

# Statutory Report + Accounts



Year ended 31 July 2021

Company Registration Number: 04931031

Registered Charity Numbers: 1101607 & SC043946



Helping HE  
Shape its  
Future

# Helping HE Shape its Future





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# Directors and Trustees, and Professional Advisers

The Board of Directors and Trustees who served during the year and up to the date of signature of this report are listed below.

Sir Nigel Carrington, Vice-Chancellor, London University of the Arts (Chair of the Board) (Stood down 17 February 2021)

Mr Stephen Marston, Vice-Chancellor, University of Gloucestershire (Appointed as Chair of the Board 17 February 2021)

Ms Nicola Arnold, Chief Finance Officer, JISC (Stood down 9 February 2021)

Professor Chris Cobb, Pro-Vice-Chancellor and Chief Operating Officer at the University of London (Stood down 9 February 2021)

Professor Helen Higson, Provost and DVC, Aston University

Professor Janice Kay, Provost, University of Exeter

Professor Geoff Layer, Vice-Chancellor, University of Wolverhampton

Professor Helen O'Sullivan-Heritage, Provost and Deputy Vice Chancellor at the University of Chester

Mr Saad Qureshi, Executive General Manager, Navitas

Professor Nigel Seaton, Vice-Chancellor, Abertay University

Professor Eunice Simmons, Vice-Chancellor, University of Chester (Stood down 9 February 2021)

Mr Chris Sayers, previously Chair of Northumbria University

Ms Rose Wangen-Jones, Managing Director, Marketing at London & Partners

Janet Legrand, Senior Lay Member of Court, The University of Edinburgh (Appointed 1 July 2021)

Annette Hay, Senior Research Partner, Coventry University (Appointed 1 July 2021)

Professor David Sadler, Deputy Vice Chancellor, Education, University of Western Australia (Appointed 1 July 2021)

Heather Francis, Chief Operating Officer, University of the Arts London (Appointed 1 July 2021)

Paul Woodgates, Accountant and recently retired Partner, PA Consulting (Appointed 1 July 2021)

## Co-optee

Dr Samuel Grogan, PVC Student Experience, University of Salford

No Trustees received any payment for their duties other than reimbursement of travel and subsistence expenses incurred in the course of their duties. All claimants have been reimbursed a total of less than £1k on aggregate during the year.

Related party transactions are reported in note 22 to the financial statements.

## Executive

Alison Johns, Chief Executive Officer

David Bass, Associate Director, Equality, Diversity and Inclusion (Appointed 28 June 2021)

Tracy Bell-Reeves, Director of Programmes and Events

Greg Ferrari, Director of Strategic Transformation

Hannah Harris, Company Secretary

Kathryn Harrison-Graves, Director of Membership and Accreditation

Kat Hunt, Associate Director of Marketing and Communications

Gary Loke, Director of Knowledge, Innovation and Delivery (Departed 30 June 2021)

Andy Shenstone, Director of Business Development and Delivery

Sarah Threadgold, Director of Finance and Resources

## Professional advisers

External auditors:

Grant Thornton UK LLP

Statutory Auditor

No 1 Whitehall Riverside

Leeds

LS1 4BN

## Current Bankers

The Royal Bank of

Scotland Plc

Centre Waterside Court

Chatham Maritime

Chatham

ME4 4RT

AIB Bank

XPO Box 114A

100/101 Grafton Street

Dublin 2

## Current Solicitors

DAC Beachcroft LLP

100 Fetter Lane

London

EC4A 1BN

Pinsent Masons

30 Crown Place

Earl Street

London

EC2A 4ES

Mills and Reeves

9th Floor

1 New York Street

Manchester

M1 4HD

# Introduction from Chief Executive

2020-21 was an exceptional and challenging year for students, staff working in HE and wider society. It has been no less challenging for our staff, associates and their families.

Throughout this period, we have remained focused on ensuring members maximise the benefits of Advance HE membership. As a result, we started the year with higher than anticipated membership renewals, in a period when providing timely and impactful support was more critical than ever.

To meet our members' priorities, we initiated projects focused on ensuring sustainability and readiness for the new normal and deep-dive initiatives looking at student partnerships in assessment, tackling structural racism and 'hybrid higher' (hybrid working and leadership in HE).

Our new Collaborative Development Fund has enabled members to work together to address emerging complex challenges, through securing grants for applied research projects that address key needs. This has proved especially popular and will feature in future years.

We were proud to launch the transformed UK Athena Swan Charter in June 2021, following a period of collaboration with colleagues from across HE, taking forward the recommendations of the Independent Review. The Charter has been significantly enhanced to bring about a paradigm shift from prescription to much greater autonomy and flexibility, and a reduction in administrative burden, including a halving of data requirements. Our focus now emphasises a developmental and supporting approach. The Charter was developed by the sector, and applications continue to be assessed by peer review by the sector.

The non-prescriptive approach of the Charter and our wider equalities work with the sector respects the autonomous position of institutions and allows them to develop their own plans to create inclusive teaching and research environments, where all voices can be heard and where everyone can thrive.

Our members expect Advance HE to collaborate effectively with other sector organisations to maximise our collective impact. Among multiple examples is our work with Jisc (and over a dozen other sector bodies) on Learning and Teaching Reimagined, with QAA on developing Education for Sustainable Development Guidance and HEPI on the Student Academic Experience Survey and the House of Commons Breakfast Seminar series.

Like our members Advance HE has had to continue our adaption to maximise member value. Aurora was transformed to adapt to the demands of this operating year with all modules re-designed for virtual delivery. Content was added via an 'on-boarding' webinar, support materials, new networking activities and themed discussion sessions based on TED Talks and similar stimulus materials.

Demand for strategic consultancy support across the spectrum of our provision grew considerably, with a notable increase in support required for governance effectiveness and development services.

Having successfully consolidated our CRM systems we launched a new customer portal that offers an easier booking process for our events and a better experience for Fellowship applications.

Throughout the year we had a strong focus on the wellbeing of our people, not just from a leadership perspective but from colleagues across the organisation. This saw our people come together to run wellbeing initiatives over the lockdown periods as well as virtual social activities. We established an Employee Engagement Forum and will be developing a hybrid working policy.

We also restated our commitment to creating an anti-racist culture. Co-creating this with our colleagues, we want Advance HE to be a place where staff from all backgrounds feel they belong, and can actively and safely report concerns and call out racism when they see and hear it.

At the start of the year, Advance HE like many others faced significant uncertainty due to the pandemic. We undertook prudent planning and exercised very strict cost control, although our forecasting had anticipated a return to face-to-face after Christmas. An exceptional year of disruption saw more lockdowns within the UK, minimal demand for face-to-face delivery and restrictions on international travel (and therefore delivery). As a consequence, we achieved significant savings in travel and delivery costs. At the same time there was a sustained growth in members and associated demand for core member services. The impact has been to generate an exceptional one-off 'spike' in our financial performance.

As well as bringing our reserves up to our target of six months trading, this exceptional performance will enable Advance HE to accelerate future investment in service modernisation. We are committed to maximising value for money and benefits rightly demanded by our members and the wider HE sector.

An exciting milestone for us was the launch of our new three-year strategy and we thank our members and stakeholders for their extremely constructive input. We are proud to have a deep-rooted partnership with the sector, sharing its values and understanding its unique culture and how this varies within local contexts. There are many challenges facing our sector and how we support members and stakeholders in this context has rightly informed the strategy development, and we look forward to delivering this to help HE be the best it can be.

The way in which we've been able to support our members in a challenging year is the product of the work of colleagues from across Advance HE, both staff and associates. Their resilience, commitment to our members and support for each other has been inspiring. They have my unreserved thanks, and that of the wider Executive for their continued dedication and professionalism.



Handwritten signature of Alison Johns.

Alison Johns  
Chief Executive

# Strategic Report and Trustees' Annual Report 2020-21 (including the Directors' Report)

## About Advance HE

Advance HE is a member-led 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 help institutions meet the challenges of the present and evolving higher education sector landscape. We bring together HE-focused expertise in governance, leadership, teaching and learning, and equality, diversity and inclusion, to help deliver world leading teaching, research and scholarship, civic missions and student outcomes.

We do this through the provision of specialist knowledge and resources, externally recognised benchmarking and recognition schemes, and a member-focused, collaborative approach.



## 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 products and services continue to deliver its charitable aims. Advance HE contributes to the world-wide reputation, success and value of the higher education sector through its global operations.

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

- + Providing strategic advice and co-ordination 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.

Advance HE operates across the global higher education community and provides benefit to different stakeholders including:

- + Institutions – a diverse range of higher education providers (HEPs);
- + Individuals – supporting them at all stages of their career;
- + The HE sector – working with governments, funding bodies, HE mission groups, professional, statutory and regulatory bodies, and other sector agencies and groups representing external stakeholders to support them in delivery of aims;
- + Other stakeholders – who access Advance HE products and services, such as Research Institutes and Further Education Colleges and supporting the development of HE wherever it is found, for example, the defence academy.

## Principal risks

Advance HE maintains a strategic risk register which details the high-level risks. The Executive is responsible for identifying risks and the appropriate response actions. The strategic risk register is reviewed by the Audit, Finance and Risk Committee at each of its meetings and an annual review is undertaken by the Board.

The following provides a summary of the main risks and their management during 2020-21:

- + Covid 19 Pandemic – the long-term impact of the pandemic on the higher education sector which means Advance HE needs to offer services that align closely with current member priorities.
- + Regulatory Environment – continual monitoring by Advance HE of the regulatory environment and changes in government to ensure Advance HE can proactively respond and support members. Monitoring of feedback from members and market insight in order to respond and incorporate relevant policy changes within programmes of work.
- + International Engagement – the impact on Advance HE's ability to deliver internationally and engage with its members. There has been continued development of online services particularly in response to international member demand.
- + Staff – The impact of illness as a result of Covid 19 reduces Advance HE's ability to deliver services to customers and the long-term impact of working from home negatively impacts staff wellbeing and productivity. Regular monitoring of operational delivery implications and a range of engagement initiatives with staff.

## Fundraising Policy

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, SFC) and from commissioned work from Europe. Advance HE does not use professional fundraisers or commercial participators, nor does it operate any voluntary standards and schemes for fundraising.

## Social responsibility

Advance HE is committed to being a socially responsible organisation, seeking to minimise adverse impacts on the environment wherever possible and to operate in accordance with sustainable development principles as outlined in its Corporate Social Responsibility Policy.

# Membership 2020-21

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“

*Advance HE brings us together as a sector to help tackle the ‘bigger than us’ challenges. Initiatives that support sector-wide enhancement such as Athena Swan, the Professional Standards Framework, Race Equality Charter, and the National Teaching Fellowship Scheme, add real value and strengthen us all. In the current climate it feels more important than ever for the sector to find means to collaborate to address the challenges we face, and Advance HE can help us achieve this together.”*

**Professor Becky Huxley-Binns,**  
PVC Education, University of Hull

## Membership 2020-21

**390**  
**members**  
**as we enter 2021-22**

(including 28 Research Institute members).  
This includes 85 members based outside the UK; in over 25 countries including the UK.



*Academic excellence is at the heart of ANU's strategy. Advance HE Membership supports us with developing and recognising our staff to international standards, to deliver high quality education for all of our students."*

**Professor Grady Venville Deputy Vice-Chancellor (Academic),**  
The Australian National University (ANU)

### Hybrid Higher project

The Hybrid Higher initiative brought together senior colleagues from across the sector with responsibility for planning future work and operational models. Through facilitated discussion in two webinar workshops colleagues worked to develop a picture of the challenges and opportunities involved in hybrid working, to share insights and to consider how to achieve a purposeful hybrid balance between virtual engagement and in-person collaboration.

## Member benefit 20-21

- + 26 live events
- + 4763 people registered
- + 91.5% satisfaction score

## Connect Benefit series themes 2020-21

The series focused on monthly themes designed to help our members develop resilience and to help institutions adapt to a new way of 'business as usual' within the transformed environment. Each month featured outputs including formats such as webinars, blogs/vlogs, Tweet chats, toolkits and guidance documents.

- + Learner-Focused Feedback Practices and Feedback Literacy
- + Developing Sustainable Resilience in HE
- + Diversity and inclusion – the critical governance role
- + Exceptional student retention
- + Engaging learners: Any time? Any place? Anyhow?
- + Re-thinking delivery models for quality higher education for all
- + How has Covid-19 impacted on gender equality in HE?
- + Sustainability for everyone: here and now
- + Transforming Organisations: from student to board
- + The future of the student voice? Policy, principles, practice
- + Celebrating success and addressing challenges in assessment

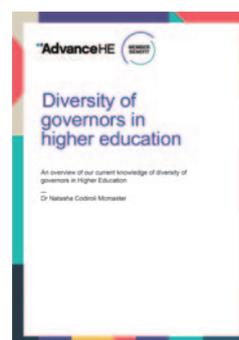
## Thought leadership, research and publications

- + Advance HE published 359 blog articles (from Advance HE and other sector voices) and news posts in 2020-21, helping to share knowledge and insights across the HE sector;
- + Published 44 publications and research, of which 33 were exclusively for members, including:

### Diversity of governors in higher education

- Just 41.9% of governing board members were women, compared to 54.6% of staff members overall.
- Around nine in ten governors were white (89.2%), 5.3% were Asian and 2.6% were Black.
- 5.4% HE governors were disabled, and a long-standing illness or health condition was the most commonly reported impairment among disabled governing board members.
- In general, the age profile of governors was higher than for staff overall, but a higher proportion of governors were age 25 and under (reflecting the inclusion of student members on the majority of HEI boards).

<https://www.advance-he.ac.uk/knowledge-hub/diversity-governors-higher-education>



### Equality in higher education: staff and students statistical reports

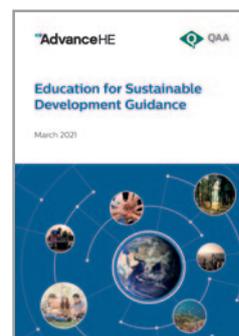
- Age: The proportion of mature students has fallen by 11.3% points since 2003-04.
- Disability: The proportion of students who disclosed as disabled has more than doubled since 2003-04.
- Ethnicity: The awarding gap between white and Black students was 22.6% points. If the current rate of progress continues, this gap won't close until the academic year 2085-86.
- Gender: Women continue to make up the majority of HE students; 57.2% of students were women and 42.8% were men. This gap has widened since last year's report.

<https://www.advance-he.ac.uk/knowledge-hub/equality-higher-education-statistical-report-2020>

### Education for Sustainable Development guidance

Jointly published by Advance HE and QAA the revised guidance helps UK higher education institutions incorporate Education for Sustainable Development (ESD) within their curricula to support students to develop values and take actions to transition society towards a sustainable future.

<https://www.advance-he.ac.uk/teaching-and-learning/education-sustainable-development-higher-education>



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

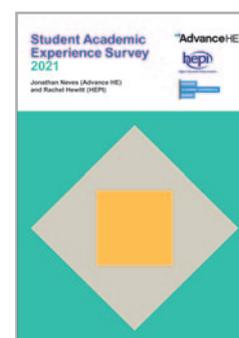
Comprising 19 papers and including the work of more than 40 authors, this publication addresses the central issues of assessment and feedback during and 'post' pandemic, and the vital importance of equality, diversity and inclusion in assessment and feedback. It is split into three parts: *Assessment and academic standards in the post pandemic assessment*

*landscape, Inclusivity and assessment, and Assessment and sustainability.* Readers will notice the breadth of coverage across the papers, incorporating research studies, disciplinary examples, ideas for practice, as well as more conceptual pieces.

### Student Academic Experience Survey

Now in its 15th year, the survey published jointly by Advance HE and the Higher Education Policy Institute (HEPI), has become one of the key barometers of the undergraduate student voice. It found:

- 27% felt they had received 'good or very good' value, reversing the improving trend recorded between 2017 and 2019. 44% reported 'poor or very poor' value – a significant leap from the 29% of students with that perception in 2019, reflecting the major upheaval in their academic experience.
- For students who felt their expectations were not met 54% of these said there was too little in-person contact with other students and 51% said there was too little in-person interaction with staff.
- Despite this, the majority of students – 58% – would still have chosen the same course and institution; 29% had considered leaving higher education with 34% of those giving mental / emotional health as the primary reason.
- The top three areas identified to improve the academic experience were: 'Improve assessment feedback'; 'More in person teaching/campus activities'; and 'Better communication'.
- Two thirds of students feel their institution is committed in eliminating racial inequalities; though only 53% of Black students hold this view; and a spotlight on specific student groups shows that Black students also have a less positive academic experience than white students.



### The UK Athena Swan Charter

We launched the transformed UK Athena Swan Charter, following a period of collaboration with colleagues from across the sector, taking forward the recommendations of the Independent Review. The Charter has been significantly enhanced to bring about a paradigm shift from prescription to autonomy and flexibility and a reduction in administrative burden, including a halving of data requirements and Advance HE moving from a focus on assessment or judging, to a developmental and supporting approach. With the Charter having been developed by the sector, awards continue to be made by peer review from the sector.

We established the Athena Swan Governance Committee to provide sector-driven assurance, expert advice and guidance to the Advance HE Board on matters relating to the transformation and ongoing enhancement of the Athena Swan Charter as recommended by the Independent Review of Athena Swan.

The non-prescriptive approach of the Charter and our wider equalities work with the sector respects the autonomous position of institutions and allows them to develop their own plans to create inclusive teaching and research environments, where all voices can be heard and where everyone can thrive.

## Equalities Charters

- + 148 Athena Swan members (UK and Ireland) with 135 institutional level awards
  - + 84 REC participants (UK) with 18 institutional bronze-level awards
- (at the end of 2020-21)

## Race Equality Charter

The Race Equality Charter (REC) aims to increase the representation, progression and success and improve the experiences of Black, Asian and minority ethnic staff and students across the sector. Member institutions self-assess to develop initiatives, solutions and actions to advance race equality, and can demonstrate their progress by applying for a Bronze or Silver award.

The REC supports higher education institutions to engage in participatory conversations about racial inequalities in their institution and the wider sector. Increasing engagement in race equality work and the REC across the sector is vital to addressing racial inequality in higher education and greater support and guidance is required for institutions striving to advance race equality.

When the REC was co-created in 2015/16, Advance HE committed to evaluate the process and impact of the Charter at the four-year point. In 2019, Advance HE commissioned two independent reviews of the REC comprising of the following areas:

- + Phase 1 (undertaken in 2019/20): Explored the qualities of successful and unsuccessful REC submissions and made recommendations to enhance impact, efficacy and participation.
- + Phase 2 (undertaken in 2020/21): Conducted a process and impact evaluation with REC member institutions to evaluate the mechanics, processes and policies that underpin the Charter. The evaluation also explored the embedding and impact of the principles and engagement in advancing race equality through the form of the Charter.

Both phases of the evaluation recommended providing greater support to the sector and REC members in order to increase the uptake of the REC and enable the sector to engage meaningfully in the Charter to impact on advancing race equality in higher education. This year saw publication of two independent reviews of the Race Equality Charter to ensure that the Charter continues to best support and engage the sector. The REC is currently undergoing development in line with recommendations made by those independent reviews.

This year we established the [Race Equality Charter Governance Committee](#) to provide sector-driven assurance, expert advice and guidance to the Advance HE Board for the development of the Charter.

## Teaching Excellence Awards

We were proud to announce 56 new National Teaching Fellows and 15 winning teams of the Collaborative Award for Teaching Excellence in the year that was the 20th anniversary of the National Teaching Fellowship Scheme.

There are now over 960 National Teaching Fellows. On gaining the award, they play an ongoing role in enhancing teaching and learning within their institution, the HE sector and further afield.

### New Collaborative Development Fund 20-21

Members were invited to tender for grants to run research projects to address emerging needs through collaborative projects. The project themes were:

- + **The Board Diversity Practice Project**
- + **Developing flexible ecosystems for education that support student success**
- + **Research to inform the scope of a leadership in HE survey leading to a future recognition framework.**

# Consultancy and enhancement support 2020-21

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*Lockdown was a massive wake-up call for us and required a significant shift in mentality from everyone at the College. This programme was about putting learning back in the hands of learners and now 30 percent of the courses at the College are taught online. It is a fundamental change in pedagogical approach and we needed the expertise from Advance HE to make that transition.”*

**Craig Tupling, Vice Principal, Quality and Student Experience,**  
Bradford College

# Consultancy and enhancement support 2020-21

Advance HE supports institutions to shape and deliver their strategic priorities by providing expertise and evidence-based insight – helping to build capacity and capability to improve performance for organisations, teams and individuals.

During 2020-21 we worked on 259 projects supporting organisations in both the UK (187, including 22 Governance Effectiveness Reviews) and outside of the UK (72).

## Examples of our work

- + The Scottish Rural College commissioned Advance HE to support the College in its application for Taught Degree Awarding Powers. This involved facilitation of conversations across the College regarding academic vision and strategy, conducting gap analysis/audit of evidence against requirements with developmental recommendations.
- + The Wellcome Trust commissioned Advance HE to develop a new development programme targeted at those in research who belong to groups currently underrepresented on higher education and research boards and governing bodies.
- + Advance HE worked with 19 institutions across the year on a collaborative project 'Embedding Enterprise' into the curriculum.
- + Advance HE is part of the consortium leading the Skills for Prosperity hub on behalf of the Foreign, Commonwealth & Development Office (FCDO), providing technical support in relation to HE and Gender, Equality and Social Inclusion, supporting nine middle-income countries;
- + In India, as part of the UK India Education and Research Initiative (UKIERI) delivering an online national HE Leadership Development Programme for 100+ Administrators from over 40 HEIs.
- + In Pakistan, supporting the strategic development of the National Academy for Higher Education and up to 500 newly-qualified PhDs to gain Associate Fellowship.
- + Close work with the British Council including supporting HE sector reform and development work in Georgia, Pakistan, India, Uzbekistan, Ukraine and Peru.
- + Advance HE engaged eight HEIs from Australasia & South America in the Embedding Mental Wellbeing in the Curriculum International Collaborative Project.



*Over the last 3 years the Ukraine Higher Education Leadership Development programme has provided capacity building for 40 Ukrainian universities to foster a new leadership culture in national higher education. The feedback we have heard from participants on the knowledge and skills is impressive.”*

**Simon Williams,**  
British Council

# Developing people 2020-21

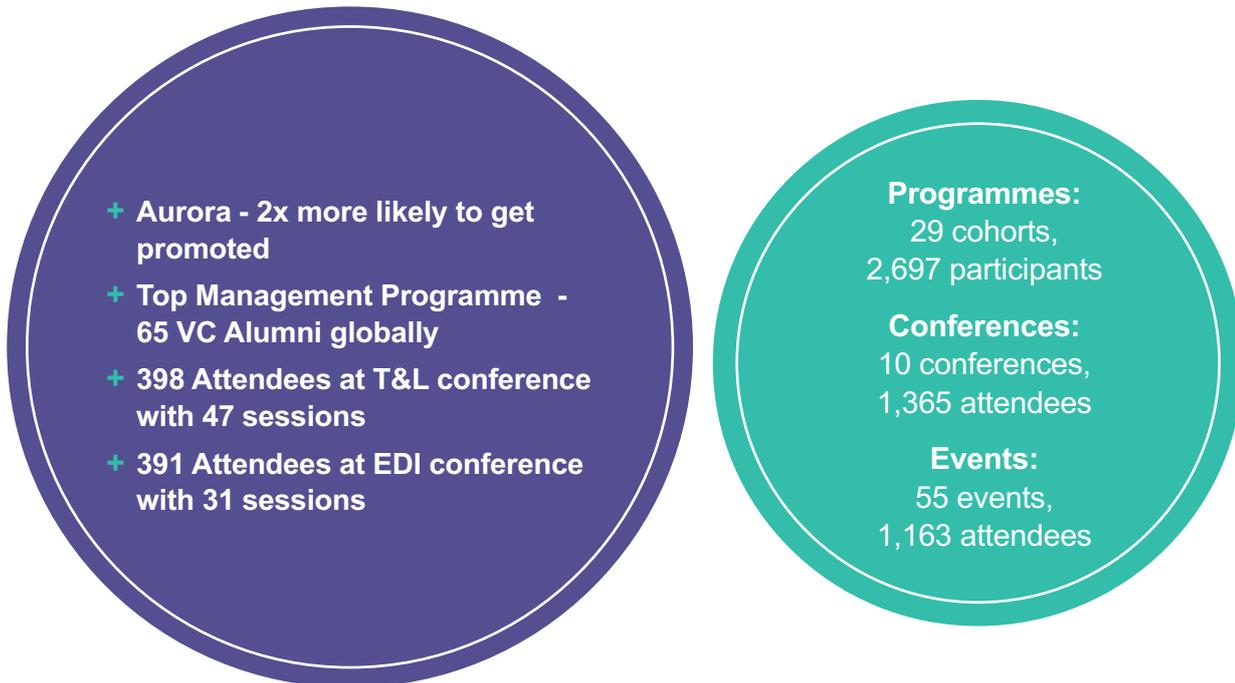
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“

*This programme was delivered brilliantly and had a great reflection on the issues surrounding Virtual and Disconnected Teams, I felt I learnt a lot of new strategies to balance my team at this difficult time.”*

**Marianne McInnes** Director - Operations,  
The Glasgow School of Art

## Developing people 2020-21



Our portfolio of development was refreshed to ensure it meets the sector's evolving needs. This included increasing the focus on digital delivery and the development of new offers and online pedagogy to support effective and engaging teaching. Examples included New to Digital Teaching, Leading Virtual and Disconnected Teams programme, the Spotlight Series for Senior Strategic Leaders, Enhancing Programme Leadership and an updated Governance Professionals in HE programme.

We structured our development services around the issues that the sector was grappling with covering Gender Equality, Race Equality, Fostering Inclusion, Developing Leadership, Teaching and Learning for Student Success and Strategic Leadership.

All of our activity was delivered virtually and we were able to adapt to retain key elements which are the hallmarks of Advance HE programmes, such as networking interactions, diagnostic tools, action learning and external input including simulations run by actors.

Net Promoter Score (a measure of customer satisfaction and loyalty) grew from 44 (19-20) to 68 (20-21) on a scale of -100 to +100.



*One of the best courses I have been on. The balance between theory and practical application was fantastic. Very useful in the real world."*

**Steven Cutler, Deputy Director of Finance,**  
University of Birmingham.



*Thought provoking speakers and practical advice is a hallmark of Advance HE events."*

**John Bateman, Chair,**  
University of Worcester.

# Sector Support 2020-21

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# Sector Support 2020-21

## Research and reports for the sector

### Student Survey sector reports

- The Postgraduate Taught Experience Survey showed that 79% of postgraduates were satisfied with their taught experience compared with 82% in 2019, although the reporting period coincided with the first lockdown.
- The Postgraduate Research Experience Survey showed overall satisfaction remained high at 80% indicating a degree of stability over the past three years.
- The UK Engagement Survey, a survey of very nearly 14,000 UK undergraduates, measuring their levels of engagement from February to June 2020. Students surveyed since the spring lockdown report higher levels of engagement in four out of seven areas. Most notably, there is higher engagement in partnering and interacting with staff.

### Disabled Students' Commission – Considerations for disabled applicants applying for undergraduate and postgraduate courses

This guidance highlights the process from application, to things to look out for on open-days and visits and accepting an offer, helping to pre-empt any barriers from the outset. Other considerations include provision for mental health and wellbeing and learning and assessment, as well as routes and eligibility for funding for reasonable adjustments and how to deal with any complaints.

<https://www.advance-he.ac.uk/knowledge-hub/considerations-disabled-applicants-applying-undergraduate-courses>

<https://www.advance-he.ac.uk/knowledge-hub/considerations-disabled-applicants-applying-postgraduate-courses>

## Advance HE Connect

Advance HE Connect is a professional networking platform connecting all those who work in HE to share, connect and collaborate in one place. This is facilitated by user-led network groups, forums, media centres and group projects.

- + 22,400 users around the world
- + 1,511 institutions represented
- + 229 user-led groups
- + 21% increase in users

## Knowledge Hub

The Knowledge Hub houses all the resources, toolkits, reports and publications, including those that are freely available and those that are restricted for use by those who work for member organisations.

### Knowledge Hub

250,559  
people visited  
8,499  
documents viewed,  
497,684 times

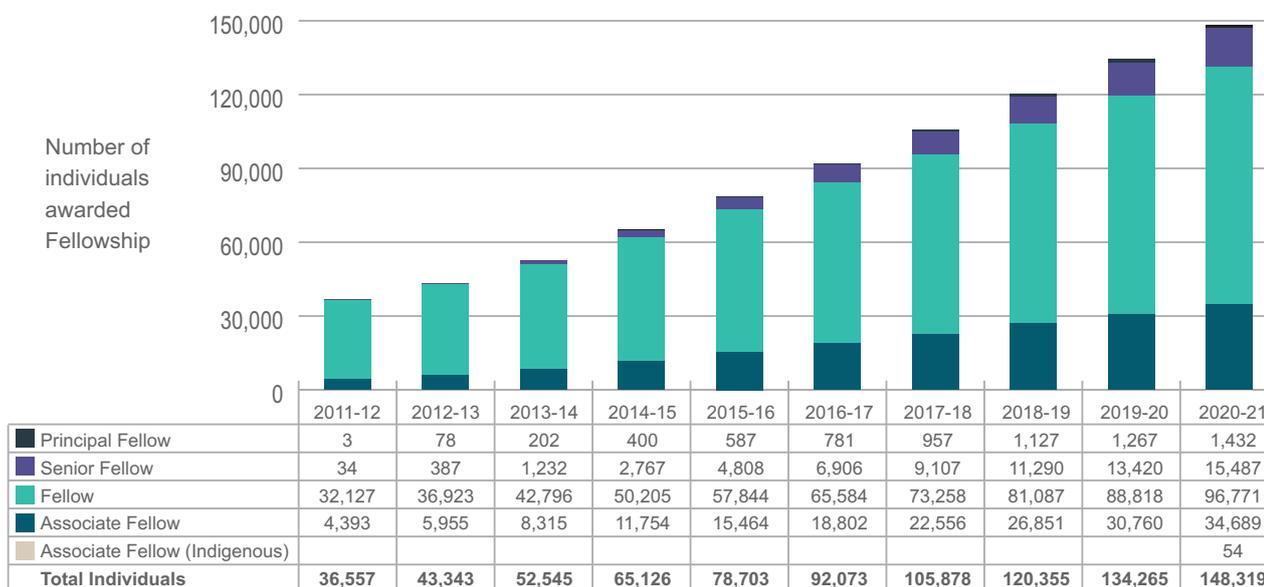
## Fellowship

Fellowship demonstrates a personal and institutional commitment to professionalism in teaching and learning in higher education. Across four categories, from Associate to Principal Fellowship, Fellowships are widely recognised within the UK and increasingly around the world.

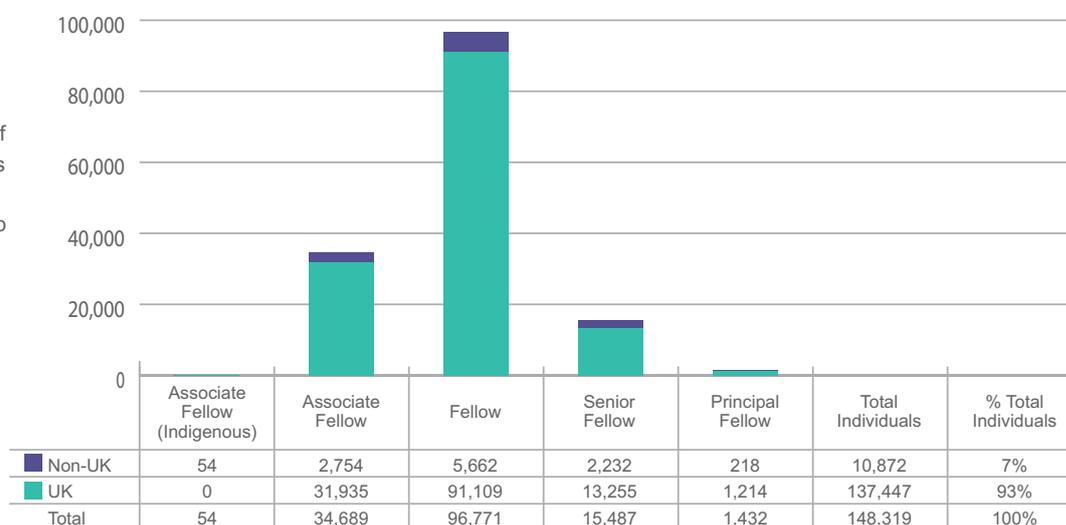
The Fellowship community continues to grow rapidly as more institutions and individuals seek to benchmark their practice independently.

- + Over 148,000 Fellows awarded across all categories.
- + A 10% increase in the number of Fellows since the end of July 2020, with 14,054 new people gaining Fellowship.
- + Over 10,000 Fellows employed outside the UK – representing 7% of total Fellows.

### Fellowship numbers (as at 31 July 2021)



### Fellowship numbers UK and Non-UK (as at 31 July 2021)



## Equalities Charters outside of the UK

Advance HE's Equality Charter frameworks are used across the globe to support and transform gender and race equality within higher education and research. Our international charters aim to establish frameworks that are globally comparable and locally contextualised. We manage and operate Athena Swan Ireland and support charter programmes in Australia, the US, Canada, and India through training and consultancy. We are in the process of agreeing a programme of work with Brazil and we are in exploratory conversations with Japan and New Zealand.

In 2021, Advance HE completed a charter development plan for Athena Swan Ireland. The new Ireland charter is aligned with the national priorities of higher education in Ireland as well as the Horizon Europe Gender Equality Plan requirements. The objectives of the 2021 charter framework are to support institutions to undertake impactful and sustainable gender equality work and to support capacity building for evidence-based equality work across the other equality grounds enshrined in Irish legislation. There are currently 88 award holders, 19 institutions, 69 departments.

The Dimensions programme in Canada is finalising the application and assessment framework to support the first applications under the pilot scheme in autumn 2022. The Dimensions programme addresses obstacles faced by, but not limited to, women, Indigenous Peoples, persons with disabilities, members of visible minorities/racialized groups, and members of LGBTQ2+ communities.

In India, the development of the Gender Advance for Transforming Institutions (GATI) has begun, and we are contributing to design of the charter materials, facilitating knowledge transfer through supporting partnerships with Athena Swan participants in the UK, and through training and consultancy.

We continue to support the Sea-Change (USA) and SAGE- Athena Swan (Australia) teams in their work to embed and develop the charter programmes in their respective contexts, benefiting from mutual learning across the global charters community.

## Funded work

In 2020-21, Advance HE received funding in the UK from the Scottish Funding Council (SFC), for a programme of strategic support on equality, diversity and inclusion for Scottish colleges and universities and from Higher Education Funding Council for Wales (HEFCW) for a set of sector wide enhancement projects in Wales. Funding from HEFCW is determined on an annual basis; funding from SFC ceased in July 31 2021.

## Key financial performance indicators

Many charities, organisations and institutions have experienced significant financial uncertainty, operational and organisational interruption over the last two years due to the Covid-19 pandemic requiring exceptional interventions and measures in order to protect their financial position. As a charity, Advance HE needs to protect its reserves in order to fulfil its charitable objects and to support its members for the future.

Over 95% of the income Advance HE generates is through the procurement of its offer by higher education institutions of specialist support services, rather than through being awarded Grants, Core funding or Government Department monies. This inevitably carries considerable uncertainty and risk to its financial position, even outside of a worldwide pandemic. Similar to the latter part of financial year 2019-20, the operations and financial performance of Advance HE continued to be heavily influenced by the pandemic and worldwide restrictions on travel and face-to-face activities throughout 2020-21.

The financial performance for 2020-21 (excluding the USS Pension elements) reports an exceptional/ one-off result that was the product of invaluable membership support, strict cost controls and the swift transition to virtual delivery to ensure services to our members and customers continued, as well as the reduced costs of travel and face-to-face delivery costs through the Government embargo. These results are treated as exceptional and are not expected in future years. There are plans to invest Reserves in 2021-22 in Advance HE services, technology and infrastructure, as well as a return to travel and face-to-face delivery (subject to Government guidelines).

For the financial year ended 31 July 2021 there was a total operating surplus of £1,575k compared to a total operating surplus in 2019-20 of £403k. (The operating surplus for 2020-21 and 2019-20 being before the USS Pension movements).

Total income was £877k higher than in 2019-20, partly due to the delayed delivery and hence recognition of income within 2020-21, due to Covid-19.

Overall total expenditure (excluding the USS Pension) as a percentage of income was 7% lower than 2019-20. The control of costs in the year, staff vacancies and travel restrictions being the main contributing factors.

During the year £442k of investment expenditure was incurred for the development of Advance HE's services and infrastructures (£190k in 2019-20). Within Intangible Assets, £257k was capitalised and £192k was expensed.

The annual pension liability adjustment incorporating the deficit reduction plan for the USS Pension scheme resulted in a small increase to the provision for the extra employer pension contributions required over the life of the plan, by a total of £5k (2019-20 was a decrease of £1,280k). This in turn has not materially impacted the reserves (and has no impact on the cash position or on financial risk).

As explained in note 25, subsequent to the Balance Sheet date the USS Pension liability value has moved following the agreement of the 2020 Valuation by the Joint Negotiating Committee (JNC).

The financial results for the year are summarised below:

	<b>2021</b>	<b>2020</b>	<b>Change</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
Total income	15,294	14,417	877	6.1
Total expenditure	(13,719)	(14,014)	(295)	(2.1)
<b>Total surplus</b>	<b>1,575</b>	<b>403</b>	<b>1,172</b>	<b>290.8</b>
USS Pension adjustment	(5)	1,280	(1,285)	
<b>Total adjusted surplus/(deficit)</b>	<b>1,570</b>	<b>1,683</b>	<b>(113)</b>	<b>(6.7)</b>

## Total income

Advance HE generated income of £15,294k (2019-20 £14,417k) via a number of activities including:

- institutional memberships (within the UK and International)
- programme, events and conferences
- individuals applying for Fellowship through direct recognition based on their experience
- staff development and change programmes including open and bespoke programmes
- consultancy services for a number of higher education institutions and Government bodies both within the UK and internationally
- funding body grants.

Within 2020-21 there was £Nil of income (2019-20 £198k) in respect of the Government's Coronavirus Job Retention Scheme.

## Total expenditure

Total expenditure (excluding the USS Pension adjustment) during the year was £13,719k (90% of income).

	<b>2021</b>	<b>2020</b>	<b>Change</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
Staff costs	8,444	8,273	171	2.1
Other operating expenses	4,973	5,567	(594)	(10.7)
Depreciation	212	95	117	123.1
Interest and other finance costs	90	79	11	13.9
<b>Total expenditure</b>	<b>13,719</b>	<b>14,014</b>	<b>(295)</b>	<b>(2.1)</b>

Overall total expenditure was lower than 2020 as a result of the pandemic related worldwide lockdowns, reducing the costs in travel and face to face costs of delivery.

Staff costs were however slightly higher in 2021 compared to 2020 due to lower levels of payroll vacancies and the increase in the USS employer pension contributions.

Other operating expenses in 2021 were lower than 2020 due to the cost savings made regarding travel and subsistence, face to face delivery expenditure and the increased utilisation of Advance HE delivery teams (rather than external associates) due to Covid-19.

## Balance sheet and liquidity

Total Unrestricted Reserves at 31 July 2021 are £6,540k (2019-20, £4,970k). This includes a Designated Reserves fund of £500k created for the purposes of future development expenditure to be utilised over the forthcoming two financial years. The Total Unrestricted Reserves includes a USS Pension liability of £2,455k (2019-20 £2,427k). The Unrestricted Reserves equate to approximately 5.8 months of operational expenditure.

Excluding the USS Pension (which is not an immediate significant cash liability but is one that could impact on cash in the unlikely event of the liability crystallising), the Total Unrestricted Reserves are £8,947k (2019-20, £7,372k).

The deficit recovery portion of the USS Pension valuation that is included in the employer contribution rates, is absorbed into operational expenditure as well as incorporated into annual budgets, forecasts and cash flow plans.

Note 25 provides further information on the USS Pension scheme deficit recovery plan.

## Cash flow

	<b>£000</b>
Cash at bank and in hand at 1 August 2020	14,493
Surplus for the year	1,570
Adjustment for non-cash movements included in surplus	219
Adjustment for changes in working capital	(931)
Capital expenditure	27
Net cash movement	885
Cash at bank and in hand at 31 July 2021	15,378

There was a net inflow of cash of £885k (2019-20, inflow of £3,463k) resulting in Advance HE having a cash balance of £15,378k at the year-end. Within this balance was £4,409k of cash relating to advance payments that will be released over the future related periods to which it relates.

## Future developments

### Advance HE products, services, staff and infrastructure

By continuing to consult and engage with its members and the sector, throughout 2021-22 Advance HE will continue to further create new and develop and modernise current products and services, to support its members and stakeholders and their needs and in the modes of delivering this support that utilise the fast evolving digital environment.

The actions of the Athena Swan independent review will be progressed and implemented from 2020-21 along with furthering the review of the Race Equality Charter.

A full review of the Professional Standards Framework with the sector will commence during 2021-22.

Staff development will be a key focus in 2021-22 ensuring that staff are fully skilled to enable the digital evolutions in methods of delivering to our members and stakeholders and in the new ways of working and opportunities that the pandemic has brought.

With the milestone launch of our 2021-2024 Strategy, a review of the required operating model and organisational design will be undertaken and developed to deliver a highly effective and valued experience to its members and stakeholders.

The final programme of systems consolidation will continue into 2021-22 with the transformation of Advance HE's financial governance and finance system.

## Financial performance

Advance HE's overall financial plans are driven by its financial strategy including meeting financial key performance indicators and by its unrestricted reserves policy of holding six months of operational expenditure.

## Brexit

Advance HE will adopt any resultant changes following the exit agreement into its policies and practices as they are agreed and put into force.

## Going concern

The Board have received reports on financial and non-financial indicators which are of significance to longer term financial sustainability.

As in 2019-20, particular emphasis during 2020-21 has been around the impact that the Covid-19 pandemic has had on the activities of Advance HE and on any carrying amounts within the assets and liabilities in the Balance Sheet into 2021-22.

The operating financial budget for 2021-22 has therefore been prepared following a number of scenario plans, each with associated trigger and escalation actions and predicts a breakeven position. In addition, there are plans to invest Reserves in 2021-22 in Advance HE core services, technology and infrastructure, as well as a return to travel and face-to-face delivery (subject to Government guidelines).

The normal Advance HE planning cycle of multi-year budgets will begin in the spring of 2022 and will reflect the continued changing environment that Advance HE is responding to.

A review of the Balance Sheet as at 31 July 2021 has been undertaken regarding any impairment risks. The Board considers that there are no significant risks.

There is £4.9m of advance cash receipts as at 31 July 2021 that relate to the following and associated related future periods of release:

£3.9m which relates to membership renewal agreements for release during 2021-22;  
£0.7m which relates to membership renewal agreements for release during 2022-23;  
£0.3m which relates to membership renewal agreements for release during 2023-24.

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

After considering these factors, the Board has also approved the business plan, financial forecasts, cash flow forecast covering the period to 31 July 2023 and the required reserve levels and is satisfied that Advance HE will operate in a financially sustainable manner. The Board will monitor the direct and indirect impact of Covid-19 and Brexit in 2021-22. 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 do 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.

The Trustees' Annual Report has been approved by the Board on 22 February 2022 and signed on its behalf by:

*Stephen Marston*

**Mr Stephen Marston (Chair)**

*Alison Johns*

**Alison Johns (Chief Executive)**  
**22 February 2022**

# Corporate Governance and Internal Control Statement

Advance HE is a registered charity and was incorporated as a company limited by guarantee on 14 October 2003. Advance HE is committed to demonstrating best practice in all aspects of corporate governance, following good practice guidance relevant to its status. This summary describes the manner in which Advance HE has applied this guidance. Its purpose is to help the reader of the accounts understand how the principles have been applied.

Advance HE endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). These are known as the Nolan Principles.

## **Board of Directors**

Sir Nigel Carrington continued as Chair of the Advance HE Board in 2020-21 until 17 February 2021 at which point Mr Stephen Marston, a current Board member, was appointed as Chair.

The Board of Directors, which meets formally four times a year, is responsible for Advance HE's long-term strategy and objectives and for providing overall financial and organisational control. In this role it brings independent judgement to issues of strategy, performance, resources and standards of conduct.

In order to monitor and scrutinise progress, the Board is provided with regular and timely information on the overall financial performance of Advance HE together with other information such as performance against targets, and proposed capital expenditure.

The Company Secretary maintains a register of financial and personal interests of the Directors and Trustees. The register is available for inspection at the registered office. All Directors/Trustees are able to take independent professional advice in furtherance of their duties at Advance HE's expense and have access to the Company Secretary, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment and removal of the Company Secretary are matters for the Board as a whole.

Formal agendas, papers and reports are supplied to Directors/Trustees in a timely manner, prior to Board meetings.

The Board has an independent non-executive membership. The Board considers that each of its members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Chief Executive are held by separate individuals.

The Chair is responsible for leading the Board and ensuring its effectiveness.

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.

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

The Board conducts its business through a number of committees: Audit, Finance and Risk, Governance and Nominations, Remuneration, and Equality, Diversity and Inclusion. Each committee has terms of reference, reviewed annually and approved by the Board. The decisions of these committees are formally reported to the Board.

## **Governance and Nominations Committee**

The Governance and Nominations Committee meets at least once a year and was chaired by Sir Nigel Carrington until 17 February 2021 and then by the new Chair, Stephen Marston. A further four Board Directors comprise the committee, two of whom are representatives of UUK and GuildHE. The committee is responsible for the selection and nomination of any new member for the Board's consideration.

## **Audit, Finance and Risk Committee**

The Audit Committee meets at least four times a year and was chaired by Stephen Marston until 26 March 2021 at which point Chris Sayers took over as Chair of the committee. The committee is comprised of up to five members, two of whom if the committee considers it necessary for particular skills and experience can be co-optees. In addition, the external auditors will attend at least one of the committee meetings. The committee is responsible for advising the Board on the following key issues:

### Audit and Risk

- reviewing the integrity of the financial statutory statements and work of the external auditors prior to recommending the approval of the annual accounts
- reviewing the effectiveness of internal control and risk management arrangements
- the extent to which satisfactory arrangements are in place to promote value for money through economy, efficiency and effectiveness
- to review the effectiveness and independence of the external auditors and ensuring the appropriate implementation of recommendations.

### Financial matters

- consideration and formulation of the finance planning for the organisation, including the recommendation of an annual budget and medium-term financial forecast
- the financial health and solvency of Advance HE, including the safeguarding of its assets
- oversight of key financial policies and frameworks including the financial regulations.

At least once a year, the external auditors meet the committee for independent discussion, without the presence of management.

The Audit, Finance and Risk Committee will advise the Board on the appointment of external auditors and their remuneration for both audit and non-audit work. It has delegated authority to appoint internal auditors and set their terms of engagement.

## **Remuneration Committee**

The Remuneration Committee meets at least once a year and was chaired by Professor Janice Kay. The committee comprises the Chair of the Board, Chair of Audit, Finance and Risk Committee and two other Board Directors. The committee has 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.

## **Equality, Diversity and Inclusion Committee**

The Equality, Diversity and Inclusion Committee was chaired by Professor Geoff Layer and meets up to four times per year. The committee has eight members including a further two Board members on the committee with co-opted members for particular expertise from outside the membership of the Board of Directors. It has responsibility for providing the strategic direction on all aspects of Advance HE's EDI work.

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.

## **Peer Review Quality Committee**

The Peer Review Quality Committee was chaired by Professor Helen Higson. The membership is made up of a further two Board members and three co-optees, selected for their particular skills and expertise. The committee provides strategic oversight of the quality assurance and enhancement of all Advance HE's peer-review services ensuring they are proportionate, reliable and meet the needs of the member community.

## **Internal control**

### Scope of responsibility

The Board is ultimately responsible for Advance HE's system of internal control and for reviewing its effectiveness. However, such a system 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 to the Board any material weaknesses or breakdowns in internal control.

### Capacity to handle risk

The Board has reviewed the key risks to which Advance HE is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. In the opinion of the Board, a formalised process for identifying, evaluating and managing Advance HE's significant risks has been in place throughout the year and up to the date of approval of the annual report and accounts, and a process for identifying, evaluating and managing operational risks has been developed.

*Stephen Marston*

**Mr Stephen Marston (Chair)**

*Alison Johns*

**Alison Johns (Chief Executive)**  
**22 February 2022**

# Trustees' Responsibilities Statement

The Directors and Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the Directors and Trustees to prepare statutory accounts for each financial year. Under that law, the Directors and Trustees prepare the statutory accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the Directors must not approve the statutory accounts unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of Advance HE for that period. In preparing these statutory accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Advance HE will continue in operation
- safeguard the assets of the organisation and take reasonable steps for the prevention and detection of fraud and other irregularities.

Directors and Trustees must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, Directors and Trustees are responsible for securing economical, efficient and effective management of Advance HE's resources and expenditure.

The Directors confirm that:

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Signed on behalf of the Board

*Stephen Marston*

**Mr Stephen Marston (Chair)**  
**Company No. 04931031**  
**22 February 2022**

# Independent Auditor's Report to the Members of Advance HE

## Opinion

We have audited the financial statements of Advance HE (the 'charitable company') for the year ended 31 July 2021, 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 2021 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 Brexit and Covid-19, 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.

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.

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.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

## **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Statutory Report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we 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 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 included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

## **Matter 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 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' Responsibilities Statement, 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.

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

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 Charity'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 Charity'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.

## 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.



**Peter Edwards BA FCA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield

**22 February 2022**

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

# Statement of principal accounting policies

## Company information

Advance HE is a registered charity and company limited by guarantee. The registered office is Innovation Way, York Science Park, Heslington, York, YO10 5BR. The country of incorporation is England.

## Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), the Companies Act 2006, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). In addition, certain disclosures, including those in respect of staff remuneration, have been expanded on to include disclosure as required under the HE SORP.

## Going Concern

The Board have received reports on financial and non-financial indicators which are of significance to longer term financial sustainability.

As in 2019-20, particular emphasis during 2020-21 has been around the impact that the Covid-19 pandemic has had on the activities of Advance HE and on any carrying amounts within the assets and liabilities in the Balance Sheet into 2021-22.

The operating financial budget for 2021-22 has therefore been prepared following a number of scenario plans, each with associated trigger and escalation actions and predicts a breakeven position.

In addition, there are plans to invest Reserves in 2021-22 in Advance HE core services, technology and infrastructure, as well as a return to travel and face-to-face delivery (subject to Government guidelines).

The normal Advance HE planning cycle of multi-year budgets will begin in the spring of 2022 and will reflect the continued changing environment that Advance HE is responding to.

A review of the Balance Sheet as at 31 July 2021 has been undertaken regarding any impairment risks. The Board considers that there are no significant risks.

There is £4.9m of advance cash receipts as at 31 July 2021 that relate to the following and associated related future periods of release:

£3.9m which relates to membership renewal agreements for release during 2021-22;

£0.7m which relates to membership renewal agreements for release during 2022-23;

£0.3m which relates to membership renewal agreements for release during 2023-24.

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

After considering these factors, the Board has also approved the business plan, financial forecasts, cash flow forecast covering the period to 31 July 2023 and the required reserve levels and is satisfied that Advance HE will operate in a financially sustainable manner. The Board will monitor the direct and indirect impact of Covid-19 and Brexit in 2021-22. 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 do 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.

## Recognition of income

### Grant Funding

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.

### Institutional Memberships

Institutional Memberships are recognised over the period to which they relate.

### Other Income

Income from specific commissioned monies, contracts, Coronavirus Job Support Scheme 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.

### Furlough Income

The income from the Coronavirus Job Support Scheme (within other income) is accounted for on an accruals basis and recognised in the accounts in the period that the expense was incurred and having met all the conditions of the furlough scheme.

### Investment Income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

## Grants made

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.

## Pension schemes

Advance HE participates in 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.

## 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.

## Intangible assets

Intangible assets are capitalised where they are capable of being used for a period that exceeds one year.

## Assets under construction

Intangible assets under construction relate to a new finance software system.

## 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

## Leased assets

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

## 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.

## Provisions

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.

## 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.

## 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.

## 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.

## Reserves

During the year Advance HE's reserves policy was reviewed with the target level of unrestricted reserves of six months of operational expenditure being maintained. This policy allows Directors to meet their obligations under the Companies Act and to comply with Charity Commission guidance.

The impact of the decreased USS pension liability provision has materially increased the amount of general reserves of Advance HE. Accordingly, the current reserves policy and target are maintained, but with the liability for the pension added back to general reserves (as representing liabilities predominantly due after one year). Performance against the target is disclosed and measured both before and after this adjustment. These are shown in note 23.

Advance HE has an allocated £500k designated reserve fund to be utilised for the 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 would be fully utilised within the next two years.

The Unrestricted Reserves as at 31 July 2021 equate to approximately 5.8 months of operational expenditure.

## 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.

## Creditors

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.

## 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 Income statement.

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.

# Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 July 2021

	Notes	Restricted £000	Unrestricted £000	Total 2021 £000	Total 2020 £000
<b>Income</b>					
Funding body grants	2	-	770	<b>770</b>	663
Other income	3	-	14,490	<b>14,490</b>	13,700
Investment income	4	-	34	<b>34</b>	54
<b>Total income</b>		-	15,294	<b>15,294</b>	14,417
<b>Expenditure</b>					
Staff costs	5	-	(8,444)	<b>(8,444)</b>	(8,273)
Other operating expenses	7	-	(4,973)	<b>(4,973)</b>	(5,567)
Depreciation and Amortisation	9, 10	-	(212)	<b>(212)</b>	(95)
Interest and other finance costs	8	-	(90)	<b>(90)</b>	(79)
USS Pension annual adjustment	7	-	(5)	<b>(5)</b>	1,280
<b>Total expenditure</b>		-	(13,724)	<b>(13,724)</b>	(12,734)
Surplus for the period		-	1,570	1,570	1,683
Fund balances brought forward		-	4,970	<b>4,970</b>	3,287
<b>Fund balances carried forward</b>		-	6,540	<b>6,540</b>	4,970

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.

# Balance sheet as at the 31 July 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	9	261	275
Intangible assets	10	<u>267</u>	<u>498</u>
		<u>528</u>	<u>773</u>
<b>Current assets</b>			
Debtors	11	4,882	4,081
Cash at bank and in hand		<u>15,378</u>	<u>14,493</u>
		<u>20,260</u>	<u>18,574</u>
Creditors: amounts falling due within one year	12	(11,416)	(11,838)
		<u>8,844</u>	<u>6,736</u>
<b>Net current assets</b>		<u>8,844</u>	<u>6,736</u>
<b>Total assets less current liabilities</b>		<u>9,372</u>	<u>7,509</u>
Provisions for liabilities	13	<u>(2,830)</u>	<u>(2,538)</u>
<b>NET ASSETS</b>		<u>6,540</u>	<u>4,970</u>
<b>Reserves</b>			
Income and Expenditure Reserve	23	6,040	4,970
Specific Reserve	23	500	
<b>TOTAL RESERVES</b>		<u>6,540</u>	<u>4,970</u>

The financial statements on pages 43 to 57 were approved by the Board on 22 February 2022 and were signed on its behalf by:

*Stephen Marston*

**Mr Stephen Marston (Chair)**  
Advance HE  
Company number 04931031

**22 February 2022**

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

# Statement of cash flows for the year to 31 July 2021

	Notes	2021 £000	2020 £000
<b>Cash flows from operating activities</b>	14	<b>1,030</b>	3,871
Cash flows used in investing activities	15	<b>(56)</b>	(25)
Cash flows from/(used in financing activities)	16	<u><b>(89)</b></u>	<u>(382)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u><b>885</b></u>	<u>3,464</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year	17	<b>885</b>	3,464
<b>Movement in net funds in the year</b>		<u><b>885</b></u>	<u>3,464</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u><b>14,493</b></u>	<u>11,029</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><b>15,378</b></u>	<u>14,493</u>

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

# Notes to the financial statements

## 1. 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:

### 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.

### 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.

## 2. Funding body grants

	<b>2021</b>	2020
	<b>£000</b>	£000
Scottish Funding Council*	<b>668</b>	557
Higher Education Funding Council for Wales	<b>70</b>	12
Other	<b>32</b>	94
	<b><u>770</u></b>	<u>663</u>

\*2020-21 is the last year of the Scottish Funding Council grants.

### 3. Other Income

	<b>2021</b> <b>£000</b>	2020 £000
Institutional memberships	<b>6,917</b>	6,823
Other income	<b>7,573</b>	6,679
Other grant income (Coronavirus Job Retention Scheme)	-	198
	<b>14,490</b>	13,700

### 4. Investment income

	<b>2021</b> <b>£000</b>	2020 £000
Interest receivable	<b>34</b>	54
	<b>34</b>	54

### 5. Staff

	<b>2021</b> <b>£000</b>	2020 £000
Staff costs		
Wages and salaries	6,515	6,362
Social security costs	693	696
Pension costs	1,236	1,215
Movement on USS provision	5	(1,280)
	<b>8,449</b>	6,993

Voluntary severance payments made in relation to the impact of Covid-19 included in the above are £16k (2019-20: £41k).

Emoluments of the Chief Executive:

	<b>2021</b> <b>£000</b>	2020 £000
Total emoluments	<b>172</b>	175

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

	<b>2021</b> <b>£000</b>	2020 £000
£60,000 to £64,999	<b>12</b>	14
£65,000 to £69,999	<b>4</b>	1
£70,000 to £74,999	<b>3</b>	3
£75,000 to £79,999	-	1
£80,000 to £84,999	-	-
£85,000 to £89,999	<b>2</b>	2
£100,000 to £104,999	<b>1</b>	1
£105,000 to £109,999	<b>1</b>	1
£145,000 to £149,999*	-	1
£165,000 to £169,999*	<b>1</b>	-
	<b>24</b>	<b>24</b>

\*The movement between bands relates to payments in lieu of pension and not a salary increase.

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

	<b>2021</b> <b>No.</b>	2020 No.
Operations	<b>111</b>	110
Marketing	<b>12</b>	13
Overheads	<b>24</b>	24
	<b>147</b>	<b>147</b>

## 6. 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 Chief Executive's Group of Advance HE. The total employee benefits of the key management personnel were £1,050k (2019-20, £1,033k).

## 7. Other operating expenses

	<b>2021</b> <b>£000</b>	2020 £000
Operational costs	2,881	3,198
Indirect staff costs	5	22
Rent and rates	723	716
Heat, light and power	33	36
Travel and subsistence	44	460
Postage, printing, stationery and telephone	110	137
Professional fees	105	88
Office equipment and computer maintenance	701	413
General expenses	49	55
Public relations and marketing	273	311
Recruitment costs	47	126
Loss on disposal of assets	-	6
USS Pension annual adjustment	5	(1,280)
	<b>4,978</b>	<b>4,288</b>

	<b>2021</b> <b>£000</b>	2020 £000
Other operating expenses include:		
Auditor's remuneration		
- External auditor's remuneration in respect of audit services	<b>37</b>	34
Hire of buildings – operating leases	<b>610</b>	599

## 8. Interest and other finance costs

	<b>2021</b> <b>£000</b>	2020 £000
Bank charges	<b>66</b>	22
Finance cost of USS Pension	<b>24</b>	57
	<b>90</b>	79

## 9. Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office equipment £000	Fixtures & fittings £000	Total £000
<b>Cost</b>					
Opening balance	140	498	51	216	905
Additions	-	74	-	-	74
Disposals	-	(5)	-	-	(5)
At 31 July 2021	140	567	51	216	974
<b>Depreciation</b>					
Opening balance	15	423	22	170	630
Charge for the year	14	45	15	14	88
Disposals	-	(5)	-	-	(5)
At 31 July 2021	29	463	37	184	713
<b>Net book value</b>					
At 31 July 2021	<b>111</b>	<b>104</b>	<b>14</b>	<b>32</b>	<b>261</b>
<b>Net book value</b>					
At 31 July 2020	125	75	29	46	275

## 10. Intangible Assets

	Under construction £000	Computer systems £000	Total £000
<b>Cost or valuation</b>			
Opening balance	437	88	525
Additions	42	-	42
Transfers	(449)	449	-
Disposals	-	(192)	(192)
At 31 July 2021	30	345	375
<b>Amortisation</b>			
Opening balance	-	27	27
Charge for the year	-	129	129
Disposals	-	(48)	(48)
At 31 July 2021	-	108	108
<b>Net book value</b>			
At 31 July 2021	<b>30</b>	<b>237</b>	<b>267</b>
At 31 July 2020	437	61	498

## 11. Debtors

	2021 £000	2020 £000
Amounts falling due within one year:		
Trade Debtors	3,649	3,252
Other debtors	176	186
	<u>3,825</u>	<u>3,438</u>
Deferred costs	167	70
Prepayments	301	354
Accrued income	589	219
	<u><u>4,882</u></u>	<u><u>4,081</u></u>

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

	2021 £000	2020 £000
Trade creditors	280	456
Other tax and social security	289	239
Accruals and Deferred Income	10,847	11,143
	<u><u>11,416</u></u>	<u><u>11,838</u></u>

## 13. Provisions for liabilities

	Obligation to fund past deficit on USS pension £000	Office dilapidations £000	Total £000
As at 1 August 2020	2,427	111	2,538
Charged in the year	28	264	292
At 31 July 2021	<u><u>2,455</u></u>	<u><u>375</u></u>	<u><u>2,830</u></u>

## 14. Reconciliation of consolidated operating surplus to net cash flow from operating activities

	2021 £000	2020 £000
<b>Surplus for the year</b>	<b>1,570</b>	1,683
Depreciation and Amortisation (note 9 and 10)	219	95
Decrease in debtors (note 11)	(801)	1,296
(Increase)/decrease in creditors (note 12 & 13)	(130)	734
Interest receivable (note 4)	(34)	(54)
Interest payable and similar charges (note 8)	90	79
Loss on disposal of Assets	116	6
Net cash inflow from operating activities	<u>1,030</u>	<u>3,839</u>

## 15. Returns on investments and servicing of finance

	2021 £000	2020 £000
Interest receivable	34	54
Interest payable and similar charges	(90)	(79)
Net cash outflow from returns on investments and servicing of finance	<u>(56)</u>	<u>(25)</u>

## 16. Capital expenditure and financial investment

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Capital expenditure including intangible (note 10)	(89)	(351)
Net cash outflow from capital expenditure and financial investment	<u>(89)</u>	<u>(351)</u>

## 17. Analysis of changes in net funds

	At 1 August 2020 £000	Cash flow £000	At 31 July 2021 £000
Cash at bank and in hand	14,493	885	15,378
Total	<u>14,493</u>	<u>885</u>	<u>15,378</u>

## 18. Pensions and similar obligations

The total amount credited to the Income and Expenditure account is £29k (2019-20: cost in the Income and Expenditure account of £1,223k) resulting in a total provision of £2,455k (2019-20 £2,426k).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. The actuarial valuation as at 31 March 2020 has been signed off and filed with the Pensions Regulator. As this was finalised after 31 July 2021, the new rates will be applied and disclosed in the 2021-22 Statutory Accounts. Note 25 discloses the calculation based on this new valuation.

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

The key financial assumptions used in the 2018 valuation are described below.

	2021	2020	2019
Discount rate	0.89%	0.98%	1.58%
Pensionable salary growth	n/a	n/a	n/a
Price inflation (CPI)	1.50%	2.00%	2.11%

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

### 2018 valuation

Mortality base table

#### Pre-retirement:

71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.

#### Post retirement:

97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.

Future improvements to mortality

CMI\_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for female

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which required payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate increased to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	<b>2021</b>	<b>2020</b>
Scheme assets	£63.7bn	£60.0bn
Total Scheme liabilities	£67.3bn	£67.5bn
FRS 102 total Scheme deficit	£3.6bn	£7.5bn
FRS 102 total funding level	95%	89%

## 19. Capital commitments

A contracted capital commitment was in place as at 31 July 2021 for a value of £12k (2020: £11k) for 2020-21 activity that relates to the construction of a new Finance System.

## 20. Financial commitments

At 31 July 2021 Advance HE had total commitments under non-cancellable operating leases as follows:

	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Future minimum lease payments due:</b>		
Not later than 1 year	<b>610</b>	610
Later than 1 year and not later than 5 years	<b>2,243</b>	2,293
Later than 5 years	<b>1,121</b>	1,680
	<b><u>3,974</u></b>	<u>4,583</u>

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

## 21. Contingent liabilities

There were no contingent liabilities at 31 July 2021 (2020: £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 material 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	Institution	Receipts from the institution	Payments to the institution	Owed from the institution
		£000	£000	£000
J Kay	University of Exeter	83	-	-
G Layer	University of Wolverhampton	7	3	(6)
S Grogan	University of Salford	68	-	(57)
S Marston	University of Gloucestershire	65	-	(1)
N Seaton	Abertay University	32	-	(23)
H O'Sullivan, E Simmons	University of Chester	25	-	(14)
A Hay	Coventry University	75	-	(75)
S Qureshi	SAE	-	-	-
Janet Legrand	University of Edinburgh	56	-	(39)
N Carrington, H Francis	University of the Arts London	-	-	-
N Arnold	JISC	-	10	-
C Cobb	University of London	1	-	(8)
H Higson	Aston University	5	-	(6)
C Sayers		-	-	-
R Wangen-Jones	London & Partners	-	-	-
D Sadler	University of Western Australia	-	-	-
P Woodgates		-	-	-

## 23. Reserves

	General reserve	Designated reserve	Unrestricted reserve	Total
	£000	£000	£000	£000
Reserves <b>including</b> USS Pension liability				
As at 31 July 2020	<b>4,970</b>	<b>500</b>	<b>4,470</b>	4,970
Surplus / (Deficit) for the period	1,570	-	1,570	1,570
Transfer to reserve		-	-	-
At 31 July 2021	<b>6,540</b>	<b>500</b>	<b>6,540</b>	<b>6,540</b>

The unrestricted reserves including the pension liability at 31 July 2021 equated to 5.8 months (2020: 4.3 months) of operational expenditure.

	<b>General reserve</b>	<b>Designated reserve</b>	<b>Unrestricted reserve</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Reserves <b>excluding</b> USS Pension liability				
As at 31 July 2020	<b>7,372</b>	<b>500</b>	<b>6,872</b>	7,372
Surplus / (Deficit) for the period	1,575	-	1,575	1,575
Transfer to reserve			-	-
At 31 July 2021	<b>8,947</b>	<b>500</b>	<b>8,447</b>	<b>8,947</b>

The unrestricted reserves excluding the pension liability at 31 July 2021 equated to 8.0 months (2020: 6.3 months) of operational expenditure.

The designated (specific) reserve fund is required for the strategic investment into the development of products and services to our stakeholders and our internal capabilities to deliver this.

## 24. Financial instruments

	<b>Year ended 31 July 2021 £000</b>	Year ended 31 July 2020 £000
Financial assets that are debt instruments measured at amortised cost:		
Trade and other debtors	<b>3,825</b>	3,438
Cash	<b>15,194</b>	14,493
Accrued income	<b>589</b>	219
	<b>19,608</b>	18,150
Financial liabilities measured at amortised cost:		
Trade and other creditors	<b>1,564</b>	1,348

## 25. Post Balance Sheet event

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation, this actuarial valuation was ongoing at the balance sheet date of 31 July 2021. The scope of this exercise covers a wide range of potential outcomes, reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general. Whilst there has been a recent recovery in some asset values to pre-pandemic levels, the outlook for expected future investment returns has deteriorated since the valuation date of 31 March 2020.

As a result of the increased scheme deficit following the 2020 Valuation the Joint Negotiating Committee (JNC) has instigated a member consultation around proposed changes in response to the rising cost of providing the scheme's current benefits. Its decision introduces new contribution rates through execution of a benefit change deed in February 2022. A new Recovery Plan, Schedule of Contributions and Statement of Funding Principles was signed by the Trustee as part of the 31 March 2020 valuation, with new contribution rates effective from 1 October 2021. In particular, the deficit recovery contributions payable will also be dependent on the enactment of a Benefit Change Deed as below. Deficit Recovery Contributions (DRC) under the 2018 Valuation (2% of salary up to 30 September 2021) cease from 1 October 2021.

**Option 1:**

Benefit Change Deed enacted before 28 February 2022

- From 1 April 2022: DRC 6.3% p.a. of Salary. The funding deficit would be expected to be eliminated by 31 March 2038.

**Option 2:**

Benefit Change Deed not enacted by 28 February 2022

- From 1 October 2022 to 31 March 2023: DRC 3% p.a. of Salary
- From 1 April 2023 to 30 September 2023: DRC 6% p.a. of Salary
- From 1 October 2023 to 31 March 2024: DRC 9% p.a. of Salary
- From 1 October 2024 to 31 March 2025: DRC 15% p.a. of Salary
- From 1 April 2025 to 30 September 2025: DRC 18% p.a. of Salary
- From 1 October 2025 onwards: DRC 20% p.a. of Salary

The funding deficit would be expected to be eliminated by 31 July 2032. These changes would impact the value of the USS provision within the statement of financial position for Advance HE. At this stage the funding position has not been agreed. If the option 1 proposal is agreed, it would result in an increase of £8.9m in the provision for the obligation to fund the deficit on the USS pension which would instead be £11.3m as at 31 July 2021. This adjustment would be reflected in the Financial Statements for the year ended 31 July 2022 subject to the agreement by the JNC of option 1. The change has not been adopted in these financial statements as the adoption occurred after 31 July 2021 and is therefore a non-adjusting event.

## 26. Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 July 2020

	Notes	Restricted £000	Unrestricted £000	Total 2020 £000
<b>Income</b>				
Funding body grants	2	-	888	<b>888</b>
Other income	3	(13)	13,506	<b>13,475</b>
Investment income	4	-	54	<b>44</b>
<b>Total income</b>		<b>(13)</b>	<b>14,448</b>	<b>14,417</b>
<b>Expenditure</b>				
Staff costs	5	-	(8,273)	<b>(8,273)</b>
Other operating expenses	7	-	(5,567)	<b>(5,567)</b>
Depreciation and Amortisation	9, 10	-	(95)	<b>(95)</b>
Interest and other finance costs	8	-	(79)	<b>(79)</b>
USS Pension annual adjustment	7	-	1,280	<b>1,280</b>
<b>Total expenditure</b>		<b>-</b>	<b>(12,734)</b>	<b>(12,734)</b>
Surplus for the period		(31)	1,714	1,683
Fund balances brought forward		31	3,256	<b>3,287</b>
<b>Fund balances carried forward</b>		<b>-</b>	<b>4,970</b>	<b>4,970</b>