to the sum of £1 each.

In the event of winding up, each member of the University and any person who ceased to be a member within one year of the date of the winding up is liable to contribute a sum not exceeding £1.

Donations

The University makes no political or charitable donations.

Auditors

A resolution to re-appoint KPMG LLP as auditors will be proposed at the next Annual General Meeting.

Creditor payment policy

The University is committed to the prompt payment of its suppliers' bills. The University aims to pay bills in accordance with agreed contractual conditions or, where no such conditions exist, within 45 days of receipt of goods and services or the presentation of a valid invoice.

Section 172 Statement

The members of the University Board of Governors are Trustees of the University and directors of the Company. In line with their duties under s172 of the Companies Act 2006, directors act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As part of the decision-making process, matters that are of strategic importance to the Company, the Board and its Committees consider the potential impact of decisions on relevant stakeholder. Whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

- Students – LMU promotes its success in relation to our student population taking pride in providing a distinctive place for learning that offers them the best possible student transformational experience whilst getting to know our students one by

Directors' report (continued)

one. The University considers it extremely important that effective ways are found to hear the whole students' voice in order to respond to their concerns and build a supportive learning community. A well-functioning Students' Union is a vital part of this endeavour and the University ensures that students are represented in all its major decision-making bodies.

- Employees – Established systems, frameworks and processes are in place to support and protect the wellbeing of our colleagues, to ensure they are recognised and rewarded for their work, to listen to and address their concerns and to provide clear paths to career progression, personal development and training. We have promoted our wellbeing support resources for both physical and mental health and have been particularly strong in providing a virtual resource for colleagues during the pandemic. Online resilience training has also been provided. Equity and inclusion is a key part of the University's people strategy focusing on:
 - Health and wellbeing.
 - Inclusive culture, behaviour, and values.
 - Attracting talent.
 - Enabling talent and excellent performance.
 - Reward and recognition
- Suppliers – Procurement within the University is carried out in accordance with legal requirements, the University Financial Regulations and Procurement Policy. A carefully managed University that works efficiently and effectively delivering value-for-money is central to the University's strategic plan and our procurement activity supports that goal. LMU recognises that in order to achieve its ambitious strategic objectives, we need our suppliers to be on board. When engaging suppliers, we utilise a number of routes to market including third party collaborative framework agreements, such as from the London Universities Purchasing Consortium (LUPC), together with other consortia as well as awarding our own contracts through competitive tender and quotation activity. We also work closely with our Estates suppliers to look at energy saving projects and initiatives.

Approval of financial statements by the Board

The financial statements on pages 49 to 80 were approved by the Board of Governors of London Metropolitan University on 24 November 2022, and signed on its behalf by:

Tijs Broeke



Chair of the Board of Governors

Professor Lynn Dobbs



Vice-Chancellor and Chief Executive

Independent auditor's report to the Board of Governors of London Metropolitan University

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of London Metropolitan University ("the University") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet and Cash Flow Statement and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2022, and of the University's income and expenditure, gains and losses and changes in reserves, and of the University's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as it does not intend to liquidate the University or to cease their operations, and as it has concluded that the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the University's business model and analysed how those risks might affect the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board of Governors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Audit and Risk Committee, internal audit as to the University's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading minutes of the meetings of the Board of Governors, Audit and Risk Committee, and People and Remuneration Committee; and.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk relating to tuition fees for student's course spans the financial year end is recorded in the wrong period.

Independent auditor's report to the Board of Governors of London Metropolitan University (continued)

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of design and implementation of University-wide fraud risk management controls. We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations and other unusual journal characteristics;
- We tested deferred tuition fee income by reviewing courses which span the year end. We recalculated the deferred fees to confirm that they had been accounted for in the correct accounting period;
- Identifying whether there were any significant unusual transactions; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), pensions legislation and higher education financial reporting related regulation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the University's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law, and certain aspects of company legislation recognising the financial nature of the University's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

Independent auditor's report to the Board of Governors of London Metropolitan University (continued)

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report of the Governors and Corporate Governance Statement, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in its statement set out on pages 39 to 40, the Board of Governors (the members of which are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with 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 relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the University's expenditure on access and participation activities for the financial year disclosed in Note 25 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the University's grant and fee income, as disclosed in note 7 to the financial statements, has been materially misstated.

We have nothing to report in these respects.

Independent auditor's report to the Board of Governors of London Metropolitan University (continued)

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

**Fleur Nieboer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London

E14 5GL

28 November 2022

Statement of comprehensive income & expenditure

	Notes	2021-22 £'000	2020-21 £'000
Income			
Tuition fees	1	105,254	94,839
Funding body grants	2	8,216	9,683
Research grants and contracts	3	936	312
Other income	4	7,565	5,677
Investment income	5	558	370
Total income before donations and endowments		122,529	110,881
Donations and endowments	6	17	11
Total income		122,546	110,892
Expenditure			
Staff costs	8	58,550	54,672
Staff costs – movement on pension provisions	8	8,212	5,980
Staff restructuring costs	8	114	622
Other operating expenses	9	49,913	45,197
Depreciation	11	6,259	6,580
Interest- Pension Adjustments	10	2,463	2,324
Total expenditure		125,511	115,375
Deficit before other gains and losses		(2,965)	(4,483)
Deficit for the year		(2,965)	(4,483)
Actuarial gain in respect of pension scheme	20	130,446	26,244
Total comprehensive income/expenditure for the year		127,481	21,761
Represented by income /expenditure:			
Endowment comprehensive income for the year	18	2	1
Restricted comprehensive income/expenditure for the year	19	(8)	(337)
Unrestricted comprehensive expenditure for the year		127,487	22,097
		127,481	21,761
Reconciliation of Total Comprehensive Income/expenditure to the Operating Performance			
		2021-22 £'000	2020-21 £'000
Total Comprehensive Income		127,481	21,761
Actuarial gain in respect of pension scheme	20	(130,446)	(26,244)
Pension Interest	10	2,463	2,324
Notional Costs and staff adjustments relating to pension fund surplus	9 & 20	7,690	5,377
Operating Performance Surplus		7,188	3,218

All items of income and expenditure relate to continuing activities.

The accompanying notes form an integral part of the financial statements.

Statement of changes in reserves

Income and Expenditure reserves	Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2020	248	665	1,434	60,622	62,969
- Surplus / (Deficit) for the year	1	3	(4,487)	-	(4,483)
- Other comprehensive income	-	-	26,244	-	26,244
- Release of restricted funds spent in year	-	(340)	340	-	-
Total comprehensive income for the year	1	(337)	22,097	-	21,761
Balance at At 1 August 2021	249	328	23,531	60,622	84,730
- Surplus / (Deficit) for the year	2	-	(2,967)	-	(2,965)
- Other comprehensive income	-	-	130,446	-	130,446
- Release of restricted funds spent in year	-	(8)	8	-	-
Total comprehensive income for the year	2	(8)	127,487	-	127,481
Balance at At 31 July 2022	251	320	151,018	60,622	212,211

The accompanying notes form an integral part of the financial statements.

Balance sheet

	Notes	2021-22 £'000	2020-21 £'000
Non-current assets			
Fixed assets	11	174,064	175,120
Investments	12	64	64
		<u>174,128</u>	<u>175,184</u>
Current assets			
Stock	13	59	57
Trade and other receivables	14	25,575	18,274
Investments	15	59,034	53,007
Cash and cash equivalents		29,787	20,996
		<u>114,455</u>	<u>92,334</u>
Less: Creditors: Amounts falling due within one year	16	(38,258)	(26,550)
Net current assets		<u>76,197</u>	<u>65,784</u>
Total assets less current liabilities		250,325	240,968
Provisions			
Pension provisions	17	(35,393)	(155,687)
Other provisions	17	(2,721)	(551)
Total net assets		<u>212,211</u>	<u>84,730</u>
Restricted reserves			
Income and expenditure reserve - endowment reserve	18	251	249
Income and expenditure reserve - restricted reserve	19	320	328
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		151,018	23,531
Revaluation reserve		60,622	60,622
Total reserves		<u>212,211</u>	<u>84,730</u>

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 51 to 82 were approved by the Board of Governors of London Metropolitan University on 24 November 2022, and were signed on its behalf by:

Tijs Broeke



Chair of the Board of Governors

Professor Lynn Dobbs



Vice-Chancellor and Chief Executive

Registered company number: 974438

Cash flow statement

	Notes	2021-22 £'000	2020-21 £'000
Cash flow from operating activities			
Deficit for the year		(2,965)	(4,483)
Adjustment for non-cash items			
Depreciation	11	6,259	6,580
Gain on investments	5	(15)	(5)
Exchange rate loss/(gain)		(24)	21
(Increase) / decrease in stock	13	(2)	(10)
Increase/decrease in debtors	14	(7,301)	1,016
Decrease in creditors	16	11,749	7,430
(Decrease) / increase in pension provision	17	7,689	5,377
(Decrease) / increase in other provisions	17	2,170	71
Adjustment for investing or financing activities			
Investment income	4	(541)	(364)
Interest payable	10	2,463	2,324
Endowment income		(2)	(1)
Capital grant income		(67)	(711)
Net cash outflow from operating activities		19,413	17,245
Cash flows from investing activities			
Capital grant receipts		67	711
Investment income		542	365
Payments made to acquire fixed assets		(5,204)	(4,426)
(Increase)/Decrease in current asset investments		(6,027)	(16,007)
		(10,622)	(19,357)
Increase/ (Decrease) in cash and cash equivalents in the year		8,791	(2,112)
Cash and cash equivalents and the beginning of the year		20,996	23,108
Cash and cash equivalents and the end of the year		29,787	20,996

The accompanying notes form an integral part of the financial statements.

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard FRS 102. They have also been prepared in accordance with the carried over powers and duties of the 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 Account Direction Issued by the Office for Students, 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 FRS 102. The financial statements are prepared under the historical cost convention (modified by the revaluation of fixed assets).

The University has applied the provisions of Section 11 for basic financial instruments of FRS 102 in full.

The University has applied the allowance to early adopt the requirements of paragraph 12(d) of the Accounts Direction for periods beginning on or after 1 August 2019 as published on 25 October 2019.

Going concern

After examining the financial forecasts of the University, the Board has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future.

The Board has examined financial forecasts based upon these audited financial statements, estimates of income, expenditure and cash flow for the period to 31 July 2026. For the purpose of their going concern review, the Board has focused on the period to 30 November 2023.

As at 31 July 2022, the University held cash and liquid investments totalling £88.8m, which provide the basis for investment in the plan. The cash flow forecast for 2022/23 shows cash and liquid investments of £68m at 31 July 2023, after funding £15.6m of capital investment. The forecast cash and liquid investments balance at 31 July 2024 is £31.2m, after funding £37.6m of capital investment in 2023/24. All major capital projects are considered by the Board before major financial commitment is made. The forecasts are regularly updated and reported to the Board at each meeting.

The Board approved a budget for 2022/23 in June 2022 which forecast an operating surplus of £1.5m, in line with the University strategy for 2020 – 2025. From 2023/24 the University will continue to generate positive operating cash flows and capital expenditure over the time line of the strategy amounts to some £77.1m to ensure funds are available to enhance the student experience.

Based upon its review of the financial forecasts, the Board is satisfied that these financial statements are properly prepared on a going concern basis. The Board considers that the use of the going concern basis is appropriate because, at the date of approval of the financial statements, it is not aware of any material uncertainties related to events or conditions that might cast significant doubt as at the date of approval of the financial statements about the ability of the University to continue as a going concern.

(B) BASIS OF CONSOLIDATION

The financial statements do not include the income and expenditure of London Metropolitan University Students' Union. The Union is a separate legal entity which the University does not control or exercise significant influence over policy decisions.

(C) INCOME RECOGNITION

Income recognition is determined by the nature of the transaction, income source and whether or not the transaction has commercial substance.

Where a transaction has commercial substance it is accounted for as a revenue transaction. Income is recognised in line with the provision of the associated goods or services, with reference to the terms of the contract.

Tuition Fees

Fee income is credited to the statement of comprehensive income & expenditure using a time-apportionment method over the period of the course; it is stated gross of bursaries, scholarships, fee waivers and provisions for doubtful debts, all of which are included in other operating expenses. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Short course fees are accounted for as for service contracts below.

Franchise Income

Franchise income is credited to the statement of comprehensive income & expenditure using a time-apportionment method over the period of the course; it is stated gross fee waivers and provisions for doubtful debts, all of which are included in other operating expenses. Where the amount of the franchise income is reduced by a discount for prompt payment, income receivable is shown net of the discount.

Sale of goods and services

Income from the sale of goods or services is credited to the Statement of comprehensive income when the goods or services are supplied to customers.

Where services are being supplied, but are not complete at the end of the period, income is recognised with reference to the stage of completion of provision of the service.

Investment Income

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

Agency Income

The University acts as an agent in the collection and payment of training bursaries from the National College for Teaching and Leadership (NCTL). Payments received from the NCTL and subsequent disbursements to students are excluded from the income and expenditure of the University.

Performance model

Income is recognised within the Statement of Comprehensive Income when a grant is receivable and performance related conditions specified in the agreement have been met. In the absence of performance conditions income is recognised in full as soon as it becomes receivable.

Performance conditions are defined as follows: "A condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to the resources conditional on that performance".

Resources received in advance of completion of performance conditions are recognised on the balance sheet as deferred income and released to the Statement of Comprehensive Income as conditions are met. Where grants are received in arrears, accrued revenue or receivable assets are recognised in line with income recognition.

Government grants

Both revenue and capital government grants are accounted for under the performance model.

Funding council block grants relating to a single academic year are recognised in full in the period to which the grant relates.

Non- government grants and donations

Grant and donation income received from a non-governmental source is accounted for under the performance model. Income is recognised as donation income, with the exception of funding for the purposes of research which is recognised as income from 'Research grants and contracts'.

(i) Non –government grants and donation income with performance conditions;

Donations with restrictions – a donation is considered to have a restriction when the gift agreement contains "a requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance – related condition". Income with restrictions, but no performance conditions, is recognised within the Statement of comprehensive income when the grant is receivable and recorded within restricted reserves. As the funding is expended against the restriction it is transferred to unrestricted reserves by way of a reserves transfer.

(ii) Donations without restrictions

Income with neither restrictions nor performance conditions is recognised within the Statement of comprehensive income when the grant is receivable and recorded within unrestricted reserves.

Accounting policies (continued)

Capital grants

Grants, both government and non-government, for the purpose of purchasing, constructing and altering and improving specific assets are recognised as income upon the asset being brought into use, or in line with phase completion of construction or alteration and improvement projects. Grants where the University has discretion over the asset purchased/built/alterd are recognised in full as income when the grant becomes receivable.

Grant income is only recognised across the useful life of the asset to the extent that the grant specifically funds the operation/maintenance of the asset.

Research Income

Income recognition for research funding is dependent upon the source of the funding and the nature of the transaction.

Where funding is from a government body, expenditure on the grant purpose is presumed to be the performance condition unless specifically disallowed under the funding agreement. Funding from charities and industry is accounted for as non-government grant income unless it is demonstrable that a revenue transaction has taken place with near equal value being exchanged.

(D) ENDOWMENTS

Endowments are a class of donation where the donor requires the original gift to be invested, with the return to be spent against the donor's charitable aims. The donor can specify that the capital be maintained in perpetuity (permanent endowment) or can be spent (expendable endowment).

Endowments are classified as 'Non-exchange transactions' and are accounted for under the performance model. The original endowment gift is recognised as 'Donation and endowment income' when receivable.

Restricted permanent endowments

Restricted permanent endowments arise when the donor has indicated the original gift be maintained in perpetuity, with investment income spent on restricted purposes as defined by the donor.

Upon initial income recognition permanent endowments are recorded as endowment capital within endowment reserves.

Restricted expendable endowments

These arise when the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

Restricted expendable endowments upon initial income recognition are recognised within expendable endowment reserves. Investment income is recognised within the Statement of comprehensive income as accrued and recorded as accumulated Income within expendable endowment reserves.

Accumulated income is released to unrestricted reserves as a reserve transfer in line with spend against the restricted purposes of each endowment.

(E) TAXATION

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue and Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income and 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 is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

(F) FIXED ASSETS

Property, plant and equipment is stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

The University's freehold land and buildings were revalued to fair value on 1 August 2014, the date of transition to FRS 102, and are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

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

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

- Freehold buildings – 55 years, or their remaining expected economic life, if shorter;
- Major alterations and building improvements – 20 years, or their remaining expected economic useful life, if shorter.
- Minor refurbishments and building improvements – 10 years, or their remaining expected economic useful life, if shorter.

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

Equipment and furniture

Unless part of a capital project, furniture and equipment, including computers and software, costing less than £10,000 per individual item or group of items is recognised as expenditure in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

- Computer equipment, software, other equipment and furniture - 5 years;
- Boiler system – 25 years.

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 fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, whether through the economic benefits of use or through disposal.

Repairs and maintenance

Expenditure to ensure that a fixed asset maintains its previously recognised standard of performance is recognised as expenditure in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

Heritage assets

A heritage asset is an asset with historic or artistic qualities that is held and maintained principally for its contribution to knowledge and culture. The University has a number of these assets in the form of furniture, books, pamphlets, periodicals and visual materials. These assets are not capitalised as reliable cost information is not available and conventional valuation approaches lack sufficient reliability.

(G) LEASES**Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Future commitments under operating leases are disclosed in note 22.

Any lease premiums or incentives are spread over the minimum lease term. The difference between expenditure recognised and cash flow benefits received is recognised as a liability released to the Statement of Comprehensive Income over the lease term.

Accounting policies (continued)

(H) STOCK

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

(I) RETIREMENT BENEFITS

The principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Universities Superannuation Scheme (USS) for academic staff, and the London Pensions Fund Authority (LPFA) scheme for non-academic staff.

The schemes are statutory, contributory, defined benefit and are contracted out of the State Second Pension. The LPFA scheme and the funds of the USS are valued every three years. The funds of the TPS normally are valued every five years. In the intervening years, actuaries review the progress of the schemes.

The University is able to identify its share of the underlying assets and liabilities of the LPFA scheme and thus account for it as a defined benefit scheme. The TPS and USS are multi-employer schemes for which it is not possible to identify the assets and liabilities to University members due to the mutual nature of these schemes and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

The amount charged to the Statement of comprehensive income represents the contributions payable to the schemes in respect of the accounting period, excluding any extra costs incurred relating to clearing scheme deficits already provided for. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. The associated expense is recognised in the Statement of Comprehensive Income.

(J) EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employee renders service to the University. A liability is recognised at each balance sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Statement of comprehensive income.

(K) INVESTMENTS

Investments in subsidiary and associated undertakings are carried at cost less impairment in the University's balance sheet. Current asset investments are held at fair value with movements recognised in the surplus or deficit.

(L) 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, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits and other instruments held as part of the University's treasury management activities.

(M) PROVISIONS AND CONTINGENT LIABILITIES

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.

Provisions for staff-related restructuring costs are recognised when the University has confirmed redundancy to the members of staff concerned.

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes.

(N) FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling and are shown in the balance sheet at the rate of exchange ruling at the year-end date. The resulting exchange differences are taken to the Statement of comprehensive income in the year in which they arise.

(O) RESERVES

Reserves are classified as restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanent 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 is restricted.

(P) SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

Tangible fixed assets

A full valuation of the University's land and buildings was prepared as at 1 August 2014 by an independent, professionally qualified valuer which provided the fair value as at the transition date to FRS102. As with all property valuations there is an inevitable degree of judgement as their value can ultimately only be tested in the market itself. Further information on the basis of the valuation and the impact on the financial statements can be found in Note 11.

Depreciation

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

Leases

Determine whether leases entered into by the University either as lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. See note 22.

Trade debtors

The recoverability of debtor balances outstanding at the year-end is reviewed using an estimate of the proportion of each category of debt likely to be recovered, based on the age of the debt and previous recovery rates. See note 14.

Defined benefit pension scheme

The University contributes to the London Pensions Fund Authority (LPFA) Fund which is a defined benefit scheme, and for which a provision is recorded within the balance sheet. The recognised liability is based on the valuation provided by a professionally qualified independent actuary which is based on a number of assumptions. These include the future cash flows of the Fund, the discount rate used (which is based on average AA rated UK Corporate Bond rates that reflect the duration of our liability), mortality rates, the pensionable salary growth going forward and proposed price inflation (which is based on the Retail Price Index). Further details can be found in Note 20. The net interest expense is based on interest rates of AA rated corporate bonds and the deficit position.

Impairment

Determine whether there are indicators of impairment of the University tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating activity, the viability and expected future performance of that activity. See note 11.

Notes to the accounts

	2021-22 £'000	2020-21 £'000
1. Tuition fees		
Full-time students:		
Home and EU	91,852	84,198
Overseas	7,871	5,451
Part-time students	5,531	5,190
	105,254	94,839
2. Funding body grants		
Recurrent grants		
Office for Students	5,000	5,063
Research England	1,410	1,465
Department for Education	4	3
Specific grants		
Knowledge Exchange Fund	813	821
Capital grants	67	711
Inherited pension liability reimbursement	907	970
Other	15	650
	8,216	9,683
3. Research grants and contracts		
Research councils	12	7
UK based charities	22	21
European Union	96	108
Other	806	176
	936	312
4. Other income		
Consultancy	49	51
Trading income	581	358
Sale of materials and other departmental income	274	250
Rental income and hire of facilities	752	225
Income from academic partnerships	5,709	4,685
Other income	200	108
	7,565	5,677
5. Investment income		
Investment income on endowments	2	1
Investment income on restricted reserves	-	3
Gain on investments	15	5
Other investment income	541	361
	558	370
6. Donations and endowments		
Unrestricted donations	17	11
	17	11
7. Total grant and fee Income		
Grant Income from the OfS	5,988	7,393
Grant Income from Other Bodies	2,228	2,290
Fee income for taught awards (exclusive of VAT)	103,882	93,941
Fee income from non-qualifying courses (exclusive of VAT)	1,373	898
	113,471	104,522

Total grant and fee income is summary of income received for tuition fee, from the OfS, Research England and the Department of Education as shown in note 1 and 2. This is not additional income.

8. Staff costs

	2021-22	2020-21
	£'000	£'000
Costs:		
Academic staff	33,924	31,177
Other staff	32,838	29,475
	66,762	60,652
Comprising:		
Salaries	45,500	42,351
Social security costs	4,731	4,351
Pension contributions	8,110	7,774
HMRC apprenticeship levy	209	196
Movement in LPFA provision	7,310	6,079
Movement in USS provision	902	(99)
	66,762	60,652
Staff restructuring costs	114	622
	66,876	61,274

The number of full-time equivalent staff included in staff restructuring costs was 16 (2020/21:23)

Vice-Chancellor and Chief Executive Emoluments

Salary	253	234
Pension contributions	60	55
	313	289

The emoluments shown were approved by the University's Remuneration Committee. The Committee, advised by the Director of Human Resources, takes into account the pay ratio of senior pay to median pay, sector benchmark pay and market advice from our executive search partners with the aim of maintaining senior pay at sector median rates.

Pay ratios

The ratio of the Vice-Chancellor and Chief Executive's pay to the median pay of staff, where the median pay is calculated on a full-time equivalent basis is as follows:

	No.	No.
Basic salary	6.8	6.6
Total remuneration	7.3	7.3

In calculating the pay ratios the University has included substantive staff, hourly paid lecturers and casual staff but has not included agency staff as their pay information was not readily obtainable from external agencies.

Notes to the accounts (continued)

8. Staff costs (continued)

Higher paid post-holders' emoluments

The number of other higher-paid staff including the Vice-Chancellor and Chief Executive who received remuneration (excluding pension contributions) in the following ranges was:

	2021-22		2020-21	
	No.	Fte	No.	Fte
£100,001 to £105,000	1	1.0	0	0.0
£105,001 to £110,000	0	0.0	2	2.0
£110,001 to £115,000	3	3.0	0	0.0
£115,001 to £120,000	1	0.2	1	1.0
£120,001 to £125,000	0	0.0	1	1.0
£130,001 to £135,000	0	0.0	1	1.0
£135,001 to £140,000	2	2.0	0	0.0
£145,001 to £150,000	1	1.0	2	2.0
£150,001 to £155,000	1	1.0	0	0.0
£160,001 to £165,000	2	1.4	0	0.0
£175,001 to £180,000	1	0.3	1	1.0
£195,001 to £200,000	0	0.0	1	1.0
£200,001 to £205,000	1	1.0	0	0.0
£230,001 to £235,000	0	0.0	1	1.0
£250,001 to £255,000	1	1.0	0	0.0
	14	11.9	10	10.0

The average number of full-time equivalent employees during the year was:

	2021-22	2020-21
Academic staff	470	445
Other staff	512	488
	982	933

	2021-22 £'000	2020-21 £'000
Compensation of loss of office to higher paid post holders		
Compensation recorded within staff costs	-	141

There was no compensation for loss of office to higher paid post holders in the year ended 31 July 2022.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University considers the Board of Governors and the Senior Leadership Team as its key management personnel. Key management personnel consist of 27 people (2020/21: 30), including the Vice-Chancellor and Chief Executive. Of the 27 personnel, 14 (2020/21: 15) were remunerated as employees of the University. The remaining 13 (2020/21: 15) are independent governors and are not remunerated.

Salaries	1,526	1,645
Pension contributions	301	320
	1,827	1,965

During the year £1,665 (2020-21: £0) was paid in respect of governors' expenses. 3 governors received expenses during the year. (2020-21: 0).

Notes to the accounts (continued)

9. Analysis of total expenditure by activity	Staff Costs £'000	Other operating expenses £'000	Depreciation £'000	Interest payable £'000	2021-22 £'000	2020-21 £'000
Academic departments	31,169	2,734	636	-	34,539	43,367
Academic services	10,223	7,790	339	-	18,352	17,111
Administration and central services	19,727	25,042	853	-	45,622	33,057
Premises	3,517	13,737	4,376	-	21,630	18,037
Research grants and contracts	2,240	610	55	-	2,905	1,479
Other expenditure	-	-	-	2,463	2,463	2,324
	<u>66,876</u>	<u>49,913</u>	<u>6,259</u>	<u>2,463</u>	<u>125,511</u>	<u>115,375</u>

9. Analysis of total expenditure by activity (continued)

	2021-22 £'000	2020-21 £'000
Other operating expenses includes:		
Operating lease rentals		
- land and buildings	5,029	2,600
- other	149	83
External auditor's remuneration:(Excluding VAT)		
- audit of these financial statements	81	81
- other audit	13	13
- other audit services	-	-
Internal auditor's remuneration	160	159
Students' Union grant	637	640
Other expenditure includes:		
Restructuring		
- Staff costs	114	622
- Non-staff costs	-	-
Notional interest and staff adjustments relating to pension fund surplus	10,152	1,502
Compensation for loss of office for higher paid staff	-	141
10. Interest and other finance costs		
Interest on net defined benefit pension liability	2,458	2,319
Interest on USS pension deficit funding	5	5
	<u>2,463</u>	<u>2,324</u>

Notes to the accounts (continued)

11. Tangible fixed assets

	Land and buildings					Total £'000
	Freehold £'000	Under construction £'000	Alterations & improvements £'000	Long leasehold £'000	Equipment & furniture £'000	
Cost						
At 1 August 2021	144,887	283	63,310	1,175	45,761	255,416
Additions	-	1,872	1,305	-	2,027	5,204
Disposals	-	-	-	-	-	-
Transfers	-	(200)	200	-	-	-
At 31 July 2022	144,887	1,955	64,815	1,175	47,788	260,620
Depreciation						
At 1 August 2021	12,438	-	25,579	438	41,841	80,296
Charge for year	1,762	-	2,196	20	2,282	6,260
At 31 July 2022	14,200	-	27,775	458	44,123	86,556
Net book value at 31 July 2022	130,687	1,955	37,040	717	3,665	174,064
Net book value at 31 July 2021	132,449	283	37,731	737	3,920	175,120
Cost of land included in above	35,050	-	-	-	-	35,050

The most recent valuation of the University's freehold properties was prepared by Cushman & Wakefield as at 1 August 2014 (the date of transition to FRS 102). At the date of transition to FRS 102, the University chose to perform a one-off valuation of its freehold properties and freeze that value as 'deemed cost'. The University will continue to adopt the historical cost accounting convention.

From the 1st of August 2019 the threshold for capitalising furniture, equipment including computers and software increased from £6,000 to £10,000 per individual item (or group of items). In addition, the useful life of major capital improvements and refurbishments has reduced from 30 years to 20 years and minor capital improvements reduced from 30 years to 10 years. These amendments were made to streamline the assets captured on the fixed assets register as part of the recommendations from the 18/19 audit and reflect actual useful lives of fixed assets.

The University owns a number of heritage assets, described below, which are not included in the University's balance sheet as reliable cost information is not available and conventional valuation approaches lack sufficient reliability.

The TUC Library Collection, established in 1922, was transferred to the University of North London in 1996. The holdings include reference and historical works on the trades union movement, union publications from the UK and overseas, documents relating to working conditions and industrial relations in various industries and countries, and material collected from the various campaigns and policy areas in which the TUC has been involved since its foundation in 1868.

The Irish History Archive consists of materials donated in a number of different media over the last twenty years, the most significant of which is the Paul Hill Prison Letters (1974-89). The original collections were inherited by the University from the Irish in Britain History Group in 1989 and have been substantially augmented.

The Frederick Parker Collection is made up of a study collection of British chairs from 1600 to the present day. There are 167 chairs in the Collection of which 140 are on view. Archives include photographs of every Frederick Parker model made between 1872 and 1939, some on glass plates, the complete range of their reference books, and many drawings of proposed items for specific customers.

Notes to the accounts (continued)

12. Non-current investments

Other non
current
investments
£'000

At 1 August 2021	64
Change in market value	-
At 31 July 2022	<u>64</u>

Other non-current investments

CVCP Properties plc was set up by the Committee of Vice-Chancellors and Principals (now known as Universities UK) to buy and manage their headquarters building. The University has a small (less than 20%) shareholding in the company.

13. Stock

	2021-22 £'000	2020-21 £'000
Raw materials	59	41
Goods purchased for resale	-	16
	<u>59</u>	<u>57</u>

14. Trade and other receivables

Amounts falling due within one year:

Trade receivables	21,684	15,355
Due from OfS	468	567
Loans to staff and students	9	6
Other debtors	109	257
Prepayments and accrued income	3,305	2,089
	<u>25,575</u>	<u>18,274</u>

15. Current investments

Short term deposits	<u>59,034</u>	<u>53,007</u>
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Deposits with less than three months maturity at the balance sheet date are held with banks and building societies operating in the London market and licensed by the Financial Services Authority. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement.

16. Creditors - amounts falling due within one year

Trade payables	(6,357)	(4,945)
Social security and other taxation payable	(2,453)	(2,163)
Other payables	(61)	(40)
Accruals	(7,563)	(9,622)
Deferred income	(21,824)	(9,780)
	<u>(38,258)</u>	<u>(26,550)</u>

Notes to the accounts (continued)

17. Provisions for liabilities

Pension provisions

	LPFA £'000	USS £'000	Total £'000	Other provisions £'000
At 1 August 2021	(155,142)	(545)	(155,687)	(551)
Utilised in year	121,200	-	121,200	373
Additions	-	(906)	(906)	(2,543)
At 31 July 2022	<u>(33,942)</u>	<u>(1,451)</u>	<u>(35,393)</u>	<u>(2,721)</u>

Other provisions is related to a long running legal case which is yet to be resolved in Court and an employment dispute yet to be resolved in an tribunal and a provision for rent review related to Calcutta house.

LPFA Defined benefit obligations

Defined benefit obligations relate to liabilities to the London Pension Fund Authority (LPFA) Fund. Further details are given in Note 20.

USS Obligation

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

Other provisions – Legal case

This provision relates to costs in a long running legal case.

Notes to the accounts (continued)

18. Endowment reserves

2021-22
£'000

2020-21
£'000

Restricted net assets relating to permanent endowments are as follows:

Endowment reserves

Balance at 1 August

Capital

Accumulated income

221

221

28

27

249

248

Investment income

2

1

Balance at 31 July

251

249

Represented by:

Capital

Accumulated income

221

221

30

28

251

249

Analysis by purpose:

Lectureships

Scholarships and bursaries

Research support

Prize funds

General

22

22

95

93

8

8

78

78

48

48

251

249

Analysis by asset:

Non-current asset investments

251

249

19. Restricted reserve

Restricted
Funds
£'000

Donations
£'000

2022
Total
£'000

2021
Total
£'000

At 1 August

328

-

328

665

Investment income

-

-

-

3

Expenditure

(8)

-

(8)

(340)

Increase in market value of investments

-

-

-

-

Total restricted comprehensive income for the year

(8)

-

(8)

(337)

At 31 July

320

-

320

328

Analysis of restricted funds by purpose:

Scholarships and bursaries

Prize funds

General

74

76

64

63

182

189

320

328

Notes to the accounts (continued)

20. Pension arrangements

The University contributes to three defined benefit pension schemes: the LPFA, the TPS and the USS. TPS and USS are multi-employer schemes and are treated under FRS 102 as defined contribution schemes. The LPFA is accounted for under FRS 102 as a defined benefit scheme.

A. The London Pensions Fund Authority (LPFA) fund

The LPFA fund (the Fund) provides members with benefits related to pay and service at rates which are defined under the Local Government Pension Scheme Regulations 1997. To finance these benefits assets are accumulated in the Fund and held separately from the assets of the University.

The University pays contributions to the Fund at rates determined by the Fund's actuaries, based on regular actuarial reviews of the financial position of the Fund.

The University's contribution to the Fund for 2021/22 was £3,036k (2020/21: £2,730k). The University's estimate of the contribution to the Fund for 2022/23 is £2,886k.

The Fund has variable employee contribution rates dependent on the employee's pensionable salary. These rates range from 5.5% to 12.5% of pensionable pay. The fund offers contribution flexibility where members can opt to pay 50% contributions for 50% of the pension benefit.

Rate of salary increases 3.80% per annum

Rate of pension increases 2.80% per annum.

The actuarial valuation as at 31 March 2019 showed that the market value of the Fund's assets attributable to the University was estimated at approximately £297m and that the actuarial value of those assets represented 65.8% of the value of the benefits that have accrued to the University's pensioners, deferred pensioners and current members based upon past service but allowing for assumed pay increases and pension increases.

Latest LGPS valuation date was due on 31/03/2022 and the process to complete the valuation would take 15 months from the due date.

A number of pensioners in the Fund are teachers who retired from the Inner London Education Authority prior to the formation of the University. Their pension costs are classed as unfunded inherited liabilities. OfS (previously HEFCE) reimburses the University for the annual charge from the LPFA for these pension costs.

The fund actuaries have not updated the mortality assumption as at 31 Jul 2022 to reflect the potential effects of Covid-19. This is mainly because there remains uncertainty of the Covid-19 impact on long-term mortality rates for pension scheme members.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date.

There has been a change in approach in allowing for inflation experience at 31 July 2022 to make allowance for the exceptionally high inflation over the period since September 2021. The DBO at 31 July 2022 includes allowance for emerging inflation experience up to July 2022, which has increased the DBO at 31 July 2022 by £25.8m.

Notes to the accounts (continued)

20. Pension arrangements (continued)

LPFA – FRS 17 statements

Fund assets

The estimated asset allocation for London Metropolitan University and the expected rate of return were:

		Fair value as at 31 July 2022 £'000		Fair value as at 31 July 2021 £'000		Fair Value as at 31 July 2020 £'000
	%		%		%	
Equities	56.8%	169,087	56%	159,687	53%	134,720
LDI/Cashflow matching	n/a	-	n/a	-	n/a	-
Target return portfolio	21.7%	64,688	22%	61,463	24%	59,415
Infrastructure	10.5%	31,348	9%	24,941	7%	17,267
Commodities	n/a	-	n/a	-	n/a	-
Property	9.8%	29,258	8%	23,738	9%	23,121
Cash	1.2%	3,583	5%	14,727	7%	16,946
Total	100%	297,964	100%	284,556	100%	251,469

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2022 is estimated to be 6.46% (2021: 15.46%). Based on the above the employer's share of assets of the fund is approximately 3.91%.

Net pension liability

The following amounts at 31 July 2022 related to London Metropolitan University is measured in accordance with the requirements of FRS102:

	2021-22 £'000	2020-21 £'000
Fair value of scheme assets (bid value)	297,964	284,556
Present value of the defined benefit obligation	326,131	432,765
Present value of unfunded obligations	5,775	6,933
Total value of obligations	331,906	439,698
Deficit in the scheme - net pension liability recorded within pension provision (note 17)	33,942	155,142

The present value of the unfunded liabilities as at 31 July 2022 consists of £892k (2021: £1,339k) in respect of enhanced LGPS pensions and £4,635k (2021: £5,594k) in respect of enhanced teachers' pensions.

Current service cost	9,876	8,769
Past service costs, including curtailments	(470)	(136)
Total operating charge	9,406	8,633
Analysis of the amount charged to interest payable		
Interest cost	(6,975)	(5,680)
Interest on assets	4,517	3,361
Net charge to interest payable	(2,458)	(2,319)
Analysis of other comprehensive income		
Return on Fund assets in excess of interest	13,730	35,134
Change in demographic assumptions	-	5,248
Experience (loss) / gain on defined benefit obligation	(25,813)	8,165
Change in financial assumptions	142,529	(22,303)
Total other comprehensive income	130,446	26,244

20. Pension arrangements (continued)

Last full actuarial valuation of the fund was performed as at 31 March 2019 and results were rolled forward every year end. Under the definitions set out in FRS 17, the LPFA meets the definition of a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2022 based on the roll forward methodology.

The major assumptions used by the actuary were as follows:

	2022	2021	2020
Rate of increase in salaries	3.8%	3.8%	3.3%
Rate of increase in pensions payment - CPI	2.8%	2.8%	2.3%
Discount rate	3.4%	1.6%	1.4%

Salaries are assumed to increase at 1.0% p.a. above CPI.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed post retirement mortality rate is as follows:

Post retirement mortality	31 July 2022	31 July 2021
Base table	Club Vita tables	Club Vita tables
Multiplier (M/F)	1	1
Future improvements model	CMI_2020	CMI_2020
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0
Initial addition parameter	0.5% p.a.	0.5% p.a.
2020 weight parameter	25%	25%
2021 weight parameter	n/a	n/a
Life expectancy from age 65 (years)	31 July 2022	31 July 2021
Retiring today		
Males	21.8	21.7
Females	24.3	24.2
Retiring in 20 years		
Males	22.9	22.9
Females	25.8	25.8

20. Pension arrangements (continued)

	2021-22	2020-21
	£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income		
Cumulative actuarial losses recognised at the start of the year	(179,458)	(157,155)
Cumulative actuarial losses recognised at the end of the year	(36,929)	(179,458)
Analysis of movement in deficit		
Deficit at beginning of year	(155,142)	(173,591)
Contributions paid by the University	3,928	3,756
Current service costs	(9,876)	(8,769)
Past service costs, including curtailments	(470)	(136)
Other finance charges	(2,458)	(2,319)
Administration expenses	(370)	(327)
Actuarial gains recognised in other comprehensive income	130,446	26,244
Deficit at end of year	(33,942)	(155,142)
Analysis of the movement in the present value of the University's share of the Fund's liabilities		
At 1 August	439,698	425,060
Movement in year:		
Current service cost	9,876	8,769
Interest cost	6,975	5,680
Contributions by members	1,301	1,240
Change in demographic assumptions	-	(5,248)
Contributions in respect of unfunded benefits	(892)	(930)
Change in financial assumptions	(142,529)	22,303
Experience loss / (gain) on defined benefit obligation	25,813	(8,165)
Past service costs, including cutailments	470	136
Estimated benefits paid	(8,806)	(9,147)
At 31 July	331,906	439,698
Analysis of movement in the fair value of the University's share of Fund's assets		
At 1 August	284,556	251,469
Movement in year:		
Expected rate of return on Fund assets	18,247	38,495
Administration expenses	(370)	(327)
Contributions by members	1,301	1,240
Contributions by the employer including unfunded benefits	3,928	3,756
Estimated benefits paid including unfunded benefits	(9,698)	(10,077)
At 31 July	297,964	284,556

The total return on fund assets for the year to 31 July 2022 is £18,247,000 (2021 , £38,495,000). LPFA Fund assets do not include any of the University's own financial instruments, or any property occupied by the University.

Notes to the accounts (continued)

20. Pension arrangements (continued)

B. The Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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

As from 1 September 2019, contributions paid by the University and charged to the statement of comprehensive income was at a rate of 23.68% of pensionable salaries.

The University's contribution to the TPS for 2021-22 was £4,962k (2020-21: £4,691k). The University's estimated contribution to the Scheme for 2022-23 is £4,931k.

The Government Actuary's Department was appointed as Scheme actuary by the Secretary of State to carry out an actuarial valuation of the Scheme as at 31 March 2016. The valuation was published in 5th of March 2019 and has determined a new rate of employer contributions of 23.68% of pensionable pay payable from 1 Sept 2019 (the implementation date) for a four year period from 31 March 2023 (the implementation period). As at 31 March 2016 the aggregate value of scheme liabilities has been estimated at £218.1bn and the aggregate value of assets at £196.1bn, giving a notional past service deficit of £22bn.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

C. The Universities Superannuation Scheme (USS)

Significant accounting policies

The institution participates in Universities Superannuation 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 institution 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 institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution 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 profit and loss account.

Notes to the accounts (continued)

20. Pension arrangements (continued)

Critical accounting judgements

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 Universities Superannuation Scheme. 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) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme 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 these financial statements.

The total cost charged to the Consolidated Statement of Comprehensive Income is £290k (20/21: £289k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

Since the institution 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](#)

Discount rate (forward rates)	Fixed Interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post- retirement : 1.00% p.a.
Pensions increase (subject to a floor of 0%)	CPI assumption plus 0.05%
CPI assumption	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

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:

Mortality base table

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

20. Pension arrangements (continued)

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

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 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount Rate	3.31%	0.87%
Pensionable Salary growth	3.0%	2.40%

21. Capital commitments

At 31 July capital commitments were as follows:

	2022	2021
	£'000	£'000
Commitments contracted	1,916	517
Authorised but not contracted	14,170	1,443
	16,086	1,960

22. Lease obligations

	31 July 2022			31 July 2021
	Buildings	Equipment	Total	Total
	£'000	£'000	£'000	£'000
Total rentals payable under operating leases				
Payable during the year	5,029	149	5,178	2,915
Future minimum lease payments due:				
Not later than one year	4,800	-	4,800	2,821
Later than one year and not later than 5 years	13,887	-	13,887	8,683
Later than 5 years			-	2,322
Total future lease payments due	18,687	-	18,687	13,826

23. Events after the reporting period

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 been exceptionally volatile and therefore while both gross defined benefit obligation and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

24. Department for Education Teacher Training Bursary funds

	2021-22	2020-21
	£'000	£'000
Balance unspent at 1 August	86	17
Amounts received	1,061	1,990
Disbursed to students and administration	(1,033)	(1,921)
Balance unspent at 31 July	114	86

Teacher Training Bursary Funds were paid to universities by the NCTL to provide financial support to students studying for a postgraduate qualification which leads to Qualified Teacher Status. The NCTL was discontinued in April 2018 with disbursement of bursaries and taken over by the Department for Education (DfE).

These grants are available solely for students. The University acts only as paying agent. The grant and related disbursements are therefore excluded from the Statement of comprehensive income and balance sheet of the University.

25. Access and Participation Plan Expenditure

	2021-22	2020-21
	£'000	£'000
Access investment	1,582	1,477
Direct financial support (Excluding Disability Costs)	708	1,395
Direct financial support Disability	190	91
Total Access and participation plan expenditure	2,480	2,963

Of the total costs presented above, £1,446k are already included in the overall staff costs included in the financial accounts, see Note 8. The total costs disclosed excludes success and progression expenditure.

The University's access and participation plan can be found via this [link](#).

26. Related Party Transactions

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

The Board of Governors considers it appropriate to disclose the following transactions for the period covered by the financial statements:

Professor Lynn Dobbs, the Vice Chancellor, is a member of the board of London Higher Education which received payments of £31,404 for subscription fees and member contributions.

Tijs Broeke, Chair of The Board of Governors, is a Governor of the Museum of London which received £5,100 for the hire of facilities.

Rosemary Benson, a Staff Governor is a member of the CIPD which received £675 for qualifications license fees.

Urmi Dutta-Roy, an Independent Governor is a member of the CIPD which received £675 for qualifications license fees.

Frances Trought, an Independent Governor is a Governor of Film London which received £1,200 for membership fees.

Rosemary Lemon, a Co Opted Governor is a member of the CIPD which received £675 for qualifications license fees and is employed by Hays Specialist Recruitment which received £1,554 for placement fees.

Rolande Anderson, the Vice Chair to the Board is a member of the board of St Mungo's Housing Association, which received payments of £33,200 in relation to student work placements.

Lena Samuels, an Independent Governor is a fellow of the CMI which received £82,400 for qualifications license fees.

Ms. Yasmeen Bashir was a member of the Board of Governors as Students' Union Representative until 30th June 2022. She was replaced by Denise Morrison on 8th July 2022. The Union is a separate legal entity which the University does not control or exercise significant influence over policy decisions. The Union received a grant payment from the University of £637k (2020/21: £641.7k), which is calculated annually according to a methodology agreed between the University and the Union. There was an additional £1,214 paid to the Student Union for the purchase of merchandise. All other transactions between the two parties are conducted on a commercial basis.

27. US Department of Education Financial Responsibility Supplementary Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, London Metropolitan University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Notes to the accounts (continued)

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2021-22	2020-21
Primary Reserve Ratio				
Statement of Financial Position - Net assets without donor restrictions	Unrestricted Reserves	52	211,640	84,153
Statement of Financial Position – Net assets with donor restrictions	Restricted Reserves	52	571	577
Statement of Financial Position - Related party receivable and Related party note disclosure*	Secured and Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure*	Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	53	174,064	175,120
Note of the Financial Statements -Statement of Financial Position -Property, Plant and Equipment - pre-implementation*	Property, plant and equipment – pre-implementation (bal)		(174,064)	(172,120)
Note of the Financial Statements -Statement of Financial Position -Property, Plant and Equipment - post-implementation with outstanding debt for original purchase*	N/A	N/A	-	-
Note of the Financial Statements -Statement of Financial Position -Property, Plant and Equipment - post-implementation without outstanding debt for original purchase*	Property, plant and equipment -post implementation without outstanding debt for original purchase (19/20 additions + 20/21 additions Note 11)	65 (Note 11)	(3,332)	(2,717)
Note of the Financial Statements- Statement of Financial Position - CIP	Under Construction (Note 11)	65 (Note 11)	(1,872)	(283)
Statement of Financial Position - Lease right-of-use assets, net**	N/A	N/A	-	-
Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	N/A	N/A	-	-

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2021-22	2020-21
Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation	N/A	N/A	-	-
Statement of Financial Position - Goodwill	N/A	N/A	-	-
Statement of Financial Position - Post-employment and pension liabilities	Pension Provisions	67 (Note 17)	35,393	155,687
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt - for long term purposes	N/A	-	-
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt- for long term purposes pre-implementation - Unsecured Loans (Note 16)	N/A	-	-
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt - for long term purposes post-implementation	N/A	-	-
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Line of Credit for CIP	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability**	N/A	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	N/A	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	N/A	N/A	-	-
Statement of Financial Position - Annuities*	N/A	N/A	-	-

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2021-22	2020-21
Statement of Financial Position - Term Endowments*	Term endowments with donor restrictions (Note 18)	68 (Note 18)	(251)	(249)
Statement of Financial Positions - Life Income Funds*	N/A	N/A	-	-
Statement of Financial Position - Perpetual Funds*	Net assets with donor restrictions: restricted in perpetuity (Note 19)	68 (Note 19)	(320)	(328)
Expendable Net Assets			67,765	64,720
Statement of Activities -, Total Operating Expenses, -(Total from Statement of Activities prior to adjustments)	Total expenses (SOCIE)	51	125,511	115,375
Statement of Activities _ Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss)*-(Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss) (- Note 5 Gain on Investments - Note 19 Increase in MV) + Actuarial Loss in Respect of Pension Scheme (SOCIE)	61 (Note 5); 71 (Note 20); 52	(130,461)	(26,249)
Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)*	Net investment gain (Note 5 Gain on Investments - Note 19 Increase in MV)	61 (Note 5)	15	5
Statement of Activities - Pension-related changes other than periodic pension*	Actuarial Gain in Respect of Pension Scheme (SOCIE)	51	130,446	26,244
Total Expenses and Losses			125,511	115,375

Notes to the accounts (continued)

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2021-22	2020-21
Equity Ratio				
Statement of Financial Position - Net Assets without Donor Restrictions	Unrestricted Reserves	52	211,640	84,153
Statement of Financial Position - Total Net Assets with Donor Restriction	Restricted Reserves	52	571	577
Statement of Financial Position - Goodwill	N/A	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure*	Secured and Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure*	Unsecured related party receivables	N/A	-	-
Modified Net Assets			212,211	84,730
Statement of Financial Position - Total assets	Total assets (Non-Current + Current, Balance Sheet)	52	288,583	267,518
Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	N/A	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	N/A	N/A	-	-
Statement of Financial Position - Goodwill	N/A	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure*	Secured and Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Related party receivables and Related party note disclosure*	Unsecured related party receivables	N/A	-	-
Modified Assets			288,583	267,518

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2021-22	2020-21
Net Income Ratio				
Statement of Activities - Change in Net Assets Without Donor Restrictions	Unrestricted Comprehensive Expenditure for the Year (SOCIE)	51	127,487	22,097
Change in Net Assets Without Donor Restrictions			127,487	22,097
Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenues and Gains (SOCIE) + Release of Restricted Funds (SOCIR) - Investment Income on Endowments and Restricted Reserves (Note 5) - Gain on Investments (Note 5)	51, 52, 61	122,536	111,223
Total Revenues and Gains			122,536	111,223

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