

Statutory Report + Accounts



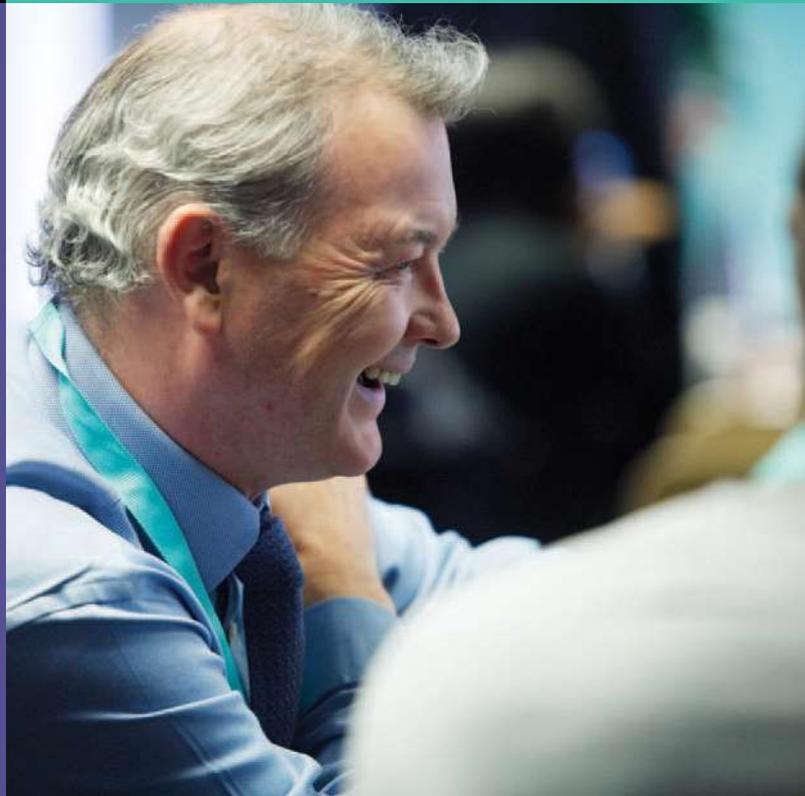
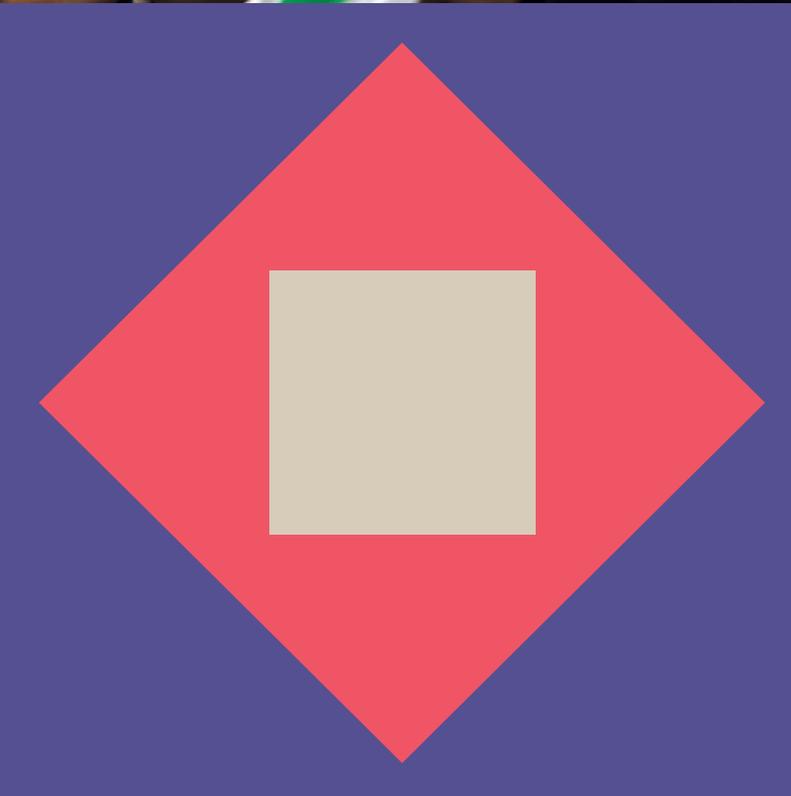
Year ended 31 July 2020

Company Registration Number: 04931031

Registered Charity Numbers: 1101607 & SC043946



Helping HE
Shape its
Future





Helping HE Shape its Future

We are Advance HE

We believe excellence is achieved by people.

We are dedicated to helping higher education shape its future.

Removing the barriers, so you can succeed.

Driving positive change, to make higher education better for all.



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Introduction from Chief Executive

Advance HE had a strong start to the year, underpinned by the positive sector reaction to our new membership offer. Designed in consultation with our members it provided choice and value through the flexibility of core accreditation services, supported by a strong suite of membership benefits for all staff within a member organisation.

There was a good appetite for our refreshed programmes and events portfolio that included launching our popular Top Management Programme (TMP HE) in Australia and New Zealand, as well as our inaugural Women in HE Conference, and we were commissioned by the Irish Universities Association to deliver a two-year system-level executive leadership programme,

We also had strong demand for our consultancy solutions with some high profile UK and international contracts, including with the British Council and the Foreign, Commonwealth & Development Office and demand for our governance effectiveness reviews increased. We were appointed to host the Disabled Students' Commission (DSC), and alongside partners including JISC, UUK and Emerge Education we began to create a roadmap for a digital shift in HE for 2020-21 and beyond.

We welcomed the results of the Athena Swan independent review – a review we'd commissioned after hearing the sector's concerns. We believe the resulting transformation work will ensure we continue to make real progress in improving gender equality in higher education and research. We also moved to the second phase of our review of our Race Equality Charter to ensure that the Charter remains fit-for-purpose.

We continued our work on addressing the issue of race inequality, which included a blog series in Black History Month, and commencing a series of webinars as part of our funded work with the Scottish Funding Council on tackling racism on campus.

Like everyone we faced the challenge of Covid-19. Many of our interventions had been face-to-face (within the UK and internationally) and we had to rapidly and efficiently adapt how we engaged with our members and delivered our support to them and the sector. Sensitive to institution's situations it was mostly agreed to postpone or defer work to the next academic year, rather than cancel it. At the same time, we instantly reduced our costs wherever possible to protect the financial position of the charitable organisation.

Through our consultative approach we worked with members to identify the core areas where they needed support in this new situation. Our ability to quickly flex based on this sector insight allowed us to deliver new member benefits with fantastic engagement. We also ran the Socially Distanced Campuses and Education Project which saw us engage with over 300 senior education leaders to conduct a rapid-response online project, resulting in five member-only leadership reports and a final freely available capstone for the sector.

Our member engagement also shaped our membership offer into 2020-21 providing support in the areas of developing resilience to succeed in times of uncertainty and complexity: designing sustainable and flexible educational programmes that enable student success under varying degrees of social distancing requirements; strengthening the leadership and governance

capacity to support effective strategic development and the successful management of transformation; understanding the impact on equalities of the current crisis and continue to enhance the inclusivity of higher education in a rapidly changing environment.

The resulting strong membership renewals in this time of uncertainty gave us confidence on our consultative approach and our ability to flex and react to member need. We will continue this through the next year as we work with our board and stakeholders on our strategy to take the agency to 2025.

Our strategy development work is part of a wider transformation programme launched during 2019-20. The programme's purpose is to finalise this strategy, and to deliver an operating model and organisational design best equipped to deliver on our long-term goals for the sector.

Our CRM systems have already been successfully consolidated, with a new customer portal made available to customers in August. We will continue to enhance member and stakeholder experiences, transform our digital capability and update our overall product/service proposition as the programme continues into 2020-21.

It is really important to thank the dedication and expert contribution of our colleagues and our associates. As an organisation that helps the people in HE, it is our people that really make us who we are.



A handwritten signature in black ink, appearing to read 'Alison Johns'.

Alison Johns
Chief Executive

Strategic Report and Trustees' Annual Report (including the Director's 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
- + identifying and changing any cultural and systemic practices that unfairly exclude, marginalise or disadvantage individuals or groups and promote inclusive approaches
- + 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 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 2019-20:

- + stakeholders – the membership offer does not deliver valued benefits for its UK and global members. Continued consultation and engagement with the sector is integral modus operandi for Advance HE
- + Advance HE relevance – the major review of one of Advance HE's key services, Athena Swan to strengthen its relevance and use within the sector and resulting action plan. Review of the Race Equality Charter, the Professional Standards Framework and Aurora will be undertaken in 2020-21
- + regulatory Environment – continual monitoring by Advance HE of the regulatory environment and changes in government including the impact of Brexit to ensure Advance HE can proactively respond. Advance HE will be monitoring the outcomes of Brexit through a separate risk register that will be reviewed by the Board and appropriate actions will be implemented when required
- + Covid-19 pandemic – the impact on the sector in 2019-20 and in the following years including risks concerning non-payment by debtors. As a result Advance HE has developed online products and services and will continue to develop a blended delivery approach
- + integration of business systems – consolidation of Advance HE systems (people, processes, information system) whilst ensuring continued delivery of services to its members
- + cyber threats – escalated due to the pandemic and the subsequent and necessary increase in cyber security and awareness.

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 or regulators (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.

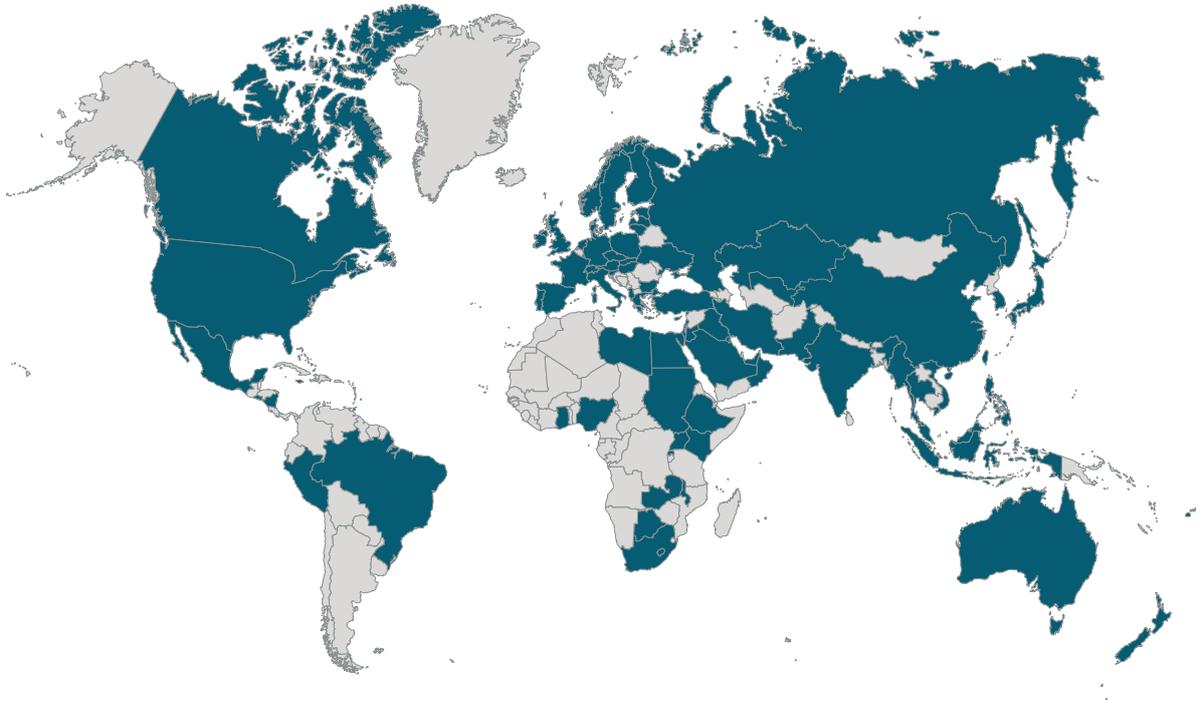
2019-20 Performance

The following outlines Advance HE's performance throughout 2019-20 and its position at the end of the financial year.

1. Members and where we work

- + Over 360 members as we enter 2020-21 (including 28 new Research Institute members).
- + Over 85 members based outside the UK.
- + Across 28 countries (including UK).

Countries Advance HE has members in



This map depicts the countries we have members, Fellows and the countries where we work.

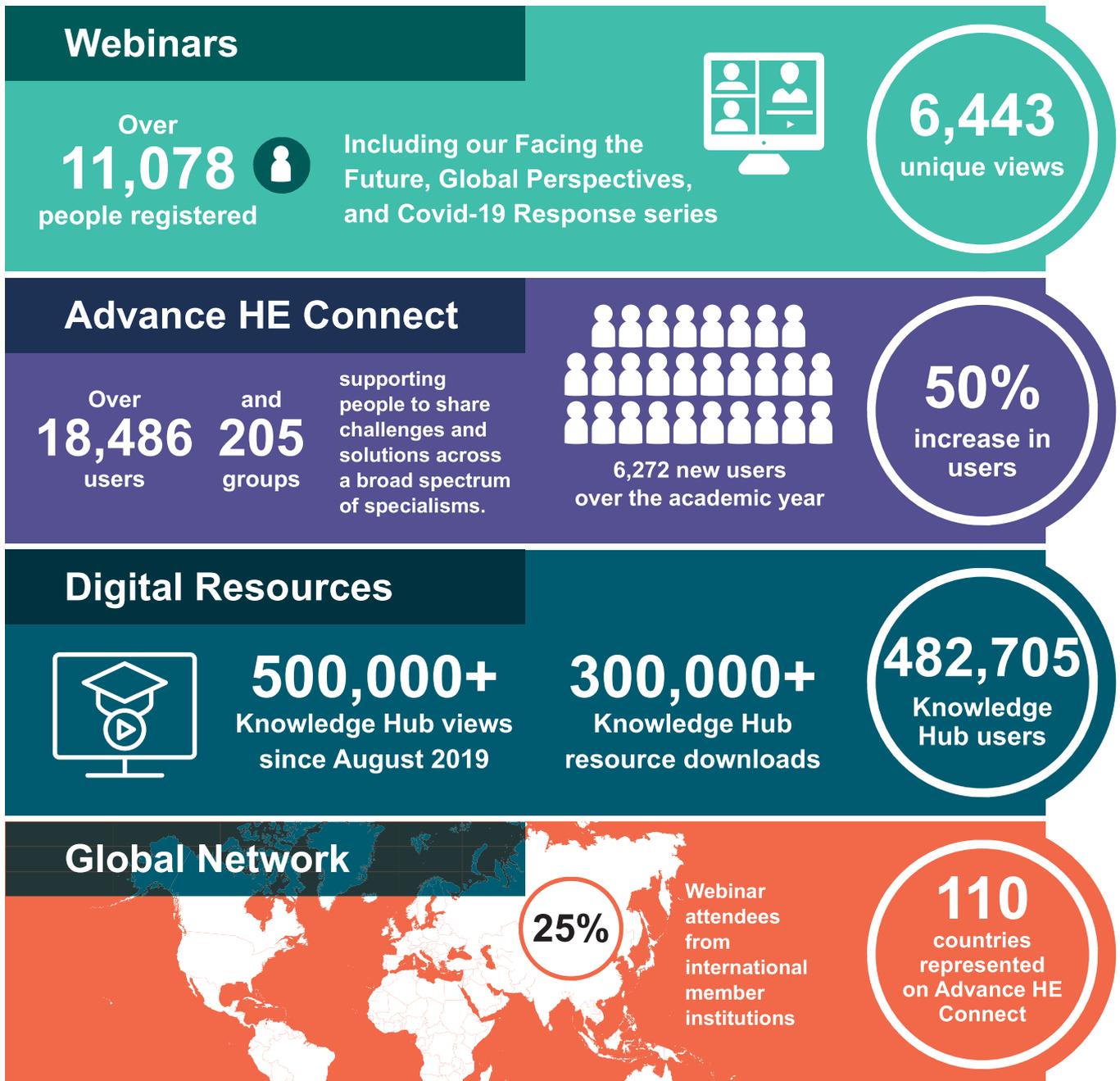
Advance HE brings us together as a sector to help tackle the ‘bigger than us’ challenges. Initiatives that support sector-wide enhancement such as Athena Swan, the Professional Standards Framework, Race Equality Charter, and the National Teaching Fellowship Scheme, add real value and strengthen us all. 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

2019-20 member benefits

- + The Socially Distanced Campuses and Education Project involving over 300 senior education leaders, resulting in five member-only leadership reports.
- + 20 reports and publications exclusively for members.
- + The Connect Event series consists of face-to-face events and webinars (these can be viewed post-event if member cannot attend live).
- + There had been 16 Member Benefit events planned but in response to the global pandemic 26 events were delivered.
- + These had an overall mean satisfaction of 94.4% (vs target +85%).

Engagement with Advance HE services over the 2019-20 membership year



2. Creating foresight and sharing insight

Thought leadership, research and publications

- + Advance HE published 373 blog and news posts in 2019-20, helping to share knowledge and insights across the HE sector.
- + Published 40 publications and research, of which 20 were exclusively for members, including:

Equality in higher education: staff and students statistical reports

- The reports identify some positive trends, such as the continued increase in the proportion of female professors, rising from 24.6% in 2016-17 to 25.5%.
- The attainment gap between White and Black first-degree undergraduate qualifiers with a First/2:1 degree, falling from 24.1 to 23.4 percentage points. However, even when the direction of change is positive, the pace of progress remains slow.

Enterprise and Entrepreneurship Framework

- New framework, guidance and best practice for embedding enterprise and entrepreneurship in the curriculum, developed in partnership with Enterprise Educators UK (EEUK), the Institute of Enterprise and Entrepreneurs (IOEE), the Institute for Small Business and Entrepreneurship (ISBE), the Small Firms Enterprise Development Initiative (SFEDI) and the Quality Assurance Agency (QAA).

Religion and Belief in UK Higher Education

The first report of its kind to examine how student outcomes may differ according to religion and belief.

- There were substantial differences in degree attainment by students' religion or belief. Overall 76.3% of students received a first or 2:1 degree, yet only 64.9% of Muslim students received a first or 2:1.
- Overall 57.0% of students are women. However, the analysis found that this split was not present in all religious groups. For Hindu and Muslim students, the gender split of people attending HE was close to 50:50.

Understanding Governance Performance and Future Challenges

Data from 20 governance effectiveness reviews revealed that governing bodies must:

- improve their approach to performance reviews of members, including Chairs
- better support student members
- improve their approach to overseeing the performance of their universities and better engage with the development of the long-term institutional strategy to be more proactive and less reactive
- improve diversity.

Three months to make a difference

This was the result of a series of four round table events that Advance HE hosted for the Disabled Students' Commission (DSC), the independent and strategic group funded by the Office for Students (OfS). The booklet highlighted seven key areas of challenge for institutions and policy makers to address, including:

- provide disabled applicants with support and guidance that is reflective of the Covid-19 pandemic in the clearing process
- ensure ease of access to funding for individual level reasonable adjustment
- consider disabled students when making university campuses and accommodation Covid-19 secure.

Student Academic Experience Survey

The fieldwork for this survey fell 50% before lockdown and 50% post-lockdown so it gave the sector some helpful early analysis about how students' experience changed over this period.

- 26% of students felt their overall academic experience was better than expected across the board – a strong increase of 6% from last year.
- Students are much more likely to cite the quality of feedback as a main reason that their experience was better than expected (37% compared to 29% last year).
- 90% of students report basic technology is used in their teaching but where advanced technology is used (7%), significantly more students say they would choose the same course and university again – a strong endorsement of how using the right technology, which complements the subject matter, can make a material difference to how students view their experiences.

Tackling racism on campus: Raising awareness and creating the conditions for confident conversations webinar series

This Advance HE Project was funded by the Scottish Funding Council and was led by an expert group of EDI practitioners, academics, tertiary education staff and students. The webinar series and associated works extend into 20-21.

3. Enhancing organisational performance

Student surveys

Our student surveys have been developed with the sector, to support the continuous improvement of students' academic experience. The surveys provide HE providers with valuable insights into how the undergraduate and postgraduate academic experience at their institution compares with that of others.

They enable providers to identify opportunities to target or accelerate change so students get the most from their studies. The results of all of the individual institutions are aggregated to provide indications of trends within the sector.

Postgraduate Taught Experience Survey



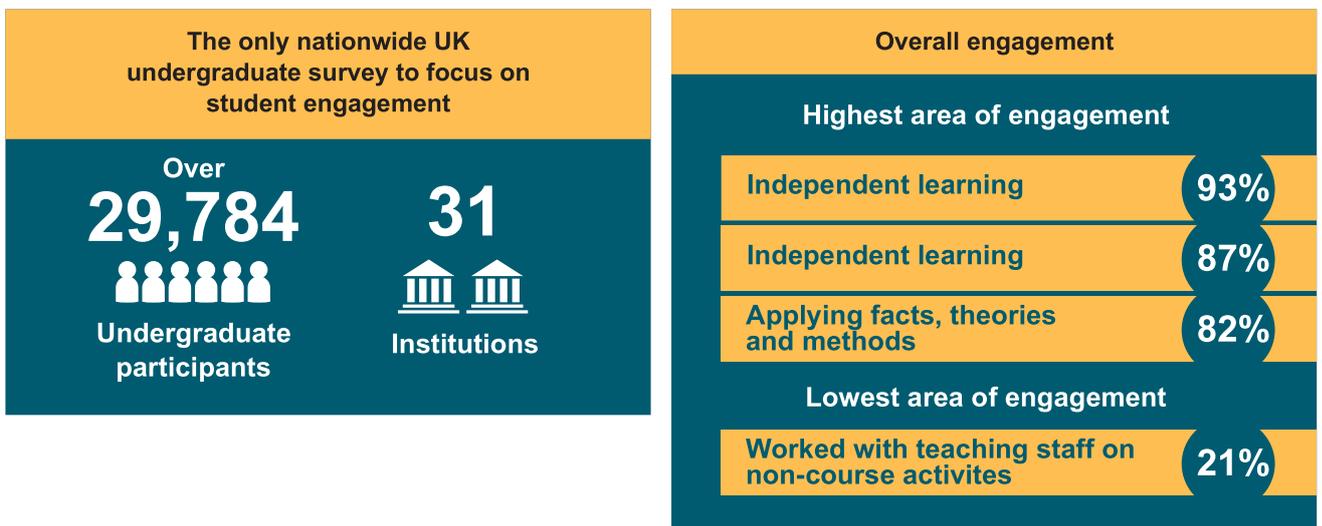
- Eight out of 10 postgraduate taught (PGT) students taking a taught course in the UK report continued satisfaction with the experience over a five-year period.
- More than a third (37%) felt programme delivery, including the quality of lecturers and contact time, could be improved.
- 34% said they would like to see better learning and project support.
- The survey also shows that institutions face a challenge to increase the relatively low overall satisfaction reported by PGT students from Asian, Mixed and Other backgrounds. The results could provide the impetus for institutions to conduct further investigative work to understand how these groups feel their experience can be improved.

Postgraduate Research Experience Survey



- Over 80% of postgraduate research (PGR) students are positive about their research experience.
- PGRs are motivated by the interest in their subject more than any other factor, and their positive response is broadly in the same range across all subject areas.
- Responding to new wellbeing questions in the survey, PGRs reveal striking levels of anxiety, with only 14% reporting that they have low anxiety. This compares with 41% of the general population with low anxiety as reported by the Office for National Statistics.

UK Engagement Survey



- Engagement in ‘research and inquiry’, and ‘critical thinking’ are both improving.
- Measuring engagement across five core categories, black students (65%) report the highest levels of engagement and participation, as opposed to white students (60%) and Chinese students (56%).
- This high-level of engagement and application by black students does not appear to translate into better outcomes when compared with other ethnicities.
- Also new this year is a question on whether students have considered leaving their course; 27% had considered leaving their course and there was evidence that working and partnering with staff in areas such as ‘activities other than course work’, ‘career planning’ and ‘evaluation and assessment’ alleviates this risk.

Bespoke Consultancy and Enhancement support

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.

EDI is a freshly invigorated area for our institution and this review [EDI audit] has been so valuable as it will enable us to refocus our intuitive approach using evidenced based lenses. We’re really looking forward to making differences where our staff tell us they will have the most impact.

Vicky Bosward

Senior HR Business Partner, Edge Hill University

During 2019-20 we worked on 140 projects supporting organisations in both the UK (84) and outside of the UK (56), and 26 Governance Effectiveness Reviews. We worked with partners and their circumstances to understand how they were affected by Covid-19 and where appropriate we rapidly shifted support online or postponed delivery to the next academic year.

It’s a tough report but I hope it will give us the basis for moving forward in a positive way so that we achieve real improvements in our governance that will benefit the institution.

The Right Honourable Dame Margaret Hodge, DBE, MP

Chair, College Council, Royal Holloway, University of London

Examples of our work

- + The University of Derby commissioned Advance HE to support the University to embedding the agency's best practice student success framework into all its programmes.
- + The University of Portsmouth commissioned Advance HE to deliver a Creating a Positive Culture in Science and Health programme, integrating our inclusion, culture, education and leadership expertise. Our support will enable School leadership teams to become empowered and skilled in exploring their own culture and developing it themselves.
- + Universities Scotland commissioned Advance HE to undertake a governance review for the organisation, its first since 2012, to coincide with a change of leadership.
- + Advance HE is part of the consortium leading the Skills for Prosperity hub on behalf of Foreign, Commonwealth & Development Office (FCDO), providing technical support in relation to HE and Gender, Equality and Social Inclusion, supporting nine middle-income countries.
- + Close work with the British Council including supporting HE sector reform and development work in Pakistan, India, Uzbekistan, Ukraine and Myanmar.

4. Accrediting and celebrating success

Teaching and Learning Accreditation

We accredit HE providers' initial and continuing professional development (CPD) programmes against the UK Professional Standards Framework (UKPSF). This enables individuals who have successfully completed an accredited programme to be awarded professional recognition at the appropriate Fellowship category.

A total of 169 (compared to 167 in 2018-19) providers are now accredited (both credit-bearing and CPD provision), with 151 institutions having a CPD scheme accredited by Advance HE (compared to 142 in 2018-19). This includes 25 HE providers (compared to 20 in 2018-19) located outside the UK in Australia, Bahrain, China, Hong Kong, Kenya, New Zealand, Spain, Thailand, Turkey, United Arab Emirates and USA.

Athena Swan

We welcomed the results of the Athena Swan independent review – a review we'd commissioned after hearing the sector's concerns. We believe the resulting transformation work will ensure we continue to make real progress in improving gender equality in higher education and research.

At the end of 2019-20 there were 167 Athena Swan participating higher education members in total, across both UK and Ireland, with 126 of these holding an institutional level award.

Athena Swan operates in the UK, Ireland and Australia and the Athena Swan and Race Equality Charter frameworks operate in the US and Canada. We are working on finalising a contract to help India develop a framework and are in advance stages with Japan and New Zealand about supporting the development of frameworks there too.

Race Equality Charter

The Race Equality Charter (REC) aims to improve the representation, progression and success of Black minority ethnic staff and students within higher education. Member institutions develop initiatives and solutions for action, and can apply for a Bronze or Silver REC award, depending on their level of progress.

This year saw us move to the second phase of our review of our Race Equality Charter to ensure that the Charter remains fit-for-purpose.

At the end of 2019-20 there were 67 REC members (an increase from 56) of which 15 hold an institutional level award (an increase from 12 award holders in 2018-19).

End Point Assessment

Advance HE began delivering End Point Assessment (EPA) and is the only organisation to be active in delivering EPA for the Level 7 Academic Professional Apprenticeship. We are the first, and only, in the sector to have been approved by the Institute for Apprenticeships and Technical Education (IfATE) to deliver EPA for L7 APA.

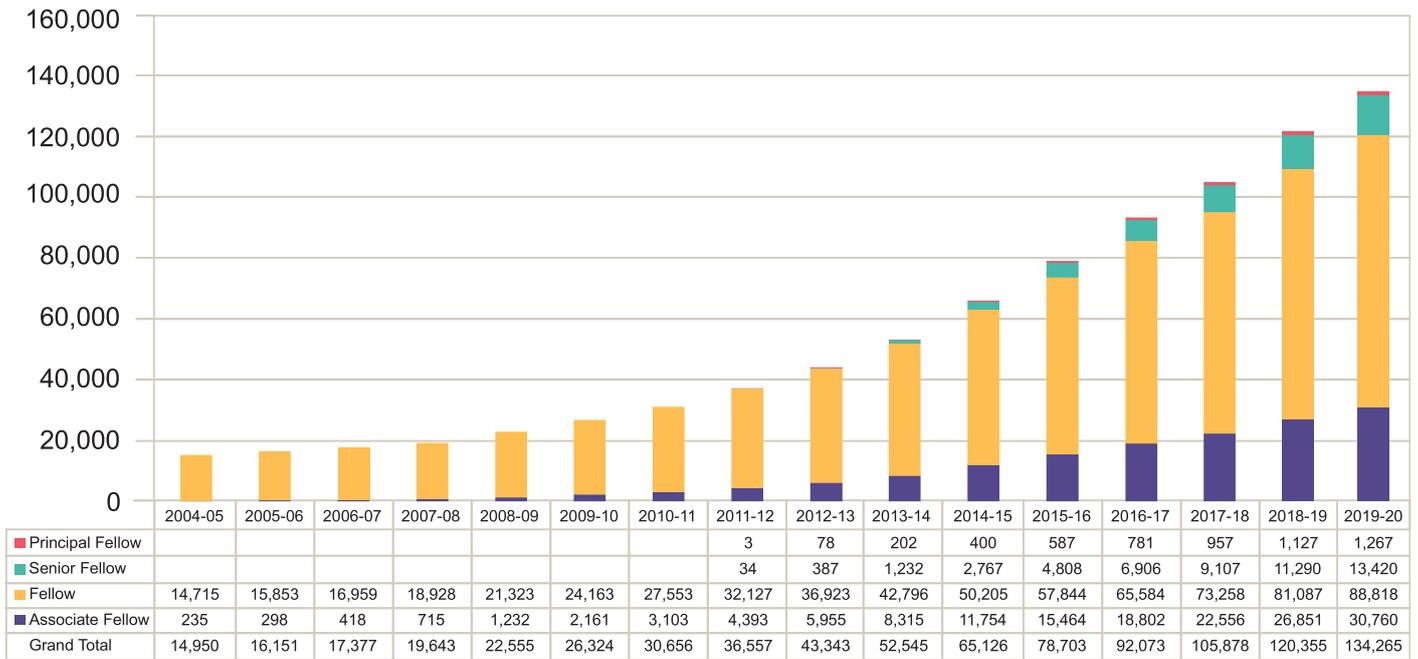
Fellowship

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.

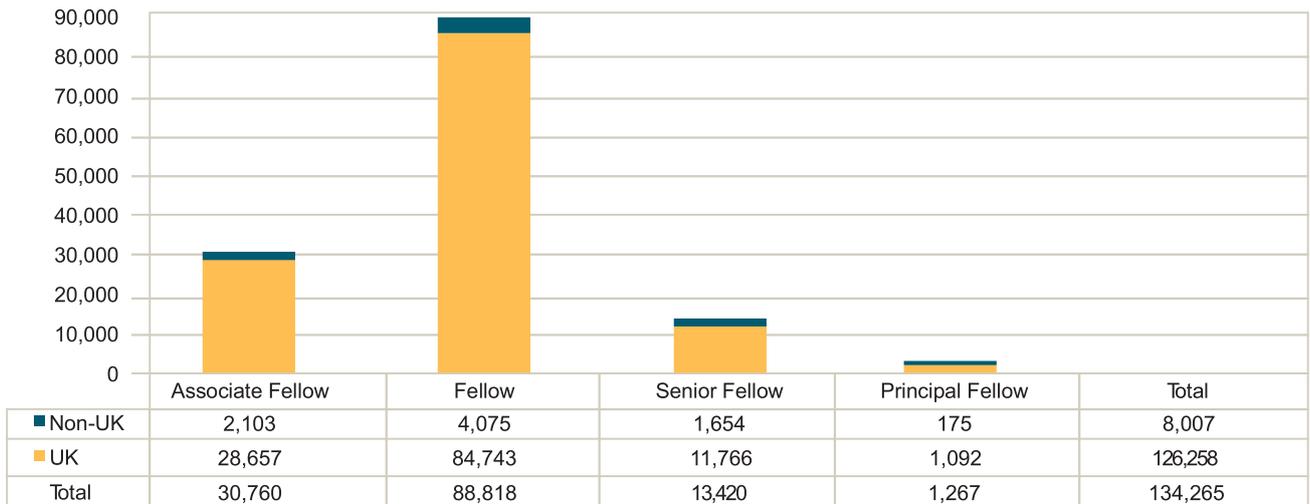
The Fellowship community continues to grow rapidly as more institutions and individuals seek to benchmark their practice independently.

- + Over 134,000 Fellowships awarded (over all categories), and over 88,000 Fellows (recognised against descriptor 2 of the UKPSF).
- + A 12% increase in total number of Fellows at the end of July 2020 compared to this time last year as a result of 13,910 new individuals gaining Fellowship.
- + Over 8,000 Fellows are employed outside the UK, with over 3,600 based in Australia (top ten countries outside the UK with Fellows listed below).

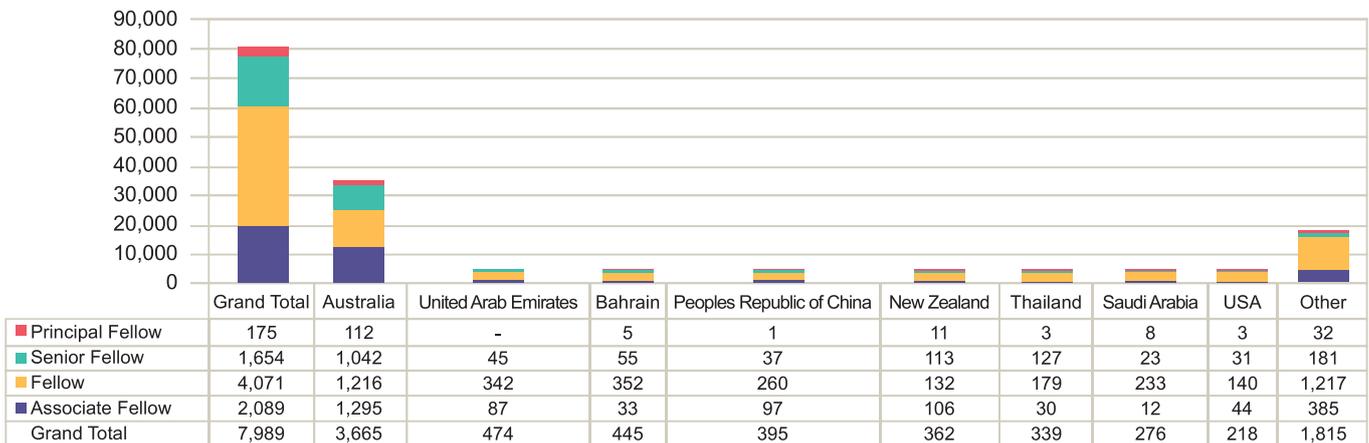
Fellowship numbers (as at 31 July 2020)



Fellowship numbers by Fellowship category (as at 31 July 2020)



Non-UK Fellowship categories by country – top 10 (as at 31 July 2020)



5. Developing People

Development Programmes and Events

Through a refreshed development portfolio, we continued to support institutions to develop talent, working with aspiring and established leaders to develop their skills. Through open access programmes and events, in-house programmes and workshops and individual executive coaching assignments, our solution-focused approach builds capacity, with a strong focus on EDI.

2019-20 saw us respond to sector needs by launching our Top Management Programme (TMP HE) in Australia and New Zealand, and our inaugural Women in HE Conference. We were also commissioned by the Irish Universities Association to deliver a two-year system-level executive leadership programme. We saw our largest ever participation on our Aurora programme, which takes positive action to address the under-representation of women and those who identify as women in leadership positions in the sector.

Anticipating the implications of Covid-19 we rapidly adapted our support, delivering a digital Aurora experience to our participants the day after official lockdown in the UK. We also selected a virtual conference platform that allows delegates to enjoy livestreamed keynote sessions and panel discussions, access to content after the event as well as a virtual exhibition and networking space. This was launched at the Teaching and Learning Conference for over 450 delegates.

This was the first online conference I have attended and the first Advance HE one. It was excellent – really well organised with a fantastic range of presentations to choose from as well as thought-provoking keynotes.

Dr Gwyneth James, Senior Lecturer
University of Hertfordshire

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 network groups, forums, media centres and group projects.

- + Nearly 19,000 users from over 100 countries on 5 continents have now come together since its launch in 2019 to engage on key HE topics including equality and inclusion, teaching and learning and student success.
- + Over 120 individual networks have been established and Advance HE has also provided small development grants for networks. Staff from Advance HE member institutions gain additional user benefits.
- + Individual log-ins to Advance HE increased by 80% since from February 2020 to April 2020 as the sector moved to remote operations as a result of Covid-19.

Knowledge Hub

The Knowledge Hub houses all the resources, toolkits, reports and publications. In 19-20 this had 482,705 users, with over 500,000 views and over 300,000 resource downloads.

Financial overview

Key financial performance indicators

For the financial year ended 31 July 2020 there was a total operating surplus of £403k compared to a total operating surplus in 2018-19 of £775k. (The operating surplus for 2019-20 and 2018-19 being before the USS Pension movements).

Total income was £1,134k lower than in 2018-19. However, this was due to £2,669k of income being deferred to 2020-21 due to the Covid-19 pandemic, the subsequent delays in delivery and hence recognition of this income.

Total expenditure decreased in line with this reduced income from non-spend in delivery related costs and travel and subsistence.

During the year £190k of expenditure was incurred for the development of Advance HE's services, investment in the infrastructures of the single organisation (£315k in 2018-19).

The annual pension liability adjustment incorporating the deficit reduction plan for the USS Pension scheme resulted in a decrease to the provision for the extra employer pension contributions required over the life of the plan, by a total of £1,280k (2018-19 was an increase of £2,253k). This in turn has increased the reserves although has no impact on the cash position or on financial risk.

The financial results for the year are summarised below:

	2020	2019	Change	
	£000	£000	£000	%
Total income	14,417	15,551	(1,134)	(7.3)
Total expenditure	(14,014)	(14,776)	(762)	(5.2)
Total surplus	403	775	(372)	(48.0)
USS Pension adjustment	1,280	(2,253)	3,533	156.8
Total reported surplus/(Deficit)	1,683	(1,478)	3,161	213.9

Total income

Advance HE generated income of £14,417k (2018-19, £15,551k) 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 2019-20 there was also income of £198k in respect of the governments' Coronavirus Job Retention Scheme.

Total expenditure

Total expenditure during the year was £14,014k (97% of income).

	2020	2019	Change	
	£000	£000	£000	%
Staff costs	8,273	7,250	1,023	14.1
Other operating expenses	5,567	7,099	(1,532)	(21.6)
Depreciation	95	57	38	66.7
Interest and other finance costs	79	55	24	43.6
Total expenditure	14,014	14,461	(447)	(3.1)

Staff costs were higher in 2020 compared to 2019 due to significantly lower payroll vacancies and the increase in employer pension contributions.

Other operating expenses in 2020 were lower than 2019 owing to the cost savings made regarding travel and subsistence due to Covid-19, and costs directly associated with the postponed income related activities into 2021.

Balance sheet and liquidity

Total Unrestricted Reserves at 31 July 2020 are £4,970k (2018-19, £3,287k). This includes a Designated Reserves fund of £500k which has been created for the purposes of future development expenditure that will be utilised over the forthcoming two financial years. Restricted Reserves are £0k (2018-19, £31k). The Total Unrestricted Reserves includes a USS Pension liability of £2,427k (2018-19, £3,649k). The Unrestricted Reserves equate to approximately 4.3 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 £7,372k (2018-19, £6,937k).

Cashflow

	£000
Cash at bank and in hand at 1 August 2019	11,029
Surplus for the year	1,683
Adjustment for non-cash movements included in surplus	95
Adjustment for changes in working capital	2,036
Capital expenditure	(351)
Net cash movement	3,463
Cash at bank and in hand at 31 July 2020	14,493

There was a net inflow of cash of £3,463k (2018-19, inflow of £163k) resulting in Advance HE having a cash balance of £14,493k at the year-end. Within this balance was £4,912k of cash relating to advance payments that will be released over the future related periods to which it relates.

Future developments

Advance HE Strategy

Through the strategic transformation programme, the 2025 strategy will be finalised during the next financial year.

Advance HE Infrastructure

In line with the strategy the required operating model and organisational design will be reviewed and developed to deliver a highly effective and valued experience to its members and stakeholders.

The programme of systems consolidation will continue into 2020-21 with the transformation of Advance HE's financial governance and finance system.

Advance HE products, services and staff

By continuing to consult and engage with our members and the sector, throughout 2020-21 Advance HE will continue to further create new and develop current products and services, to support our 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 2020-21.

Staff development will be a key focus in 2020-21 ensuring that our 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.

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.

A particular emphasis during 2019-20 has naturally been around the impact that the Covid-19 pandemic may have on the future activities of Advance HE and on any carrying amounts within the assets and liabilities in the Balance Sheet into 2020-21.

The financial budget for 2020-21 has therefore been prepared following a number of scenario plans, each with associated trigger and escalation actions.

The normal Advance HE planning cycle of 3 year budgets has been suspended for six months and will resume early in 2021 once the impact on the sector becomes clearer.

A review of the Balance Sheet as at 31 July 2020 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 2020 that relate to the following and associated related future periods of release:

£3.2m which relates to membership renewal agreements for release during 2020-21;
£1.6m which relates to membership renewal agreements for release during 2021-22;
£120k which relates to membership renewal agreements for release during 2022-23.

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, cashflow forecast covering the period to 31 December 2021 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 2020-21. 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 12 November 2020 and signed on its behalf by:



Sir Nigel Carrington (Chair)



Alison Johns (Chief Executive)
10 December 2020

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 2019-20.

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. 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 Mr Stephen Marston. 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 attend two of the three 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, Vice-Chair, Chair of Audit, Finance and Risk Committee and one other Board Director. 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 the 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 the 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.



Sir Nigel Carrington (Chair)



Alison Johns (Chief Executive)
10 December 2020

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 the 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



Sir Nigel Carrington (Chair)
Company No. 04931031
10 December 2020

Independent Auditor's Report to the Members of Advance HE

Opinion

We have audited the financial statements of Advance HE for the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cashflows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the charity's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out from page 6 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 Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Strategic Report and Trustees' Annual Report has 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 and 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 set out on page 26, 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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's Members and Trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under 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

10 December 2020

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

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 were as listed below.

Sir Nigel Carrington, Vice-Chancellor, University of the Arts London (Chair of the Board)
Ms Nicola Arnold, Chief Finance Officer, JISC (*Appointed 13 January 2020*) - Previously St George's University, London
Professor Chris Cobb, Pro-Vice-Chancellor and Chief Operating Officer at the University of London (*Appointed 9 April 2019*)
Mr Amatey Doku, Vice President, National Union of Students (*Resigned 22 October 2019*)
Professor Helen Higson, Provost and DVC, Aston University
Professor Janice Kay, Provost, University of Exeter
Professor Geoff Layer, Vice-Chancellor, University of Wolverhampton
Mr Stephen Marston, Vice-Chancellor, University of Gloucestershire
Professor Helen O'Sullivan-Heritage, PVC (Education), Keele University
Dr Helen Samantha Parrett, CEO and Group Principal, London South East Education Group (*Resigned 4 March 2020*)
Mr Saad Qureshi, Dean, SAE Institute
Professor Colin Riordan, President and Vice-Chancellor, Cardiff University (*Resigned 7 March 2020*)
Mr Chris Sayers, Chair of Northumbria University (*Resigned from NU 1 August 2020*)
Professor Nigel Seaton, Vice-Chancellor, Abertay University
Professor Eunice Simmons, Vice-Chancellor, University of Chester (*From 1 January 2020*) – Previously Deputy Vice-Chancellor (Academic), Nottingham Trent University
Ms Rose Wangen-Jones, Managing Director, Marketing at London & Partners

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 23 to the financial statements.

Executive

Alison Johns, Chief Executive Officer
Tracy Bell-Reeves, Director of Programmes and Events
Greg Ferrari, Director of Strategic Transformation (*Appointed 18th November 2019*)
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
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
York Branch
6 Nessgate
York
YO1 9FY

Yorkshire Bank Plc
York Branch
46 Coney Street
York
YO1 9NQ

Handelsbanken UK
Unit 5, Tudor Court
Nether Poppleton
York
North Yorkshire
YO26 6RS

Barclays Bank Plc
25 James Street
Harrogate
North Yorkshire
HG1 1QX

Close Bros Treasury
4th Floor
10 Crown Place
London
EC2A 4FT

The Co-operative bank
City Office
80 Cornhill
London
EC3V 3NJ

Current Solicitors

DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

Mills and Reeves
9th Floor
1 New York Street
Manchester
M1 4HD

Pinsent Masons
30 Crown Place
Earl Street
London
EC2A 4ES

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): Accounting for Further and Higher Education 2015, the Companies Act 2006, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). Advance HE is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Going Concern

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

A particular emphasis during 2019-20 has naturally been around the impact that the Covid-19 pandemic may have on the future activities of Advance HE and on any carrying amounts within the assets and liabilities in the Balance Sheet into 2020-21.

The financial budget for 2020-21 has therefore been prepared following a number of scenario plans, each with associated trigger and escalation actions.

The normal Advance HE planning cycle of 3 year budgets has been suspended for six months and will resume early in 2021 once the impact on the sector becomes clearer.

A review of the Balance Sheet as at 31 July 2020 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 2020 that relate to the following and associated related future periods of release:

£3.2m which relates to membership renewal agreements for release during 2020-21;
£1.6m which relates to membership renewal agreements for release during 2021-22;
£120k which relates to membership renewal agreements for release during 2022-23.

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, cashflow forecast covering the period to 31 December 2021 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 2020-21. 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 grants, 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 include a single Advance HE CRM, customer portal and a single internal IT infrastructure.

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 IT/IS infrastructure	-	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 cashflow 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 24.

Advance HE has allocated £500k from unrestricted reserves to a designated reserve 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 2020 equate to approximately 4.3 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 2020

	Notes	Restricted £000	Unrestricted £000	Total 2020 £000	Total 2019 £000
Income					
Funding body grants	2	-	888	888	901
Other income	3	(31)	13,506	13,475	14,602
Investment income	4	-	54	54	48
Total income		(31)	14,448	14,417	15,551
Expenditure					
Staff costs	5	-	(8,273)	(8,273)	(7,250)
Other operating expenses	7	-	(5,567)	(5,567)	(7,099)
Depreciation and Amortisation	9, 10	-	(95)	(95)	(57)
Interest and other finance costs	8	-	(79)	(79)	(55)
USS Pension annual adjustment	7	-	1,280	1,280	(2,253)
Merger related costs	7	-	-	-	(315)
Total expenditure		-	(12,734)	(12,734)	(17,029)
(Deficit)/surplus for the period		(31)	1,714	1,683	(1,478)
Fund balances brought forward		31	3,256	3,287	4,765
Fund balances carried forward		-	4,970	4,970	3,287

The income and expenditure account is in respect of continuing activities for the 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 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	9	275	301
Intangible assets	10	<u>498</u>	<u>222</u>
		<u>773</u>	<u>523</u>
Current assets			
Debtors	11	4,081	5,257
Cash at bank and in hand		<u>14,493</u>	<u>11,029</u>
		<u>18,574</u>	<u>16,286</u>
Creditors: amounts falling due within one year	12	(11,838)	(9,762)
		<u>6,736</u>	<u>6,524</u>
Net current assets		<u>6,736</u>	<u>6,524</u>
Total assets less current liabilities		<u>7,509</u>	<u>7,047</u>
Provisions for liabilities	13	<u>(2,538)</u>	<u>(3,760)</u>
NET ASSETS		<u><u>4,970</u></u>	<u><u>3,287</u></u>
Reserves			
Unrestricted Reserve	24	4,970	3,256
Restricted Reserve	14	0	31
TOTAL RESERVES		<u><u>4,970</u></u>	<u><u>3,287</u></u>

The financial statements on pages 38 to 52 were approved by the Board on 12 November 2020 and were signed on its behalf by:



Sir Nigel Carrington (Chair)
Advance HE
Company number 04931031

10 December 2020

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

Statement of cashflows for the year to 31 July 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities	15	3,871	699
Cash flows (used in)/from investing activities	16	(25)	(7)
Cash flows used in financing activities	17	<u>(382)</u>	<u>(529)</u>
Change in cash and cash equivalents in the reporting period		<u>3,464</u>	<u>163</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year	18	3,464	163
Movement in net funds in the year		3,464	163
Cash and cash equivalents at the beginning of the reporting period		<u>11,029</u>	<u>10,866</u>
Cash and cash equivalents at the end of the reporting period		<u>14,493</u>	<u>11,029</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

	2020	2019
	£000	£000
Office for Students	25	-
Scottish Funding Council	557	491
Higher Education Funding Council for Wales	12	147
Higher Education Authority, Ireland	-	122
Other	294	141
	888	901

3. Other Income

	2020 £000	2019 £000
Institutional memberships	6,823	7,105
Other income	6,454	7,497
Other grant income (Coronavirus Job Retention Scheme)	198	-
	13,475	14,602

4. Investment income

	2020 £000	2019 £000
Interest receivable	54	48
	54	48

5. Staff

	2020 £000	2019 £000
Staff costs		
Wages and salaries	6,362	5,709
Social security costs	696	591
Pension costs	1,215	950
Movement on USS provision	(1,280)	2,253
	6,993	9,503

Voluntary severance payments made in relation to the impact of Covid-19 included in the above are £41k (2018-19: Nil). Severance payments made in relation to the merging of entities during 2018-19 above are Nil (2018-19: £12k).

Emoluments of the Chief Executive:

	2020 £000	2019 £000
Salary	145	145
Pension Contributions	30	27
Total emoluments	175	172

There was one Chief Executive who served during 2019-20 (2018-19: One).

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

	2020 £000	2019 £000
£60,000 to £64,999	14	14
£65,000 to £69,999	1	1
£70,000 to £74,999	3	2
£75,000 to £79,999	1	1
£80,000 to £84,999	-	-
£85,000 to £89,999	2	2
£100,000 to £104,999	1	1
£105,000 to £109,999	1	-
£145,000 to £149,999	1	1
	24	22

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

	2020 No.	2019 No.
Operations	110	103
Marketing	13	12
Overheads	24	24
	147	139

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 £1,033k (2018-19, £892k).

7. Other operating expenses

	2020 £000	2019 £000
Operational costs	3,198	4,114
Indirect staff costs	22	58
Rent and rates	716	792
Heat, light and power	36	-
Travel and subsistence	460	820
Postage, printing, stationery and telephone	137	146
Professional fees	88	144
Office equipment and computer maintenance	413	438
General expenses	55	49
Public relations and marketing	311	469
Recruitment costs	126	69
Loss on disposal of assets	6	-
Merger related costs	-	315
USS Pension annual adjustment	(1,280)	2,253
	4,288	9,667

	2020 £000	2019 £000
Other operating expenses include:		
Auditor's remuneration		
- External auditor's remuneration in respect of audit services	34	34
Hire of buildings – operating leases	599	609

8. Interest and other finance costs

	2020 £000	2019 £000
Bank charges	22	21
Finance cost of USS Pension	57	34
	79	55

9. Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office equipment £000	Fixtures & fittings £000	Total £000
Cost or valuation					
Opening balance	151	781	52	518	1,502
Additions	-	54	-	-	54
Disposals	(10)	(337)	-	(305)	(652)
Reclassification	(1)	-	(1)	3	1
At 31 July 2019	140	498	51	216	905
Depreciation					
Opening balance	11	726	8	457	1,202
Charge for the year	14	31	15	14	74
Disposals	(10)	(334)	-	(302)	(646)
Reclassification	-	-	(1)	1	-
At 31 July 2019	15	423	22	170	630
Net book value					
At 31 July 2020	125	75	29	46	275
Net book value					
At 31 July 2019	140	55	44	61	300

10. Intangible Assets

	CRM System under construction £000	Computer system £000	Total £000
Cost or valuation			
Opening balance	139	120	259
Additions	297	-	297
Disposals	-	(33)	(33)
At 31 July 2020	437	87	524
Amortisation			
Opening balance	-	38	38
Charge for the year	-	21	21
Disposals	-	(33)	(33)
At 31 July 2020	-	26	26
Net book value			
At 31 July 2020	437	61	498
At 31 July 2019	139	82	221

11. Debtors

	2020 £000	2019 £000
Amounts falling due within one year:		
Trade Debtors	3,252	4,464
Other debtors	186	170
	<u>3,438</u>	<u>4,634</u>
Deferred costs	70	64
Prepayments	354	310
Accrued income	219	249
	<u>4,081</u>	<u>5,257</u>

12. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	456	486
Other tax and social security	239	206
Accruals and Deferred Income	11,143	9,070
	<u>11,838</u>	<u>9,762</u>

13. Provisions for liabilities

	Obligation to fund past deficit on USS pension £000	Office dilapidations £000	Total £000
As at 1 August 2019	3,649	111	3,760
Charged / (utilised) in the year	(1,222)	-	(1,222)
At 31 July 2020	<u>2,427</u>	<u>111</u>	<u>2,538</u>

14. Restricted Funds

The funds of the charity include restricted funds comprising the following unexpended balances of grants held on trust to be applied for specific purposes:

	At 1 August 2019 £000	Income £000	Expenditure £000	At 31 July 2020 £000
Athena Swan				
Changing the Learning Landscape	22	-	(22)	-
Innovation and Transformation	9	-	(9)	-
	31	-	(31)	-

15. Reconciliation of consolidated operating (deficit)/surplus to net cash flow from operating activities

	2020 £000	2019 £000
Surplus/(deficit) for the year	1,683	(1,478)
Depreciation and Amortisation (note 9 and 10)	95	57
Decrease in debtors (note 11)	1,296	(176)
Decrease in creditors (note 12 & 13)	734	2,289
Interest receivable (note 4)	(54)	(48)
Interest payable and similar charges (note 8)	79	55
Loss on disposal of Assets	6	-
Net cash inflow from operating activities	3,839	699

16. Returns on investments and servicing of finance

	2020 £000	2019 £000
Interest receivable	54	48
Interest payable and similar charges	(79)	(55)
Net cash outflow from returns on investments and servicing of finance	(25)	(7)

17. Capital expenditure and financial investment

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Capital expenditure including intangible (note 10)	(351)	(529)
Net cash outflow from capital expenditure and financial investment	<u>(351)</u>	<u>(529)</u>

18. Analysis of changes in net funds

	At 1 August 2019 £000	Cashflow £000	At 31 July 2020 £000
Cash at bank and in hand	11,029	3,464	14,493
Total	<u>11,029</u>	<u>3,464</u>	<u>14,493</u>

19. Pensions and similar obligations

The total amount credited to the profit and loss account is £1,223k (2018-19: cost in the P&L of £2,286k) resulting in a total provision of £2,426k (2018-19 £3,649k).

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. A valuation as at 31 March 2020 is underway but not yet complete.

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.

	2020	2019
Discount rate	0.98%	1.58%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	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	<p><u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.</p>
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:

	2020	2019
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 requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
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%

20. Capital commitments

A contracted capital commitment was in place as at 31 July 2020 for a value of £10,822 (2019: £101,657) for 2019-20 activity that relates to the construction of the single Advance HE Customer Relationship Management system and customer portal.

21. Financial commitments

At 31 July 2020 Advance HE had total commitments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Future minimum lease payments due:		
Not later than 1 year	610	610
Later than 1 year and not later than 5 years	2,293	2,903
Later than 5 years	1,680	1,680
	4,583	5,193

There is one property with six 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 three and a half years which mitigates any risk of longer term liability.

22. Contingent liabilities

There were no contingent liabilities at 31 July 2020 (2019: £nil).

23. 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 £000	Payments to the institution £000	Owed from the institution £000
J Kay	University of Exeter	327	-	(35)
G Layer	University of Wolverhampton	152	4	-
N Carrington	University of the Arts London	111	-	-
S Marston	University of Gloucestershire	28	-	-
C Riordan	Cardiff University (Resigned March 2020)	51	1	(78)
N Seaton	Abertay University	29	1	-
E Simmons	Nottingham Trent University	133	1	(7)
E Simmons	University of Chester	8	-	-
C Sayers	Northumbria University	126	-	(3)
N Arnold	St George's University of London	56	-	-
N Arnold	JISC	3	9	-
S Parrett	London South East Education Group	6	-	(3)
H Higson	Aston University	35	2	-
H O'Sullivan	Keele University	62	59	-
S Qureshi	SAE Institute	-	-	-
C Cobb	University of London	10	1	-

Note: Eunice Simmons and Nicola Arnold changed their institution but remained on the Board of Advance HE.

24. Reserves

	General reserve £000	Designated reserve £000	Unrestricted reserve £000	Restricted reserve £000	Total £000
Reserves including USS Pension liability					
As at 31 July 2019	3,256	-	3,256	31	3,287
Surplus / (Deficit) for the period	1,714	-	1,714	(31)	1,683
Transfer to reserve	(500)	500	-	-	-
At 31 July 2020	4,470	500	4,970	-	4,970

The unrestricted reserves including the pension liability at 31 July 2020 equated to 4.3 months (2019: 2.7 months) of operational expenditure.

	General reserve	Designated reserve	Unrestricted reserve	Restricted reserve	Total
	£000	£000	£000	£000	£000
Reserves excluding USS					
Pension liability					
As at 31 July 2019	6,906	-	6,906	31	6,937
Surplus / (Deficit) for the period	466	-	466	(31)	435
Transfer to reserve	(500)	500	-	-	-
At 31 July 2020	6,872	500	7,372	-	7,372

The unrestricted reserves excluding the pension liability at 31 July 2020 equated to 6.3 months (2019: 4.0 months) of operational expenditure.

25. Financial instruments

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Financial assets that are debt instruments measured at amortised cost:		
Trade and other debtors	3,438	4,653
Accrued income	219	249
	3,657	4,902
Financial liabilities measured at amortised cost:		
Trade and other creditors	1,348	1,877