

Annual report + accounts



Year ended 31 July 2023



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About Advance HE

Advance HE is an international, member-focused organisation and a UK registered charity that is dedicated to the development and enhancement of higher education for the benefit of students, staff and society.

By further developing expertise and new thinking, Advance HE can support institutions to meet the challenges of the present and evolving higher education sector landscape. We are experts in higher education with a particular focus on enhancing teaching and learning, effective governance, leadership development and tackling inequalities through our equality, diversity and inclusion work. We deliver support through professional development programmes and events, Fellowships, awards, student surveys, providing strategic change and consultancy services and through membership (including accreditation of teaching and learning, equality charters, research, knowledge and resources).

Using our expertise and sharing best practice, we work with our network of global associates and partners, and with people, providers and systems around the world to understand contexts and challenges, and deliver solutions with a member-focused, collaborative approach.

Introduction from our Chair and Chief Executive

In the 2022-23 membership year, we marked the fifth anniversary of the formation of Advance HE. In keeping with our trajectory in our first four years, 2022-23 has seen a period of consistent growth and the increasing worldwide reach of Advance HE.

Reflecting briefly on our first five years, we take great pride in the achievements of the organisation since our formation: the growth in members worldwide from 308 to 427; our ever-developing portfolio of cutting-edge work to meet the needs of our members in a fast-paced and changing sector landscape; our position as a valued contributor in the higher education sector, as evidenced by our growing membership; and the professionalism, resilience, determination and good humour of our staff who have made these achievements possible. In 2022-23, as in the preceding years, our people have been fundamental in the delivery of our work for members and the sector.

Mirroring the focus on the importance of people, we have made a small but important adjustment to our purpose, “We help higher education organisations be the best they can be **by unlocking the potential of their people...**” People, in a multitude of roles and experiences, have remained at the core of our work this year to deliver the commitments set out in our Strategy 2021-24.

This year, the number of Fellows worldwide surpassed 170,000. For those individuals and their institutions, our role as custodians of the Professional Standards Framework for Teaching and Learning in Higher Education is of vital importance in the continuing professional development of the leadership, delivery and support of teaching and learning. In large part, this work underpins the student academic experience. This year, we launched the revised framework, Professional Standards Framework (PSF 2023). Following extensive sector consultation, the new framework places more overt emphasis on the effectiveness and impact of teaching, the context in which the teaching takes place and inclusivity. We have also started work to build pilot Fellowship applications in languages other than English.

In terms of improving student outcomes, we have continued to review our six Student Success Frameworks, this year focusing on internationalisation and student engagement through partnership. Once again, we worked with HEPI to publish the Student Academic Experience Survey, offering insights to inform enhancements in teaching and learning. This year, the much-cited report evidences the impact of the cost of living crisis on the current student cohort. We also published a well-received report on Employability in the Curriculum on behalf of HEFCW.

We continued to support our college-based HE (CBHE) network – a collaborative space for developing HE culture and practice set up through the Collaborative Development Fund – and we launched a new toolkit for CBHE institutions who wish to participate in scholarly activity and research.

Our commitment to deliver transformed leadership saw the development of new alumni communities. Aurora (our flagship leadership development initiative for women) this year celebrated its 10-year anniversary and reached the milestone of 10,000 participants/alumni worldwide. We marked this with the launch of our Aurora alumni community and will be welcoming 400 Aurora alumni to a celebratory conference in November 2023.

In a similar vein, our flagship Top Management Programme for Higher Education celebrated its 50th cohort. This cohort, joined by colleagues from the ‘locked-down’ 48th cohort, spent a week visiting five institutions in Perth, Western Australia to widen their understanding of the variety of issues and challenges that can impact institutions in the specific contexts in which they operate. Perth was also the venue for 60 delegates who attended an event to explore the support for women into leadership roles. This academic year we will offer the first open HE programme in Australia, Becoming an Aurora Mentor.

Staying on the global stage, we published a leadership report for Australia and New Zealand, as well as our findings from our Global Leadership Survey. The latter report provides a unique evidence base for leadership in higher education, highlighting contextual variations across the sector and around the world

and exploring the impact of leadership development. The findings will also inform the development of a sector-led global leadership framework for enhancement and recognition. The report is already shaping thinking in the delivery of programmes, including for 36 university leaders engaged in the UAE National Leadership Academy, which we have delivered for the Ministry of Education.

Our work next year will include delivering seminar sessions to government, university and sector-level delegates on AI, teaching and learning, and gender equality at the British Council's Deep Dialogues and Going Global conference.

We continue to refresh and enhance our programmes and events portfolio through our Strategic Advisory Groups, close consultation with institutions and through individual delegate feedback. For example, in response to our discussions with the sector, we will launch Leading Education Change – strategic education change initiatives – for deans and heads of departments, focused on managing and delivering education change projects.

We have continued our work to support the sector in its efforts to tackle inequalities and drive out racism in the sector. We updated the Race Equality Charter (REC) following a wide-ranging sector consultation, guided by the Race Equality Governance Committee. The update ensures the Charter is flexible to the applicant's context, and streamlines the framework so that it remains robust and reliable in the face of the fluctuating demands on members' time and resources. We have developed a pilot to support Small & Specialist Institutions (SSIs) undertaking the REC process with small numbers of staff and students from racially minoritised backgrounds. The Athena Swan Charter, which is used under licence in six countries outside the UK, has now been adopted by six higher education institutions in Cyprus, which have committed to advancing gender equality by signing up to a pilot project based on the Charter.

In an important development for our Charters in the UK, they now explicitly reference Academic Freedom and Freedom of Speech. This work complemented a report we published which summarised five sector roundtables on Freedom of Speech, Academic Freedom and good campus relations convened with our partners Universities UK and GuildHE. In the coming year, we will be issuing further guidance to support members and the sector in promoting Academic Freedom and Freedom of Speech. We also partnered with Edtech start-up GoodCourse to co-create micro-learning courses promoting freedom of speech and academic freedom in an initiative to improve the student experience on campus.

Our strategic commitment to evolving higher education governance saw us partner with Universities UK, GuildHE, and the Committee of University Chairs to develop approaches to effective academic assurance. We pointed to key themes which will be the basis of resources we will share with the sector in the coming months. Work to support the diversity of Boards and thus enhance their effectiveness continues: we developed and delivered the Supporting Inclusive Boards programme; and we were pleased to announce three years of additional funding from Wellcome for the Success on the Board programme following the successful delivery of the second cohort this year.

Our sound financial performance provides the bedrock for our plans for growth as we move forwards, so we can increase our positive impact. We have recruited to augment our delivery capability and capacity, and we have invested in our systems and processes to strengthen the spine of our expanding operations. As we highlighted in the opening paragraphs, none of our work would be possible without the extraordinary contribution of our people. They will be the overriding important component in the continued successful delivery of our charitable aims and work to deliver our vision of 'higher education providers and systems that are inclusive, sustainable and high-performing in all they do'.



Helen E. Langton

Helen Langton
Interim Chair



Alison Johns

Alison Johns
Chief Executive

Strategic Report

Our strategy

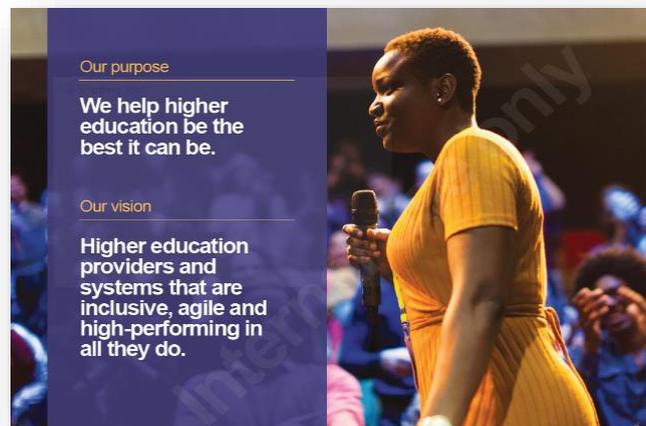
In 2021, we launched our three-year strategy to 2024, setting out our purpose and strategic priorities for the future. Advance HE has a deep-rooted partnership with the higher education sector, sharing its values and understanding its unique culture and how this varies within local contexts.

We use our in-depth understanding of HE practice and research, as well as our network of global associates to work in partnership with people, providers and systems around the world to understand contexts and challenges and provide solutions. There are many challenges facing the HE sector and how we support members and stakeholders in this context rightly continues to inform all that we do.

Our strategic goals

In partnership with members and stakeholders, we work to:

- enhance confidence and trust in higher education
- address systemic inequalities for staff and students
- advance education to meet the evolving needs of students and society.



These strategic goals are underpinned by six commitments that guide our work to 2024. It is not an exhaustive list of everything we do, but it sets a direction of travel to ensure that we will deliver on the things we know matter most:

- ❖ enable strategic transformation
- ❖ transform leadership for a new world
- ❖ drive progress in equality, diversity and inclusion
- ❖ enhance teaching and learning for student and institutional success
- ❖ reimagine professional development and recognition
- ❖ evolve higher education governance.

Additionally, many member strategies are strongly aligned with the UN Sustainable Development Goals (especially those of quality education, gender equality and reduced inequalities, and, of course, education for sustainable development). To support members to contribute to sustainable institutions, systems and society, the UN Sustainable Development Goals are integrated into our current strategy and the work that we do.

Key highlights of 2022-23

+ Member Events and Video Engagement



64 member
events



3,728
video views

+ Knowledge Hub



143 new member
benefit resources

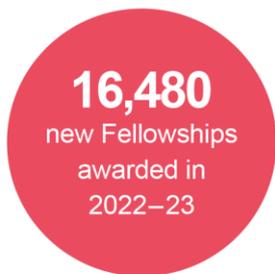


Users from 409
member institutions



7
podcasts

+ Fellowship



On 31 July 2023, there were **174,736** total Fellowships worldwide.



+ Teaching and Learning Accreditation



Member organisations awarded
and re-accredited in last 12 months.



Total member organisations
with Accreditation.



+ Athena Swan



On 31 July 2023, there were **146*** Athena Swan institutional award holders.

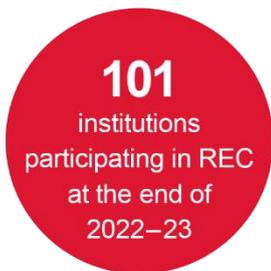
A total of 975* Athena Swan departmental award holders:



*within the United Kingdom and the Republic of Ireland.

Athena Swan is used on licence in Australia, Brazil, Canada, India, USA and the Republic of Ireland (where Advance HE administers the Charter).

+ Race Equality Charter



On 31 July 2023, there were **40** REC institutional award holders.



+ Surveys



During 2022–23, **126** institutions participated in one or more of Advance HE's Student Surveys.



+ Teaching Excellence Awards



NTFS winners 54



CATE winners 16

+ Grants awarded



During the 2022–23 membership year, members received funding through our Collaborative Development Fund. Advance HE grant funding supports the development of our members by addressing key sector challenges.

+ Unique Knowledge Hub users



Most downloaded Knowledge Hub resources during 2022–23.



Impacts of higher education assessment and feedback policy and practice on students: a review of the literature 2016–21.



Assessment and Feedback in a Post-Pandemic Era: A Time for Learning and Inclusion.



Equality in higher education: students statistical report 2022.

+ Advance HE Connect



395

institutions represented



33

total countries represented



17,191

total users

+ Revenue-Generating Programmes and Events

- + **120** Programmes, Conferences, and Events held as part of the Open Portfolio.
- + **5,559** individuals attended these events during the year.

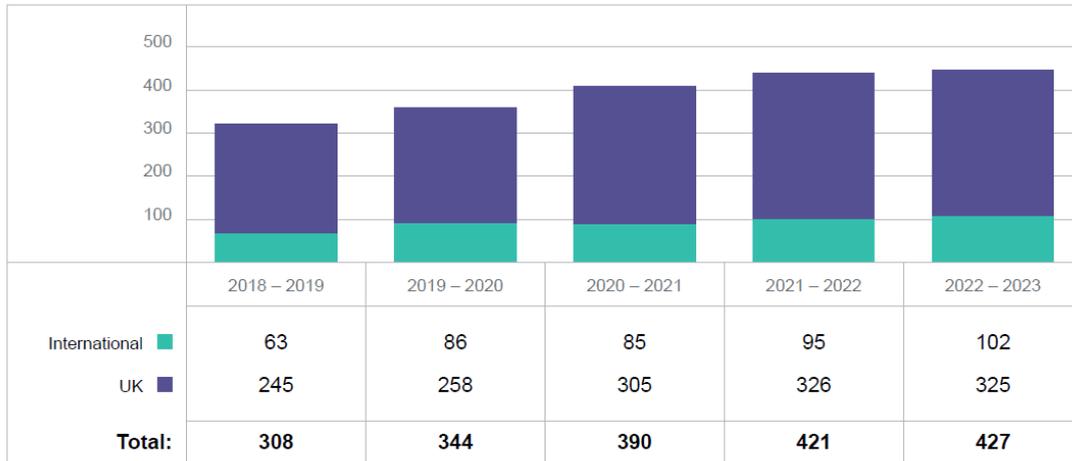
+ Bespoke Consultancy

- + Commissioned to undertake **308** bespoke enhancement projects (250 UK / 58 International)
- + Supported **172** organisations (128 UK / 45 International)
- + Across **23** countries outside of the UK.

Review of 2022-23 performance and achievements

Number of Advance HE's UK and international members 2018-23

Advance HE has **427** members, with **102** non-UK members located in **31** countries.



As a result of our activities in the year, Advance HE achieved the following in pursuit of our strategic commitments.

Commitment 1: enabling strategic transformation

There has never been a greater need for strategic change within institutions as the operating environment changes faster than ever before. This year has seen executive leadership teams, governing bodies and organisations continue to react to the volatile external environment and build solid foundations to prepare for the future. The speed of change in the environment has required adaption and responsiveness, adjusting strategies to continue to improve quality of education, student experience and attainment.

Whether the focus is on organisation-wide or national system level change, we use our expertise to help higher education shape its future. Working in close partnership, we continue to support institutions to set new strategic directions and transform their operations to achieve their objectives, while embedding technology and sustainable development within new ways of working.

To enable strategic transformation in the HE sector, in 2022-23 we:

- partnered with the Higher Education Funding Council Wales (HEFCW) to strategically support all regulated higher education institutions in Wales to make measurable progress on anti-racism in line with government priorities
- hosted Egypt's Minister of Higher Education and a senior delegation of Egyptian higher education leaders to meet UK colleagues to explore each country's approaches and experience in enhancing student employability
- collaborated with members and the sector to update our portfolio of products and services to ensure that they remain relevant in the current environment, responding to changes in policy and providing a range of updated tools to members and HE institutions to enable transformation
- worked with the British Council to launch a framework for developing joint Peru-UK university degrees
- worked with individual institutions to develop roadmaps towards gaining degree awarding powers; assess their current apprenticeship offer business model; conduct institution-wide portfolio reviews;

review and update learning and teaching strategies; and run organisation-wide programmes to support their ambition to become inclusive institutions

- worked with the sector on a project called International Higher Education: what next? which considers the core challenges in HE, including international education and transnational education partners, sustainability and the global economic downturn
- worked with the Institute of Higher Education and British Council Ukraine to deliver the Displaced Universities project in Ukraine, supporting two institutions build capacity in areas including strategy, internationalisation, community engagement, teaching and governance
- scoped out a national leadership development programme to build capacity for future leaders in universities across Ukraine for the British Council Ukraine, in partnership with the President's Office, Ministry of Education and Cormack Consulting
- continued our college-based HE (CBHE) network: a collaborative space for developing HE culture and practice set up through our Collaborative Development Fund, and also launched a new toolkit for CBHE institutions who wish to participate in scholarly activity and research.

Commitment 2: transform leadership for a new world

Changing geo-political forces, adapting to a post-Covid world, increasing competition and the need to build new relationships have all called for a different kind of leadership that builds and sustains inclusion. We know that confident, capable leaders adapt, grow and diversify their talents, their teams and their institutions to respond to future challenges. Working with our members, we have continued to support them to build a more diverse pool of leaders, create support networks and enhance the skills, cultural competence and ability to lead change for their existing and future leaders.

To transform leadership for a new world in the HE sector, in 2022-23 we:

- celebrated the 50th cohort of our Top Management Programme, designed to develop the next cadre of vice-chancellors and institutional leaders
- celebrated the 10th anniversary of Aurora (Advance HE's leadership development programme for women), and marked a 10,000 alumni/participants milestone
- built alumni communities for Aurora to extend our support for participants
- continued with our new network for deputy vice-chancellors and provosts
- delivered a Leadership for the Future member benefit featuring podcasts and thought leadership
- published the findings from our inaugural Global Leadership Survey and a leadership report for Australia and New Zealand
- delivered the UAE National Leadership Academy for 36 university leaders (academic and administrative) for the Ministry of Education.

Commitment 3: drive progress in equality, diversity and inclusion

Equality, diversity and inclusion are integral to the development of a civil and inclusive society, and therefore to the mission of universities and the HE sector.

Our approach to EDI is underpinned by the view that Advance HE and higher education cannot reach their full potential unless they can benefit from the talents of all, coupled with the belief that there is no single solution or right way to achieve equality in higher education. Our members are unique and operate in different, dynamic and increasingly challenging contexts. Our approach is to work with members and partners across higher education to identify their own EDI priorities and support the creation of agile and impactful initiatives.

Advance HE's role is to support and contextualise global good practice and innovation in EDI, enabling members to improve long-term outcomes, while navigating the risks and opportunities inherent in sensitive and contested topics. This approach to equality ensures that diversity, and different individuals, ideas and perspectives, are valued, and therefore complements our sector's fundamental commitment to the academic freedom of institutions and individuals.

To drive progress in equality, diversity and inclusion in the HE sector, in 2022-23 we:

- concluded our work with the Disabled Students' Commission by launching the Disabled Student Commitment in 2023 to secure an enhanced and improved experience for disabled students within higher education, and we published the Disabled Students' Commission Annual Report 2022-23
- published a joint sector statement with GuildHE and Universities UK in November 2022 on protecting and upholding freedom of speech and fostering good relations between different groups. Following publication we initiated work on guidance documents for our members and the sector to support good relations on campus and on tackling harassment
- developed an Athena Swan pilot model for Cyprus, which will begin in 2023-24
- developed a Race Equality Charter pilot for small and specialist and research institutes to be launched later in 2023
- updated the Race Equality Charter following a wide-ranging consultation
- published the 15th edition of Equality in Higher Education: statistical reports to assist the sector in better understanding the main equality challenges for staff and students, supporting future efforts to overcome them
- commenced delivery of two cohorts of a collaborative project on building belonging, which involves 18 institutions
- partnered with UUKi to form and deliver roundtables for UK members to discuss EDI in Transnational Education with a focus on TNE partnerships in the Middle East.

Commitment 4: enhance teaching and learning for student and institutional success

We know from our members around the world that enhancements to the student learning experience have been both disrupted and accelerated by the pandemic. Drawing on our global connections, we created several initiatives to support individuals, institutions and country systems. This work provides flexible, high quality, digitally enabled student experiences that prepare learners for success as constructive contributors to the future world. Within our work in this area, we have supported progress in several areas, including employability, student engagement, flexible learning, internationalising the curriculum, and access, retention, attainment and progression.

To enhance teaching and learning for student and institutional success, in 2022-23 we:

- launched the revised Professional Standards Framework for Teaching and Learning (PSF 2023), following an extensive consultation. The revised framework builds on the strengths of the previous version, while placing a more overt emphasis on:
 - the effectiveness and impact of teaching
 - the context in which the teaching takes place
 - inclusivity – both from the perspective of those staff who are now able to engage with the PSF, and how more inclusive approaches ensure all learners feel respected, valued and have equity in opportunity to succeed
- held our flagship three-day global Teaching and Learning Conference 2023, with the overarching theme of Teaching in the Spotlight: shaping the future of HE

- continued to review our Student Success Frameworks to support the sector in its pursuit of student success to drive better outcomes. This work included publishing two extensive literature reviews on internationalisation and student engagement through partnership to inform this work. The refreshed frameworks will be launched in the 2023-24 academic year
- delivered Beyond Flexible Learning, Authentic Assessment in the Era of AI, and Student Outcomes member benefit workstreams
- delivered a new collaborative project on embedding employability with UK and Irish institutions
- published the Advance HE/HEPI Student Academic Experience Survey, which highlighted the impact of the cost of living crisis and has been widely cited
- saw the number of Advance HE Fellows rise to more than 170,000 across 28 countries
- authored the Employability in the Curriculum report on behalf of the Higher Education Funding Council Wales (HEFCW).

Commitment 5: reimagine professional development and recognition

The pace of change in HE has intensified the need for continuous professional learning that gives people access to the development and recognition they need to succeed, and now more than 170,000 people have joined our global community of teaching Fellows. Working with the sector and our members, we furthered work to create flexible professional development pathways, invested in our digital learning experiences and began scoping work to extend professional recognition for other areas of HE practice.

To reimagine professional development and recognition in HE, in 2022-23 we:

- published the findings of our inaugural Global Leadership Survey, which will inform the development of a leadership framework
- expanded Advance HE's e-learning capability to create digital pathways for continuous professional development
- developed an alumni networks strategy to provide valued and ongoing peer support to delegates who take part in our development programmes
- delivered the first All Members Meeting in Australia, bringing together Fellows from Advance HE member institutions in Australia and New Zealand
- saw the number of Advance HE Fellows rise to more than 170,000 across 28 countries
- launched a Senior Fellow Professional Recognition Network in Malaysia
- accredited 179 institutions for their teaching and learning provision – 146 UK and 33 non-UK. There are now 154 accredited CPD schemes for experienced staff and 317 accredited programmes
- began work to build a pilot for Fellowship applications in languages other than English
- led the National Teaching Fellowship and Collaborative Award for Teaching Excellence scheme for the UK sector, awarding 54 individual and 16 team awards for teaching excellence.

Commitment 6: evolve higher education governance

Good governance is critical to delivering impactful higher education and in cultivating confidence and trust for stakeholders, particularly when operating in a turbulent environment. We have built on our unparalleled track record of supporting and developing governors, governance professionals, institutions and systems of governance across the world, refreshing our portfolio and providing challenge and insight.

To evolve higher education governance, in 2022-23 we:

- partnered with Universities UK, GuildHE and the Committee of University Chairs (CUC) to look at how to ensure effective academic assurance. Six key themes were shared with the sector and will be the

basis of resources shared in the coming months

- developed and delivered the Supporting Inclusive Boards programme
- delivered cohort two of Success on the Board and secured three further years of funding from Wellcome to support this transformative programme
- launched the Governor Competencies Map to support board members with mapping their own individual progression and development needs
- refreshed our Governance Development Programme to embed contemporary thinking and meet the evolving needs of the sector. The programme attracted over 400 participants from all types of providers and is now supported by a practice survey to ensure we can embed governors' and governance professionals' emerging priorities in future iterations
- were commissioned to conduct 15 independent governance effectiveness reviews for members across the UK and internationally. In response to members' priorities, we further diversified our pool of expert consultants, including student governor and sabbatical officers
- kept members abreast of the latest policy changes, updated guidance and news, with commentary on implications for Boards and governors through our Governance News Alerts
- showcased effective practice from inside and outside the sector through our Annual HE Governance Conference 2022, sandpit events and blogs for governors and governance professionals.

Internal transformation

During 2022-23, Advance HE strengthened and re-shaped its leadership and underlying directorate structures. This has accelerated the full integration of Advance HE's product and service portfolio, and the ways in which these are delivered to members and other stakeholder groups. Advance HE also consolidated our enabling functions into a single Professional Services directorate with standardised ways of working and a focus on process efficiency. Enhancements completed to date include new finance and HR systems, a simplified pay structure, the de-risking of tech infrastructure and migration to cloud-based services, and a full refresh of HR policy and practice. These improvements will allow Advance HE to control overheads and maximise investment into value-adding product and service delivery to its members.

Looking forward

Advance HE will be embarking on developing its third strategy to 2030 in 2023-24. While continuing to deliver on the commitments in our 2021-24 strategy, we will consult with our members to develop our next strategy to 2030. The ambition for our upcoming strategy process is to consider our vision for 2040. Part of this work will be understanding Advance HE's role in higher education globally over the next 15 years, which will allow us to focus on longer term delivery and change in the sector. We look forward to welcoming a new Chair in January 2024 to drive this strategy development.

We will be delivering on our plans to grow, which will enable our work to have greater reach and deliver more positive outcomes in support of higher education around the world, helping us deliver our charitable purpose. We will further our work with members and partners to build deeper communities, share successful practice and evidence our impact.

Our product and service portfolio will continue to be driven by insight and feedback, to ensure it meets the needs of our members and clients, whatever their country or context.

Responding to challenges faced by our members, we will run four substantive member benefit projects over the year, specifically designed to be relevant to all members, no matter where they are located or what kind of institution they represent. They are Fit for the Future: adapting practice for the new paradigms of higher

education, Generative AI: beyond assessment, Creating a Culture for Strategic EDI Change, and Growing the HE Workforce of the Future.

Advance HE will continue with our work with members to support their commitment to freedom of speech, and will be issuing guidance about setting institutional policies in relation to EDI and freedom of speech, guidance on protected beliefs and guidance on fostering good relations.

Following an in-depth review, we will be launching the revised Student Success Frameworks this year, which universities can use to support strategic teaching and learning transformation.

In the year in which we celebrate 20 years of supporting effective governance in HE, our Governance Conference will focus on Governance Culture: navigating policy, politics and people, with keynotes from Julia Gillard (former Prime Minister of Australia, and Chair of Wellcome) and Susan Lapworth (Chief Executive of Office for Students). We will also be running a podcast series on the changing face of governance.

Following the themes identified in our Global Leadership Survey, we will run an event with leaders to explore Developing Leadership that Sustains, Aligns and Engages. Our women's leadership programme Aurora will celebrate 10 years with a special networking conference, and we will be working with the Australian sector pilot Aurora in Australia.

In 2023-24, Advance HE's infrastructure will continue to be streamlined and future proofed. Data usage and privacy/security will be prioritised, and both internal and customer-facing processes and technologies will continue to be reviewed and enhanced. Our new competency framework will drive inclusivity and consistency of practice, and help colleagues to contribute to strategic goals.

Financial review

Summary

Overall financial results

Advance HE had a successful 2022-23 delivering positive advancement against and towards its current strategy. To deliver against the strategy, 2022-23 was a year in which an overall intentional financial deficit of £2,248k was planned for and which returned an overall lower deficit of £2,125k.

The funding of this overall deficit was through the draw down of reserves. The lower level of deficit further protects its reserves position for the intended use of these for investment into strategic priorities over the coming years.

1. Operating financial results

The below reports the underlying operating financials (those which exclude one-off investment costs and the annual statutory pension adjustment).

- **Income** - Advance HE generated a total income of £17,358k, compared to £15,965k in 2021-22, an increase of £1,393k primarily due to an upturn in Programmes and Event income and from bank interest earned. Over 98% of the income Advance HE generates is through the procurement of its products and services by higher education institutions.
- **Expenditure** - in line with the increased income, total expenditure was £19,941k compared to £15,819k in 2021-22, an increase of £3,955k. This increase was primarily due to the planned higher staffing levels in preparation to deliver the strategic growth and offer to the global higher education sector, the increased demand for more face-to-face delivery, along with the higher reliance on Advance HE associates while the internal organisational changes were made.
- **Deficit** - this produced an intended deficit and use of reserves of £1,768k compared to a £794k surplus in 2021-22 and a slightly improved position than planned.

2. One-off investment costs

Additional to the underlying operations reported in section 1 above, one-off investment costs in 2022-23 were £359k (£627k in 2021-22) comprising of expenditure for the development of Advance HE's services to the global higher education sector and in the required enabling infrastructures. The investment into enabling infrastructures aims to improve organisational efficiencies and thereby facilitate a minimised cost base and to support planned growth.

3. Annual statutory pension adjustment

Advance HE's UK pension scheme is the Universities Superannuation Scheme (USS) a pension scheme for the UK higher education sector. For statutory accounting purposes an annual calculation is performed, transacted and reported through the annual accounts.

The 2022-23 calculation returned a total reduction in the pension liability of £2,658k (comprised of a

staff element and finance costs as reported in notes 6, 9 and 14) against an extraordinary increase in the liability of £11,257k in 2021-22.

As reported in the 2021-22 Annual Report and Accounts, the effect of the statutory annual USS Pension Liability calculation in 2021-22 reported a significant increase in the liability following the agreement of the 2020 Valuation by the Joint Negotiating Committee and the underlying actuarial assumptions adopted.

The 2023 Valuation by the Joint Negotiating Committee is currently underway and expected to conclude in the new (calendar) year. It is expected that this valuation will show a significant improved funding position with the scheme expected to be in a surplus position, which is due to changes in the underlying assumptions and performances of the money markets. This in turn will return Advance HE's Balance Sheet to a positive position.

It is important to highlight that this annual accounting adjustment does not have an impact on the day-to-day financial sustainability and operations of Advance HE (adversely or positively), its cash position / cashflow or its operating costs and is an estimation of a long-term liability.

4. Total reported financial summary

The overall financial results for the year are summarised below:

	2023 £000	2022 £000
Operating Income	£17,358	£15,965
Operating Expenditure	£19,126	£15,171
Operating Deficit	(£1,768)	£794
One-off Expenditure	£359	£627
Annual Pension liability adjustment	(£2,658)	£11,257
Reported Total (deficit)/surplus	£532	(£11,089)
Reserves	£7,038	£9,163
Reserves (including USS Pension liability)	(£4,017)	(£4,549)

5. Capital expenditure

- Advance HE has a programme of annual refreshment of IT equipment. During 2022-23, £86k of capital expenditure for computer equipment was incurred against this programme (compared to £113k in 2021-22).

Many charities, institutions and organisations will be faced with significant financial uncertainty, and operational and organisational disruption over the coming years as the effects of rising global inflation and cost increases following the Covid-19 pandemic and the Russia-Ukraine war exist and continue. This will require exceptional interventions and measures in order to protect their financial position. As a charity, Advance HE will protect its current and future operating reserves in order to fulfil its charitable objects and to support its members for the future.

The financial performance for 2022-23 (excluding the USS Pension elements) reports a result that was the product of the continued invaluable support from members, efficient cost controls and a customer-driven balance of quality virtual and face-to-face delivery, enabling reduced delivery costs. Advance HE does not hold any premises aside from its two operating offices, ensuring a low fixed cost base.

Advance HE's overall financial plans are driven by its financial strategy including meeting financial key performance indicators, investment in its growth strategy, and by its reserves policy. 2023-24 will see the further implementation of Advance HE's growth plans to support more HE sector members and customers both domestically and globally, further using its unrestricted reserves for updating and improving the range of our services and products for members and broadening Advance HE's impact.

Balance sheet and liquidity

Total unrestricted reserves (excluding the USS Pension liability) at 31 July 2023 are £7,038k (2021-22, £9,163k) which equates to 4.4 months of operational expenditure. Unrestricted reserves include a Designated Reserves fund of £1,891k (2021-22, £2,250k), created for the specific purposes of future development expenditure for core products, services and the underlying infrastructures, and to facilitate Advance HE's growth plans. This will be utilised over the forthcoming financial year.

Including the USS Pension (which is not an immediate significant cash liability), total unrestricted reserves are a negative £4,017k (2021-22, negative £4,549k). The deficit recovery portion of the USS Pension valuation, which is included in the current and expected future employer contribution rates, is absorbed into operational expenditure as well as incorporated into annual budgets, forecasts and cash flow plans. Note 18 provides further information on the USS Pension scheme deficit recovery plan.

Total unrestricted reserves as reported on the Balance Sheet includes a USS Pension liability of £11,055k (2021-22, £13,713k).

Reserves

Advance HE's reserves policy (that excludes the USS Pension liability) has a target level of total unrestricted reserves being held within a range of values (between £5m and £9m), with a minimum level of three months of operational expenditure and taking into account the future use of reserves in line with its charitable objects. This policy allows Directors to meet their obligations under the Companies Act and to comply with Charity Commission guidance.

Total unrestricted reserves (excluding the USS Pension liability) as at 31 July 2023 equate to approximately 4.4 months of operational expenditure. Included within these is £1,891k (2021-22, £2,250k) which is allocated to a designated reserve fund to be utilised for strategic investment into the development of products and

services to our stakeholders and our internal capabilities to deliver this. It is expected that this reserve will be fully utilised over the next year.

The accounting impact of the increased USS pension liability provision has materially decreased the amount of the reportable total unrestricted reserves of Advance HE. However, the current reserves policy and reserves targets are maintained as the policy excludes this long-term liability. Performance against the target is disclosed and measured both before and after this adjustment. These are shown in note 23.

Going concern

The charity's financial position at 31 July 2023 has been outlined in the Financial Review on pages 17 and 18 of this report.

As disclosed in 2021-22, the USS Pension Liability reported a significant liability, which resulted in the Balance Sheet of Advance HE becoming negative. The annual adjustment in 2022-23 decreased this liability by £2,658k. This annual accounting adjustment does not have an impact on the day-to-day financial sustainability and operations of Advance HE, its cash position / cashflow or its operating costs and is an estimation of a long-term liability. As such it does not have an impact on going concern.

The Board has considered the charity's cash position, reserves position, strategic risks, sources of income and planned expenditure, inflation effects, the liquidity of its assets and the charity's ability to withstand a fall in income. Based on this information, the Board has concluded that Advance HE has sufficient resources to meet its obligations as they fall due and continue its charitable activities for at least, but not limited to, the 12 months from the date these statutory accounts are signed. The Board does not believe that there are events that represent a material uncertainty that may cause significant doubt on the company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in the preparation of these accounts. Please refer to page 38 for additional information.

Auditors

Grant Thornton was re-appointed as auditors in the year in accordance with the Companies Act 2006.

Related parties

None of the trustees of the charity receives any remuneration or other benefit from their work with the charity. Related party transactions are reported in note 22 to the financial statements.

Directors' report

Advance HE is a registered charity incorporated as a company limited by guarantee on 14 October 2003. It is registered as a charity with the Charity Commission and the Office of the Scottish Charity Regulator. Advance HE is governed by its Memorandum and Articles of Association, which were last modified on 26 March 2018. For the purposes of this report, the trustees of the charity are also the directors of the company.

Advance HE's key objects are to promote higher education for the public benefit, promoting equality and diversity within the education sector and further developing the professionalism and profile of leadership, management and governance.

Public benefit

Advance HE is a registered charity and the Board has due regard to the Charity Commission's guidance on public benefit, ensuring that its activities continue to deliver its charitable aims to advance education. Advance HE operates across the global higher education community and provides benefit to different stakeholders, including institutions, individuals, the HE sector (working with governments, funding bodies, HE mission groups, professional, statutory and regulatory bodies, and other sector agencies and groups) and other stakeholders who access Advance HE products and services, such as research institutes and further education colleges.

Advance HE provides public benefit, through delivering its charitable articles:

- ❖ Providing strategic advice and coordination within the higher education sector, government, funding bodies and others on teaching and learning policies and practices that will impact upon and enhance the student experience.
- ❖ Supporting and advancing curriculum and pedagogic development across the whole spectrum of higher education activity.
- ❖ Facilitating the professional development and increasing the professional standing of all staff in higher education.
- ❖ Developing the professionalism and profile of leadership, management and governance.
- ❖ Improving the supply of development opportunities particularly international and cross-sector.
- ❖ Broadening perspectives and improving standards in relation to leadership, management and governance.
- ❖ Supporting the higher education sector in identifying and changing any cultural and systemic practices that unfairly exclude, marginalise or disadvantage individuals or groups and promote inclusive approaches.
- ❖ Working with higher education institutions in eliminating discrimination on the grounds of age, disability, gender identity, marital or civil partnership status, pregnancy or maternity status, race, religion or belief, sex, sexual orientation or through any combination of these characteristics or other unfair treatment.
- ❖ Advancing education and raising awareness in equality and diversity.

All trustees give their time voluntarily and receive no benefits from the charity. Expenses claimed from the charity are included within note 22.

Governance and management

Advance HE has adopted the principles and recommended practice of the Charity Governance Code, supporting the Board's aim to develop high standards of governance and demonstrate best practice in all aspects of governance. Our trustees must also have regard for Nolan's Seven Principles of Public Life, demonstrating the highest ethical conduct when discharging their duties as directors of Advance HE.

Board of Directors

The charity is governed by a Board of Directors (trustees for the purposes of charity law), who are responsible for the strategic governance of the charity and setting Advance HE's overall strategy. Stephen Marston was appointed as Chair in April 2021 and was responsible for leading the Board and ensuring its effectiveness. Stephen Marston stood down as Chair on 31 July 2023 and Helen Langton was appointed as Interim Chair until an external recruitment process for a new Chair has been completed.

The Board meets at least five times a year and receives written reports on all aspects of Advance HE's work at each meeting. In order to monitor progress and ensure that Advance HE is delivering its charitable objectives, the Board is provided with regular and timely information on the financial performance of Advance HE, together with other information such as performance against targets and stakeholder feedback.

In the year ending 31 July 2023, the number of directors serving on the Board was 16. Directors are initially appointed for two or three years. Following this initial term, all directors can be reappointed for a further term, up to a maximum of nine years. Recruitment of new directors is overseen by the Governance and Nominations Committee, which undertakes an open recruitment process, recommending new appointments when necessary and ensuring appropriate recruitment and succession plans are in place.

New directors follow a thorough induction process, spending time with senior executive members and fellow directors and generally gaining an understanding of all aspects of our work. Any training needs are identified through annual effectiveness reviews undertaken by the Chair, so that Board directors are able to successfully discharge their duties and have a full understanding of the role's legal obligations.

The Board appointed a Senior Independent Director, Helen Langton, on 27 April 2023, whose key responsibilities are to support the Chair in the effective leadership of the Board, support the Board to review the Chair's performance annually and be involved in succession planning for the Chair.

The Company Secretary maintains a register of financial and personal interests of the Directors (trustees) and Senior Management (Executive Team). The register is available for inspection at the registered office.

The Board conducts its business through a number of committees (detailed on pages 24 to 25): Audit, Finance and Risk; Equality, Diversity and Inclusion; Governance and Nominations; People and Remuneration; and Peer Review Quality Committee. The business of these committees is formally reported to the Board. All Board committees operate in accordance with written terms of reference, which outline their responsibilities in more detail and are reviewed annually and approved by the Board.

At least once a year the external auditors meet the Audit, Finance and Risk committee for independent discussion without the presence of management. The committee is responsible for reviewing the effectiveness and independence of the external auditors and also advises the Board on the appointment of the external auditors and their remuneration for both audit and non-audit work.

Chief Executive

The Board has delegated the day-to-day management of the charity to the Chief Executive who is supported by the Executive Team in delivering the agreed strategic objectives. The Chief Executive is the head of Advance HE and has a general responsibility to the Board for the organisation, direction and management of Advance HE. The Board is responsible for the appointment and removal of the Chief Executive.

Directors' indemnities

As permitted by Advance HE's Articles of Association, the directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Advance HE also purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors throughout the financial year.

Remuneration policy

The People and Remuneration Committee meet at least once a year and have delegated authority to review the performance of the Chief Executive and other senior post holders appointed by the Board and to set the remuneration and conditions of service (including any severance arrangements) for all senior post holders, with particular responsibility to represent the public interest.

Governance structure

The Board is supported by several committees, in order to provide assurance and dedicated oversight to the matters for which is it responsible. As well as Board meetings, all directors are expected to contribute to those committees where their individual skills can be of most benefit, in discussion with the Chair and Governance and Nominations Committee. These committees bring together Board directors and co-optees with specific professional experience, who then make recommendations to the Board.

Below outlines the key focus and members of each Board Committee:

Committee	Focus	Members
Audit, Finance and Risk Committee	<ul style="list-style-type: none"> Internal and external audit Annual Report and Accounts Annual budget and forecasts Financial performance Capital investment Reserves and cashflow Key policies and frameworks Risk management 	<ul style="list-style-type: none"> Christopher Sayers (Chair) Saad Qureshi Heather Francis Paul Woodgates Graham Hillier (Co-optee)
Peer Review Quality Committee	<ul style="list-style-type: none"> Quality assurance of peer review services Enhancement of peer review services Peer review policy EPAO performance and compliance (Ofqual) 	<ul style="list-style-type: none"> Samuel Grogan (Chair) Quintin McKellar (Joined 4 Nov 22) Annette Hay Elaine Buckley (Co-optee) Jon Scott (Co-optee) Nona McDuff (Co-optee)

Committee	Focus	Members
People and Remuneration Committee	<ul style="list-style-type: none"> • Pay and reward structures for Chief Executive and the Executive Team • Employee benefits structures • Remuneration policy • People strategy development • Staff engagement 	<ul style="list-style-type: none"> • Janice Kay (Chair) (To 27 April 2023) • Helen Langton (Chair) (From 27 April 2023) • Stephen Marston • Christopher Sayers • Frances Corner (Joined April 2023) • Sarah Greer (Joined April 2023)
Equality, Diversity and Inclusion Committee	<ul style="list-style-type: none"> • EDI strategic development • Internal EDI practice • EDI integration • EDI risks • EDI policy • Athena Swan governance assurance • Race Equality Charter governance assurance 	<ul style="list-style-type: none"> • David Richardson (Chair) • Janice Kay (Resigned 27 April 2023) • Annette Hay (Joined 27 April 2023) • Randall Whittaker (Co-optee) • Parveen Yaqoob (Co-optee) • Pradeep Passi (Co-optee) • Chantal Davies (Co-optee) • Aloma Onyemah (Co-optee) • Osma Khan (Co-optee, joined March 2023)
Governance and Nominations Committee	<ul style="list-style-type: none"> • Board Member nominations • Board Member recruitment • Succession planning • Board governance • Board diversity 	<ul style="list-style-type: none"> • Janet Legrand KC Hon (Chair) • Stephen Marston • Andrea Nolan • Shahid Omer UUK • Alex Bols, GuildHE

Strategic Advisory Groups

Our five Strategic Advisory Groups help to ensure our members can contribute to shaping the activity and future direction of Advance HE and ensuring future developments meet member needs in core areas: Teaching and Learning; Leadership and Management; Governance; Equality, Diversity and Inclusion; and Global Perspectives.

Risk management

Risks are considered as occurrences or opportunities that would impact on the delivery of Advance HE's core business, the quality of its outputs, the achievement of its strategic goals or the excellence of its reputation. Each quarter, progress against the strategy is formally measured and reviewed, and the most significant risks to our strategic goals are identified and reported to the Board. The charity regularly monitors and reviews its risks at both a strategic and operational level, using a risk matrix to determine Advance HE's principal risks and enabling informed decision-making and timely action. The significant risks to Advance HE are regularly reviewed by the Executive Team and the Audit, Finance and Risk Committee, on behalf of the Board.

The Board of Directors acknowledges its responsibility to ensure that the charity's risk management framework is effective. The Board regularly reviews the charity's process for identifying, assessing and managing risks and, where applicable, the charity's system of internal controls to manage these risks. The Board reviews the effectiveness of the charity's approach to risk at least every year and has ultimate responsibility for Advance HE's key risks, approving the framework for risk assessment and management, monitoring risk management activities, and for the continuous process of calibrating Advance HE's risk appetite.

Advance HE's Audit, Finance and Risk Committee is responsible for reviewing the effectiveness of the risk management, control and governance arrangements and, in particular, to review the external auditors'

management letter, audit reports and management responses. The Chief Executive is responsible for maintaining and promoting the operational efficiency of the Advance HE's financial management, strategic management and risk management processes.

Advance HE encourages enterprise and innovation. While it is robust in its approach to risk management, it is not inherently a 'risk averse' organisation. Advance HE has achieved considerable success since its incorporation and is prepared to invest and innovate in order to enhance its standing as a sector leader in higher education. Advance HE's objective is to be 'risk aware', by ensuring that risk management is an integral part of its planning and review processes, including the evaluation of new development opportunities. Advance HE's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Chief Executive for maintaining a sound system of internal control that supports the achievement of Advance HE's policies, aims and objectives while safeguarding the funds and assets for which they are responsible. The Chief Executive is also responsible for reporting any material weaknesses or breakdowns in internal control to the Board.

The following provides a summary of Advance HE's principal risks and their management during 2022-23:

Risk	In year changes	Management strategy
<p>UK projected inflation and price increases become reality impacting institutions' financial health and Advance HE's income streams</p>	<p>Risk reduced in year in response to a reduction in probability. The annual inflation rate in the UK fell to 10.1% in January 2023 and to 6.8% in July 2023. The OBR has forecast that inflation will fall to 2.9% by the end of 2023. The OBR forecast also showed that economic output in the UK is set to grow by 1.8% in 2024 and by 2.5% in 2025.</p>	<ul style="list-style-type: none"> • Scenario modelling of inflation impacts on Advance HE • Engagement with sector via Strategic Advisory Groups and Roundtables to closely monitor sector sentiment • Regular intelligence gathering and media monitoring • Review and alignment of current product and service portfolio to sector challenges • Development of new products and services in response to sector challenges • Weekly reporting to monitor variances and opportunities • Consultative conversations with members to understand short/medium term needs.
<p>Advance HE is unable to recruit and retain key staff, resulting in a detrimental impact on our delivery commitments and ability to respond to HE sector needs</p>	<p>Risk probability reduced from 12 to 8 due to progress made with recruitment and evidence of improved talent pipeline.</p>	<ul style="list-style-type: none"> • New organisational pay policy implemented to ensure transparency and parity • Annual pay review to inform discretionary annual pay uplift • Review of organisational design and resourcing model undertaken • Ongoing process re-engineering of recruitment and selection • Recruitment accelerated through an external managed service provider partnership widening • Regular review of staff turnover to understand trends • Recruitment enhanced via partnership with an external managed services provider, which has widened the pool of recruitment sources, centralised recruitment processes and enhanced the level of dedicated search resource. • Hybrid working policy implemented to attract a wider candidate pool • Investment in automated systems including, HRIS and resource management • Learning and Development Programme launched • Increase in overall headcount to alleviate capacity issues • Enhancements to induction and on-boarding.

Risk	In year changes	Management strategy
<p>Failure in IT systems' resilience and cyber security causes operational or reputational damage</p>	<p>Risk monitored during the year and initially increased in probability due to global increase in cyber incidents. However, the risk probability reduced in response to the achievement of Cyber Essentials Certification and appointment of IT Security Manager.</p>	<ul style="list-style-type: none"> • Enhanced security measures introduced including daily multi-factor authentication • Cyber Essentials Certification received. • Cyber Insurance • DPO contract renewed, providing advice and support on data practices across Advance HE • Staff awareness of cyber risks increased through all-staff webinar briefings, launch of new IT training and targeted training for specific teams. • Improved backup solution and schedule implemented. • Implement "IT Intelligent Client" function including Data/Security knowledge and expertise. • IT Security Manager appointed.
<p>UK political and media landscape often hostile to EDI, increased risk of regulation/litigation in EDI activity</p>	<p>Risk revised to focus more explicitly on EDI</p>	<ul style="list-style-type: none"> • Review and development of Advance HE's EDI Strategy and approach • Internal review of portfolio and assets in line with EDI strategy and approach • Specific approach to EDI risk overseen by EDI Committee • New EDI risk assessment process and staff training • Ongoing legal analysis and review of critical programmes • Development of communications and political engagement strategy • Engagement with a wider range of views and voices • Proactive work on freedom of speech/academic freedom and alignment with EDI

Legal and Administrative Details

Advance HE

Advance HE is a registered charity and company limited by guarantee incorporated in England.
Company registration number: 04931031

Charity registration numbers

England and Wales: 1101607 Scotland: SC043946

Registered office

Advance HE, Innovation Way, York Science Park, York YO10 5BR

Auditors

Grant Thornton UK LLP, No 1 Whitehall Riverside, Whitehall Road, Leeds LS1 4BN

Bankers

The Royal Bank of Scotland Plc, Waterside Court, Chatham ME4 4RT

AIB Bank, XPO Box 114A, 100/101 Grafton Street, Dublin 2

Handelsbanken UK, 2nd Floor, Maple House, Clifton Park, Shipton Road, York YO30 5PB

Solicitors

[HGF LLP](#), Central Court, 25 Southampton Buildings, London WC2A 1AL

Mills and Reeves, 1 Circle Square, 3 Symphony Park, Manchester M1 7FS (DX 14409 Manchester 2)

Pinsent Masons, 30 Crown Place, Earl Street, London, EC2A 4ES

Executive Team

Alison Johns, Chief Executive

David Bass, Interim Director of Equality, Diversity and Inclusion

Tracy Bell-Reeves, Executive Director, Delivery, Knowledge and Quality

Greg Ferrari, Chief Operating and Transformation Officer

Hannah Harris, Company Secretary and Head of Corporate Support

Jennifer Wilkins, Company Secretary and Head of Corporate Support (To 9 June 2023)

Kathryn Harrison-Graves, Executive Director, Membership, Innovation and Development

Kat Hunt, Associate Director of Marketing and Communications

Andy Shenstone, Executive Director, Consultancy and Commercial Solutions (To 17 March 2023)

Sarah Threadgold, Director of Finance and Deputy Chief Operating Officer

Phil Johnson, Interim Director, Consultancy and Commercial Solutions (From 20 March 2023)

Board of Directors

The directors of the charitable company are its trustees for the purpose of charity law. The directors and officers who served during the year and up to the date of signature of this report were as follows:

Stephen Marston, Vice-Chancellor, University of Gloucestershire (Resigned 31 July 2023)

Professor Frances Corner, Warden of Goldsmiths, University of London (Resigned 21 September 2023)

Heather Francis, Chief Operating Officer, University of the Arts London (Resigned 31 July 2023)

Professor Sarah Greer, Vice-Chancellor University of Winchester

Annette Hay, Senior Research Delivery Support Partner, Coventry University

Professor Janice Kay, Provost and Deputy Vice-Chancellor, University of Exeter (Resigned on 27 April 2023)

Professor Helen Langton, Vice-Chancellor of the University of Suffolk

Janet Legrand KC (Hon), Lawyer and Senior Lay Member of Court, University of Edinburgh

Professor Quintin McKellar, Vice-Chancellor and Chief Executive of the University of Hertfordshire

Professor Andrea Nolan, Principal and Vice-Chancellor of Edinburgh Napier University

Saad Qureshi, Chief Executive, Metron College

Professor David Richardson, Vice-Chancellor, University of East Anglia (Resigned 31 July 2023)

Professor David Sadler, Deputy Vice-Chancellor, Education, University of Western Australia

Christopher Sayers, Non-Executive Director and previous Chair of Northumbria University

Rose Wangen-Jones, Managing Director, Marketing at London & Partners (Resigned 1 September 2023)

Paul Woodgates, Independent strategic advisor

Co-optee: Dr Samuel Grogan, Pro Vice-Chancellor for Student Experience, University of Salford (Appointed as Board member 27 April 2023)

Trustees' responsibilities statement

The trustees (who are also directors of Advance HE for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles set out in the Charities SORP (FRS 102);
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Advance HE will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed.

The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Annual Report for the year ended 31 July 2023 has been approved by the Board of Directors of Advance HE on 30 November 2023 and signed on their behalf by:

A handwritten signature in black ink that reads "Helen E. Langton". The signature is written in a cursive, slightly slanted style.

Helen Langton (Interim Chair)
30 November 2023

Company No. 04931031

Independent auditor's report

Opinion

We have audited the financial statements of Advance HE (the 'charitable company') for the year ended 31 July 2023 which comprise the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the charitable company's business model including effects arising from macro-economic uncertainties such as the rise in inflationary pressures on costs incurred, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Trustees' Statement of Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Charity SORP, United Kingdom Generally Accepted Accounting Practice include Financial Reporting Standard 102). The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the charity is complying with these legal and regulatory frameworks by making inquiries of management, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the

results of our enquiries through our review of board minutes and papers provided to the Audit, Finance and Risk Committee, and through our legal and professional expenses review.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
 - The charitable company's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
 - The charitable company's control environment including the adequacy of procedures for authorisation of transactions.
- Audit procedures performed by the engagement team included:
 - Evaluating the processes and controls established to address the risks relating to irregularities and fraud;
 - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing related party transactions; and
 - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements and applicable financial reporting requirements.
- The engagement leader assessed the appropriateness of the collective competence and capabilities of the engagement team. This included consideration of the engagement team's knowledge and understanding of the sector in which the charity operates in and their practical experience through training and participation with audit engagements of a similar nature. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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

Use of our report

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006, Section 44(1)(c) of the Charities and

Trustee Investment (Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



James Bird FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: 30/11/2023

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Financial statements

Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 July 2023

		2023		2022*
	Notes	Unrestricted £000	Total £000	£000
Income from:				
Charitable activities				
Funding body grants	3	11	11	63
Other income	4	17,064	17,064	15,865
Investments	5	283	283	37
Total income		17,358	17,358	15,965
Expenditure on:				
Charitable activities				
Staff costs	6, 7	(10,519)	(10,519)	(8,877)
Other operating expenses	8	(8,693)	(8,693)	(6,675)
Depreciation and amortisation	10, 11	(229)	(229)	(211)
Interest and other finance costs	9,14	(499)	(499)	(56)
USS Pension annual adjustment relating to staff costs	14	3,114	3,114	(11,235)
Total expenditure		(16,826)	(16,826)	(27,054)
Net income / (expenditure) and net movement in funds		532	532	(11,089)
Fund balances brought forward		(4,549)	(4,549)	6,540
Fund balances carried forward		(4,017)	(4,017)	(4,549)

The income and expenditure account is in respect of continuing activities for Advance HE.

There were no gains and losses other than those reported in the income and expenditure account.

The accompanying accounting policies and notes form an integral part of these financial statements.

*As per the current financial year, all activities in the financial year ending 31 July 2022 were unrestricted.

Balance sheet as at the 31 July 2023

	Notes	2023 £000	2022 £000
Fixed assets			
Tangible assets	10	247	261
Intangible assets	11	<u>223</u>	<u>354</u>
		470	615
Current assets			
Debtors	12	4,281	6,542
Cash at bank and in hand		<u>14,895</u>	<u>14,648</u>
		19,176	21,190
Creditors: amounts falling due within one year	13	<u>(11,002)</u>	<u>(10,635)</u>
Net current assets		8,174	10,555
Total assets less current liabilities		8,644	11,170
Creditors: amounts falling due over one year	13	(1,200)	(1,601)
Provision for liabilities	14	<u>(11,460)</u>	<u>(14,118)</u>
NET LIABILITIES		<u>(4,016)</u>	<u>(4,549)</u>
Unrestricted Reserves			
General Reserve	23	(5,907)	(6,799)
Designated Reserve	23	1,891	2,250
TOTAL RESERVES		<u>(4,016)</u>	<u>(4,549)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 November 2023 and were signed on its behalf by:



Helen Langton – Interim Chair

Company number: 04931031

Statement of cash flows for the year to 31 July 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities	15	547	(408)
Cash flows used in investing activities	16	(302)	(322)
Change in cash and cash equivalents in the reporting period		<u>245</u>	<u>(730)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>14,648</u>	<u>15,378</u>
Cash and cash equivalents at the end of the reporting period		<u>14,893</u>	<u>14,648</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 July 2023

1. Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are summarised below and have been consistently applied throughout the year and to the preceding period.

1.1. Basis of preparation

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

The financial statements have been prepared under the historical cost convention and in accordance with the Charities Statement of Recommended Practice (SORP).

Advance HE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The accounts are presented in £ Sterling.

1.2. Going Concern

Due to the significant increase in the USS Pension Liability in 2021-22, 2022-23 continues to report a net liability Balance Sheet (although having improved by £2,658k through the 2022-23 annual statutory accounting adjustment). This annual accounting adjustment does not have an impact on the day-to-day financial sustainability and operations of Advance HE, its cash position, cashflow, or its operating costs and is an estimation of a long-term liability.

As in prior years, particular emphasis during 2022-23 has been around the impact that the Covid-19 pandemic continues to have on the global economy, on the activities of Advance HE and on any carrying amounts within the assets and liabilities in the Balance Sheet into 2023-24.

The operating financial budget for 2023-24 has been prepared following a number of scenario models and stress tests, particularly regarding cost increases and inflationary pressures, each with associated trigger and escalation actions. In addition, the timing of the financial returns of the investments made in 2022-23 into the strategic growth and the further planned investment into Advance HE's services, technology and infrastructure, is expected to return a deficit position in 2023-24 of £1,165k. This deficit will be funded by both the General Reserve and the remaining £1,891k (2021-22 £2,250k) of Designated Reserves.

Advance HE's planning cycle for rolling five-year financial planning will routinely commence in the spring of 2024 and will continue to reflect the fast-paced changing environment that Advance HE is responding to, alongside global communities.

As at 31 July 2023 Advance HE has £14,895k of cash and cash equivalents of which £5,167k relates to advance cash receipts that relate to future dated membership renewals as summarised below:

- £4.554k for release during 2023-24
- £0.469k for release during 2024-25

- £0.144k for release during 2025-26.

Advance HE does not have any loans or any other borrowings.

After considering these factors, the Board has also approved the longer range five-year financial growth plans, business plan, financial forecasts covering the period to 31 July 2028 and the planned reserve levels and is satisfied that Advance HE will operate in a financially sustainable manner. The Board will monitor the direct and indirect impacts of cost increases, inflation levels, Covid-19 and Brexit in 2023-24. The Board considers that Advance HE has sufficient resources to continue in operational existence for at least but not limited to the 12 months from the date these statutory accounts are signed and continues to adopt the 'going concern' basis in preparing the statutory accounts. The Board does not believe that there are events that represent a material uncertainty that may cause significant doubt on the company's ability to continue as a going concern.

Cash flow forecasts have been prepared to the end of July 2026, which consider our cash position and cash requirements, derived from our five-year financial growth plans. These forecasts include any additional costs and savings arising from our scenario modelling and have also considered sensitivities surrounding our income related pipeline.

1.3. Income

Income from specific commissioned monies, contracts and other services is accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

The following specific policies apply to certain categories of income:

- Where grant funding receivable from the funding bodies represents the funding allocation attributable to the current financial year, it is recognised in the income and expenditure accounts for the current year.
- Where grants made are not utilised, a claw-back is recognised as a debtor in the balance sheet. The associated grant income is then deferred until the original conditions for its receipt have been complied with.
- Institutional Memberships are recognised over the period to which they relate.
- Investment income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

1.4. Expenditure

Expenditure has been charged to the statement of financial activities on an accrual basis. Costs are shown inclusive of any related value added tax.

1.5. Tangible fixed assets

Tangible assets are capitalised where they are capable of being used for a period that exceeds one year. Laptops, desk top computers and servers are capitalised, irrespective of cost. All other equipment (excluding computer software and licences), furniture and fittings are capitalised at cost where the aggregated or individual cost is £1,000 or more.

1.6. Intangible assets and depreciation

Intangible assets are capitalised where they are capable of being used for a period that exceeds one year. Intangible assets under construction relate to a new finance software system.

1.7. Depreciation

All tangible fixed assets are depreciated on a straight line basis over their useful economic life as follows:

Leasehold improvements	-	over the period of the lease
Equipment	-	three years
Computer equipment	-	three years
Office equipment	-	three years
Furniture and fittings	-	five years

Amortisation

Advance HE website	-	four years
Advance HE CRM	-	four years

1.8. Leased assets

Costs in respect of operating leases are charged to expenditure on a straight-line basis over the lease term.

1.9. Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10. Creditors and provisions

Short-term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Provisions are recognised when Advance HE has a present financial obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of its value.

1.11. Contingent liabilities

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

1.12. Liquid resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities. Advance HE has no significant exposure to cash flow interest rate risk as it does not have any loans or interest charging facilities in place.

1.13. Post Balance Sheet events

Post Balance Sheet events are categorised into adjusting and non-adjusting that occur between the end of the reporting period and the date when the financial statements are approved. Post Balance Sheet adjusting events are those where there is evidence of a condition(s) that exist at the end of the reporting period and are disclosed within the accounts. These can be favourable and/or unfavourable. Post Balance Sheet non-adjusting events are those where there are indicative conditions that have arisen after the end of the reporting period and are disclosed by way of a note. These can be favourable and/or unfavourable.

1.14. Taxation

Advance HE is a charity within the meaning of schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of section 467 Corporation Tax Act 2010 (CTA 2010). Accordingly, Advance HE is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11 of 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. Advance HE receives no similar exemption in respect of Value Added Tax.

1.15. Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange differences are included in the consolidated statement of financial activities for the period in which they are incurred.

1.16. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. Redundancy costs are recognised as an expense in the period in which the charity becomes irrevocably committed to incurring the costs and the main features of the plans have been announced to affected employees.

1.17. Fundraising

Advance HE's income is generated from membership subscriptions and fees, programmes and events fees, consultancy fees, accreditation and charters fees, awards fees, commissioned work from national Funding Bodies (OfS, HEFCW, DfE Northern Ireland). Advance HE does not use professional fundraisers or commercial participators, nor does it operate any voluntary standards and schemes for fundraising.

1.18. Pension schemes

Advance HE participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate Trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual organisations/institutions and a scheme-wide contribution rate is set. Advance HE is therefore exposed to actuarial risks associated with other organisations'/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", Advance HE therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount

charged to the profit and loss account represents the contributions payable to the scheme. Since Advance HE has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, Advance HE recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

1.19. Financial instruments

The organisation only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

A review of the Balance Sheet as at 31 July 2023 has been undertaken regarding any impairment risks. The Board considers that there are no significant risks.

2. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. The items in the financial statements where these judgements, estimates and assumptions have been made include:

Judgements and estimates

Pension Scheme

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as

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) and the resulting expense in profit or loss 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 funding plan in existence at the date of approving the financial statements.

Judgements

Provision for doubtful debts

All debts over 90 days were reviewed and a judgement made as to the level of provision required on a case by case basis. This provision amounted to a total of £5k (2021-22 £25k).

3. Funding body grants

	2023 £000	2022 £000
Higher Education Funding Council for Wales	11	39
Other	-	24
	<u>11</u>	<u>63</u>

4. Other income

	2023 £000	2022 £000
Memberships	7,234	6,955
Consultancy	3,037	3,591
Programmes	4,856	3,454
Accreditation	1,191	1,204
Other Income	746	661
	<u>17,064</u>	<u>15,865</u>

5. Investment

	2023 £000	2022 £000
Interest receivable	283	37
	<u>283</u>	<u>37</u>

6. Staff

	2023 £000	2022 £000
Staff costs		
Wages and salaries	8,062	6,773
Social security costs	892	769
Pension costs	1,564	1,333
Movement on USS provision	(3,114)	11,235
	<u>7,404</u>	<u>20,110</u>

The significant movement in the USS provision is based on long-term actuarial assumptions and do not impact the day-to-day operations, cash flow or financial sustainability.

Voluntary severance payments made included in the above are £72k (2021-22: nil).

Emoluments of the Chief Executive:	2023 £000	2022 £000
Total emoluments	<u>169</u>	<u>180</u>

Emoluments include salary, employers' national insurance contributions and pension costs. 2022 included payments in lieu of pension due to alternative mandatory pension arrangements in place. This mandatory requirement was amended by the USS in 2023.

The number of higher paid post-holders who received emoluments, (excluding pension contributions) in the following ranges was:

	2023 £000	2022 £000
£60,000 to £64,999	14	7
£65,000 to £69,999	10	4
£70,000 to £74,999	1	4
£75,000 to £79,999	4	-
£80,000 to £84,999	1	1
£85,000 to £89,999	-	-
£90,000 to £94,999	1	-
£95,000 to £99,999	3	2
£100,000 to £104,999	-	1
£105,000 to £109,999	1	1
£145,000 to £149,999	-	-
£165,000 to £169,999	1	-
£170,000 to £174,999	-	1*
	<u>36</u>	<u>21</u>

*This salary payment does not include the payments in lieu of pension payments.

The average number of persons employed by Advance HE during the year, by major category, expressed as full-time equivalents was:

	2023 No.	2022 No.
Operations	132	115
Marketing	17	13
Overheads	23	22
	<u>172</u>	<u>150</u>

The above bandings reflect salaries only and do not include any employer costs of employment.

7. Key management personnel

The key management personnel of the organisation comprises those persons having authority and responsibility for planning, directing and controlling the activities of Advance HE and comprises all members of the Executive Team of Advance HE outlined on page 4. The total amount of employee benefits paid to members of the Executive Team in respect of their services to Advance HE (including remuneration, employer's pension contributions, employer's National Insurance and other benefits) was £1,199k (2022-22 £1,103k).

8. Other operating expenditure

	2023 £000	2022 £000
Operational costs	5,541	4,192
Indirect staff costs	108	71
Rent and rates	431	706
Heat, light and power	5	32
Travel and subsistence	734	267
Postage, printing, stationery and telephone	147	149
Professional fees	190	189
Office equipment and computer maintenance	697	622
General expenses	43	86
Public relations and marketing	365	252
Recruitment costs	431	104
Loss on disposal of assets	-	6
	8,692	6,675
	2023 £000	2022 £000

Other operating expenditure includes:

Auditor's remuneration

- External auditor's remuneration in respect of audit services	57	49
Hire of buildings – operating leases	346	572

9. Interest and other finance costs

	2023 £000	2022 £000
Bank charges	43	35
Finance cost of USS Pension	456	21
	499	56

10. Tangible fixed assets

	2023				Total £000
	Leasehold Improvements	Computer Equipment	Office Equipment	Fixtures Fittings	
	£000	£000	£000	£000	
Cost					
Opening balance	139	511	45	55	750
Additions	-	86	-	-	86
Disposals	-	-	-	-	-
At 31 July 2023	139	597	45	55	836
Depreciation					
Opening balance	43	369	45	33	490
Charge for the year	14	74	-	11	99
Disposals	-	-	-	-	-
At 31 July 2023	57	443	45	44	589
Net book value					
At 31 July 2023	82	154	-	11	247
At 31 July 2022	97	142	-	22	261

11. Intangible assets

	2023		Total
	Under Construction	Computer System	
Cost			
Opening balance	20	545	565
Additions	-	-	-
Transfers	-	-	-
At 31 July 2023	20	545	565
Amortisation			
Opening balance	-	211	211
Charge for the year	-	131	131
At 31 July 2023	-	342	342
Net Book Value			
At 31 July 2023	20	203	223
At 31 July 2022	20	334	354

12. Debtors

	2023 £000	2022 £000
Amounts falling due within one year:		
Trade debtors	3,284	5,413
Other debtors	261	160
Prepayments	463	514
Accrued income	273	455
	4,281	6,542

13. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	495	763
Other tax and social security	241	312
Accruals and Deferred Income*	11,467	11,161
	12,203	12,236

*2023 Includes £382k of Other Creditors payable later than one year and £9,765k Deferred Income (£8,986k <1yr, £779k between 1-5yrs) 2022 Includes £373k of Other Creditors payable later than one year and £9,413k Deferred Income (£8,246k <1yr, £1,166k between 1-5yrs)

14. Provisions for liabilities

	Obligation to fund past deficit on USS pension	Office dilapidations	Total
	£000	£000	£000
As at 1 August 2022	13,713	405	14,118
Utilised in the year	(2,658)	-	(2,658)
At 31 July 2023	11,055	405	11,460

The total amount utilised in the year of £2,658k regarding the USS Pension, is the net of the £3,114k staff cost credit (as disclosed in note 6) and the £456k finance cost charge (as disclosed in note 9).

The significant increase in the total USS provision is based on HE sector negotiated and agreed long-term actuarial assumptions. The provision does not impact on the day-to-day operations, cash flows or financial sustainability of the charity. The office dilapidations provision is expected to be utilised with the expiry of the longest lease (March 2029).

15. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2023 £000	2022 £000
Surplus for the year	532	(11,089)
Depreciation and Amortisation (note 10 & 11)	230	210
(Increase)/decrease in debtors (note 12)	2,261	(1,660)
Increase/(decrease) in creditors (note 13)	(2,691)	12,106
Interest receivable (note 5)	(283)	(37)
Interest payable and similar charges (note 9)	499	56
Loss on disposal of Assets	-	6
Net cash provided by / (used in) operating activities	<u>548</u>	<u>(408)</u>

16. Cash flows from investing activities

	2023 £000	2022 £000
Interest receivable	283	37
Interest payable and similar charges	(499)	(56)
Purchase of fixed assets	(86)	(303)
Net cash used in investing activities	<u>(302)</u>	<u>(322)</u>

17. Analysis of changes in net debt

This balance represents cash as Advance HE does not have any borrowings.

	At 1 August 2022 £000	Cash flow £000	At 31 July 2023 £000
Cash	14,648	245	14,893
Total	<u>14,648</u>	<u>245</u>	<u>14,893</u>

18. Pensions and similar obligations

The total amount credited to the Income and Expenditure account is £2,658k (2021-22: £11,257k was charged to the Income and Expenditure account) resulting in a total provision of £11,055k (2021-22 £13,713k). 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 Advance HE cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section 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:

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

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

2020 valuation

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% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

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

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

	2023	2022
Discount rate	5.49%	3.33%

19. Capital commitments

No contracted capital commitments were in place as at 31 July 2023 (2022: nil)

20. Financial commitments

At 31 July 2023 Advance HE had total commitments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
Future minimum lease payments due:		
Not later than 1 year	563	560
Later than 1 year and not later than 5 years	1,884	2,119
Later than 5 years	187	494
	2,634	3,173

There is one property with three and a half years of a 25-year lease remaining. There is a break clause on another property with a lease term of 10 years, in half a year which mitigates any risk of longer term liability.

At 31 July 2023 Advance HE had total future minimum lease receipts under non-cancellable operating leases which net against the above total as follows:

	2023 £000	2022 £000
Future minimum receipts due:		
Not later than 1 year	311	125
Later than 1 year and not later than 5 years	785	1,096
Later than 5 years	-	-
	1,096	1,221

21. Contingent liabilities

There is one contingent liability valued at £42k at 31 July 2023 (2022: £nil).

22. Related party transactions

Due to the nature of Advance HE's operations and the composition of the Board (being drawn from the higher education sector), it is inevitable that transactions will take place with organisations in which a Director of the Board or a Member of Advance HE may have an interest. All transactions involving organisations in which a Director of the Board or a Member of Advance HE may have an interest are conducted at arms' length and in accordance with Advance HE's financial regulations and normal procurement procedures.

During the period there were no transactions (neither income nor expenditure) with organisations with which any director of the Board or Member of Advance HE may have an interest.

The following transactions were identified for disclosure under FRS 102: Related Party Disclosures:

Director/Trustee:	Related Party:	Receipts from Related Party: £000	Owed from Related Party: £000	Payments to Related Party: £000
Mr Stephen Marston	University of Gloucestershire	21	3	-
Professor Frances Corner	Goldsmiths, University of London	47	-	-
Professor Sarah Greer	University of Winchester	63	6	-
Dr Samuel Grogan	University of Salford	57	1	-
Annette Hay	Coventry University	162	-	-
Professor Helen Langton	University of Suffolk	51	4	-
Janet Legrand	University of Edinburgh	236	29	-
Professor Quintin McKellar	University of Hertfordshire	141	1	-
Professor Andrea Nolan	Edinburgh Napier University	91	11	0
Professor David Sadler	University of Western Australia	1	-	1
Professor Janice Kay	University of Exeter	42	-	-
Heather Francis	University of the Arts London	67	-	-
Professor David Richardson	University of East Anglia	186	51	0
Mr Christopher Sayers	SRUC	49	1	-
Professor Andrea Nolan	Trinity College Dublin	56	29	-
Professor Andrea Nolan	Carnegie Trust for the Universities of Scotland	8	-	-
Annette Hay, Paul Woodgates	De Montfort University	147	18	5
Dr Samuel Grogan	BPP university	1	-	-
Professor Frances Corner	University of London	101	8	-
Professor David Sadler	Universities Australia	-	-	1
Kathryn Harrison-Graves	RDG Media	-	-	2

The Owed to (Owed from) represents invoices due to (due from) at 31 July 2023.

The Receipts from and Payments to represents invoices within the period of the Board Member's appointment.

23. Unrestricted reserves

	Designated reserve	General reserve	Total unrestricted reserve
	£000	£000	£000
Reserves excluding USS			
Pension liability			
As at 31 July 2022	2,250	6,913	9,163
Deficit for the period	(359)	(1,766)	(2,125)
Transfer of Reserves	-	-	-
At 31 July 2023	1,891	5,147	7,038

The unrestricted reserves excluding the pension liability at 31 July 2023 equated to 4.4 months (2022: 7 months) of operational expenditure. The decrease in the number of months being through higher planned operational costs in the year compared to 2021-22.

The designated (specific) reserve fund is required for the strategic investment into the development of products and services to our stakeholders, in the appropriate resourcing of and the internal supporting infrastructure to deliver this.

	Designated reserve	General reserve	Total unrestricted reserve
	£000	£000	£000
Reserves including USS			
Pension liability			
As at 31 July 2022	2,250	(6,799)	(4,549)
Deficit for the period	(359)	892	533
Transfer of reserves	-	-	-
At 31 July 2023	1,891	(5,907)	(4,016)

24. Financial instruments

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Financial assets that are debt instruments measured at amortised cost:		
Trade and other debtors	3,545	5,573
Cash	14,895	14,648
Accrued income	273	455
	18,713	20,676
Financial liabilities measured at amortised cost:		
Trade and other creditors	2,196	2,511

AdvanceHE



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