

# Edge Hill University

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## **Report & Financial Statements For the Year Ended 31 July 2022**

## **EDGE HILL UNIVERSITY**

### **ANNUAL REPORT**

#### **Key Performance Indicators**

<b><u>Year Ended 31 July</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Total Income in £'000 (1)	132,988	130,100	119,296	123,774	126,231
Surplus/(deficit) for the year in £'000 (1)	(3,686)	8,402	(1,119)	954	13,985
Cash Generated by Activities in £'000	15,848	22,946	10,481	18,497	24,931
Cash for Investment in £'000	80,535	68,056	48,356	48,265	45,177
Financial Worth of the University in £'000 (1)	284,641	193,128	177,581	214,026	228,655
Applications for University FT UG Programmes (2)	17,453	17,286	15,585	15,116	16,125
Total number of students of the University (3)	14,436	14,576	13,540	14,075	14,256
Employee Turnover	10.7%	6.7%	6.2%	6.6%	6.7%
Level of University Staff Absence	5.1%	3.0%	3.5%	3.2%	3.1%

#### **Notes**

- 1) Total income and surplus for the year based on the 2019 SORP.
- 2) Based on UCAS statistics.
- 3) Based on HESA Student Record.

**EDGE HILL UNIVERSITY**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2022**

<b>CONTENTS</b>	<b>Pages</b>
Report of the Board of Governors	1-6
Strategic Review	7-23
Corporate Governance	24-33
Remunerations Committee Report	34-40
Statement of Primary Responsibilities of the Board of Governors	41-44
Board of Governors Statement of Assurance	45-46
Auditor's Report to the Board of Governors	47-51
Statement of Principal Accounting Policies	52-59
Consolidated Statement of Comprehensive Income and Expenditure	60
Consolidated Statement of Changes in Reserves	61
Consolidated Statement of Financial Position	62
Consolidated Cash Flow Statement	63
Notes to the Accounts	64-85

## EDGE HILL UNIVERSITY

### REPORT OF THE BOARD OF GOVERNORS

After nine years as a governor and six as Chair of the University's Governing Body, I will complete my term of office in November. In delivering my final Report of the Board of Governors, it gives me immense pride to recount some of the University's achievements during that period.

Most obvious are the recent awards: *Modern University of the Year* (The Times and Sunday Times Good University Guide 2022), *University of the Year* (Educate North Awards 2020-21), preceded by the outstanding achievement of being the Times Higher Education's (THE) *University of the Year 2014-15*. These and other awards are supported by multiple accolades for our student support, facilities, halls of residence and green spaces. A Gold rating in the Teaching Excellence Framework, and impressive progress in the Research Excellence Framework are other major achievements. The establishment and continued success of our medical school – now in its third year – has earned us a place on THE's 2022 shortlist for *Widening Participation or Outreach Initiative of the Year*, and in turn our reputation goes from strength to strength.

Less obvious, but still notable, was the ministerial recognition the University received in the House of Commons for our efforts during the Covid-19 pandemic, recognising that we went above and beyond to ensure our students were well-supported in all aspects of their life during a most disruptive and uncertain time.

That ethos and people centred support extended to the local community as demonstrated in our response to the fire which destroyed a local primary school in 2021. Our immediate reaction was to welcome the school onto campus and enable the pupils to continue their education with minimal disruption. This has led to us being shortlisted for another THE award - *Outstanding Contribution to the Local Community*. We look forward to the awards ceremony in November.

However, I know that the real achievement is not the accolades and awards themselves, but the hard work which sits behind them. The dedication of all the University's staff and students has been matched by their resilience and creativity which has seen the University endure through some trying times.

It is a credit to the whole Edge Hill community that the University has been able to navigate through the serious disruptions caused by the Covid-19 pandemic, and aftermath. Further, it is remarkable – and a testament to the University's excellent leadership and staff - that in the midst of these challenges the University earned the two important and high-profile accolades noted above.

Whilst we are now back to operating on a business as usual basis, there is no doubt that there are significant challenges ahead. The continued fallout from the pandemic

## **EDGE HILL UNIVERSITY**

### **REPORT OF THE BOARD OF GOVERNORS (CONTINUED)**

and war in Ukraine have strained the public purse and have implications for the whole of society. For Higher Education this may be deepened by the Government's policy ambitions to reform the post compulsory education landscape. In this regard, the Board awaits - with some trepidation - the implications of the Government's Autumn Statement on 17 November.

Given the precarious environment we are operating in, it is reassuring to see the University's strong financial performance as we exit 2022. Overall income was £133m, up from £130.1m in the previous year. Core Operating Surplus is down, at £11.6m compared with £18.7m in 2021 - with (£2.6m) after adjustments including pension liabilities, the re-evaluation of reserves and campus development costs. Nevertheless, cash generated from operations sits at £15.8m, with a year-end cash balance of £80.5m. This compares with long term loans of £24.7m resulting in a net cash position of £55.8m, which is an excellent outcome. The Vice-Chancellor will comment in detail on the financial outcome in the Strategic Review. However, I note that many in our sector are struggling financially due to the continuing turbulence which shows no sign of abating. I am comforted to know that Edge Hill had the foresight to anticipate the difficulties and take appropriate action to minimise their effects, whilst ensuring that the University continues to invest wisely in the campus to avoid stagnation and remain competitive in a market where student choice will determine provider success.

Tuition fee income is at the heart of institutional sustainability and the Board remains cognisant of the pressure on student recruitment. While the demographic challenges of previous years have eased, competition in the sector has been intensified by the growing number of providers and a greater reliance on the domestic market given the implications of Brexit and the pandemic. Maintaining recruitment levels is increasingly challenging for many providers. As outlined in the University's Access and Participation Plan, we expend considerable resource and effort building purposeful relationships with schools and colleges across the nation. This enables us to reach out to underrepresented groups and widen access as part of our general recruitment strategy. The Board was therefore pleased to note that the University has had another strong year for recruitment in 2022, with figures – and notably conversion rates - amongst our best in recent history.

Given the heightened uncertainty caused by the pandemic, the University has taken a cautious approach to campus developments over the past two years. Nevertheless, the Board recognises the need to develop the campus in line with student expectations and in support of developing the curriculum. The Board therefore approved renovations to student accommodation and related works in the John Dalton area of the Main Building, alongside approval for a new £16m Life Sciences Building to facilitate growth areas. As we look to 2023, the Board will be

## **EDGE HILL UNIVERSITY**

### **REPORT OF THE BOARD OF GOVERNORS (CONTINUED)**

considering the further development of the estate to ensure that our facilities accommodate priority disciplines and continue to meet student expectations. Meanwhile, our campus remains an outstanding environment, adding immeasurably to the quality of academic provision and student life. I step down from the Board with a clear view that the University must continue to invest to both grow and sustain its position.

The University places students and the quality of their experience here at the heart of its institutional strategy, and the Board takes a keen interest in the associated key performance indicators. Governors note that whilst there was some excellent performance in the National Student Survey 2022, there remain priority areas to address and this will continue to be a principal focus for the University, and Board, in 2022/23.

In terms of governance, as a University registered with the Office for Students (OfS) we operate within the Regulatory Framework for Higher Education in England. The University complies with the OfS' Public Interest Governance Principles on an ongoing basis and has due regard to the HE Senior Staff Remuneration Code, full details of which are given in the accompanying Corporate Governance Statement and Remuneration Report. The Governing Body has also adopted the CUC HE Code of Governance 2020, and with it a commitment to uphold the Nolan Principles of Public Life.

I referred earlier to the hard work which sits behind the awards and accolades. This work has been led by our long-standing Vice-Chancellor, Dr John Cater CBE DL. His vision for the University, alongside the passion, commitment, resilience and skill exhibited by Dr Cater and his executive team have been vital to our success as an organisation. Thanks to their leadership, the Edge Hill community has not only met the challenges of the last few years but has flourished despite them.

As I present my last report as Chair, I would like to express my gratitude to the colleagues past and present who I have been fortunate enough to work with. Their experience and valuable contributions have enabled our success as a Board. It is also fitting that I mention, in particular, the contribution of Lisa Greenhalgh who also completes her term of office in November. As Deputy Chair and Chair of Audit, Lisa has helped to steer the University through some of the most trying times an organisation could face, and I owe her a debt of gratitude for her excellent work. I am also grateful to Lesley Munro and Helen Smallbone, for their wise counsel as Clerks during my tenure.

## **EDGE HILL UNIVERSITY**

### **REPORT OF THE BOARD OF GOVERNORS (CONTINUED)**

I leave the University in the safe and capable hands of Clive Elliott, who I know will be an outstanding Chair. I wish him and the wider University community the very best of luck as they take the University forward to greater success.

#### **Officers of the University**

##### University Chancellor

Vacant

##### Pro-Chancellor (and Chair of Governors)

Professor C Edwards

##### Vice-Chancellor

Dr J Cater

##### Deputy Vice-Chancellor

Mr S J Igoe

##### Pro Vice-Chancellors

Mr M Allanson (External Relations)

Professor C Austin (Dean of Health) [from 1 September 2021]

Mrs L Brady (Student Experience and University Secretary)

Mr S Crofts (Dean of Health) [to 31 August 2021]

Professor G Talbot (Dean of Arts and Sciences and PVC Research)

Dr J Moore (Dean of Education)

#### **Governors**

Those persons who were Governors of the University during the year and up to the date of the signing of the financial statements were as follows:

##### Independent members:

Mr J Bucknall

Mr G Collinge (2)

Ms C Donnelly (1) (3)

Professor C Edwards (2) (3)

Chair of the Board. Also chairs Governance & Nominations Committee

Mr C Elliott (1) (2) (3)

Ms J Flitcroft\* (1)

[to 15 November 2021]

Ms L Greenhalgh (1) (2) (3)

Deputy Chair of the Board. Also chairs Audit and Remuneration Committees

Mr A Lockley

[From 18 October 2022]

Ms J Nettleton\*

Ms M Melling

[From 18 October 2022]

## **EDGE HILL UNIVERSITY**

### **REPORT OF THE BOARD OF GOVERNORS (CONTINUED)**

Mrs L Robinson  
Mr M Rush (1)  
Mr M Tate\* (1)  
Mr A Lockley [From 17 October 2022]  
Ms M Melling [From 17 October 2022]

#### **Ex-officio member:**

Dr J Cater (3)

The Vice-Chancellor attends Audit as an Officer (without voting rights). He also attends Remuneration Committee in an advisory capacity as required, though does not attend for matters relating to his salary or terms and conditions.

#### **Co-opted Staff member (elected):**

Professor A Fulford  
Mr N Dixon [to 15 November 2021]  
Mr A Jackson [from 17 January 2022]

#### **Student Body members:**

Ms R Muise [to 01 June 2022 (retiring Students' Union representative)]  
Ms C Moran [to 30 June 2022 (elected)]  
Mr B Broadhurst [from 11 July 2022 (elected Students' Union representative)]  
Ms L King [from 11 July 2022 (elected)]

#### **Academic Board member:**

Dr J Moore (3)

Governors are also trustees of the University

#### **Key to Committee membership**

- (1) Audit Committee
- (2) Remuneration Committee
- (3) Governance and Nominations Committee

#### **Clerk to the Governors:**

Mrs H Smallbone

#### **Professional Advisors**

The University uses the following professional advisors:  
External Auditor - KPMG LLP  
Internal Auditor - RSM  
Banker - Barclays Bank PLC  
Insurance Broker - Aon Ltd  
Solicitor - DLA Piper LLP, Eversheds LLP and SGH Martineau LLP



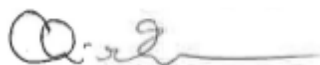
**EDGE HILL UNIVERSITY****REPORT OF THE BOARD OF GOVERNORS (CONTINUED)****Attendance at Meetings 2021/22 cycle**

<b>Name</b>	<b>Full Board</b>	<b>Audit</b>	<b>Gov &amp; Noms</b>	<b>Remuneration</b>
<b>Total meetings</b>	<b>9</b>	<b>3</b>	<b>4</b>	<b>1</b>
John Cater	8/9	3/3	4/4	1/1
Julian Bucknall	7/9			
Graeme Collinge	5/9			1/1
Christine Donnelly	9/9	3/3	4/4	
Clive Edwards	9/9		4/4	1/1
Clive Elliott	9/9	3/3	4/4	1/1
Joanne Flitcroft*	0/3	1/1		
Lisa Greenhalgh	8/9	2/3	3/4	1/1
Jo Nettleton*	8/9			
Louise Robinson	9/9			
Mike Rush	4/9	1/3		
Mike Tate*	9/9	3/3		
Amanda Fulford				
Neil Dixon*/***	1/3			
Andy Jackson*/***	4/5			
Jane Moore	9/9		3/4	
Rhiannon Muise*	5/7			
Chloe Moran*	3/8			
Ben Broadhurst*	1/1			
Lauren King*	1/1			

\*Partial terms of office [for the period from 1 August 2021-31 July 2022]

\*\*Officer in attendance

\*\*\*Co-opted



**Professor C Edwards**  
**Pro Chancellor and Chair of the Board of Governors**  
**21 November 2022**

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW**

#### **Mission, Objectives and Strategy**

The Governing Body serves as the University's trustee and is responsible for defining the strategic aims of Edge Hill University and directing the activities of its Directorate in the furtherance of these objects. It has regard to the Charity Commission's latest public benefit guidance when exercising any powers or duties to which the guidance is relevant.

The University's mission is to provide an intellectually stimulating, creative and inclusive environment for its community. It aims to provide teaching and learning of the highest standard, supported by pure and applied research of international significance, which will provide a firm foundation for its graduates and other stakeholders in a rapidly changing world. The University feels strongly that an international perspective, coupled with knowledge and understanding and a life-long capacity to learn and adapt, is the surest way of securing an individual's and the nation's future.

Our core values lie in our wholehearted commitment to our staff, students and partners and our constant efforts to improve in all we do. The Edge Hill community will:

- Embrace challenge and seize opportunity,
- Expect and celebrate creativity and excellence,
- Show determination, resilience, ambition and adaptability,
- Act responsibly and with integrity,
- Work together to deliver our vision.

Our strategic aims centre around five key themes:

- Teaching and Learning and the Student Experience,
- Research that has Impact,
- External Partnerships and International Engagement,
- Our People,
- Sustainability.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

In this regard our strategic plan for 2021-2025 envisages a University that will:

- Harness the creativity, knowledge and commitment of our staff to promote our values and enhance our activities,
- Provide an outstanding student experience, underpinned by high quality learning and teaching, listen to the “student voice” and further develop our strong sense of community,
- Continue to build our research capacity and, further develop our research in cognate fields which have a demonstrable impact on discipline and society,
- Further strengthen our links to employers and the region and enhance student employability and self-employment,
- Selectively establish additional national and international partnerships to enrich university life, deepen understanding, and benefit the region, the UK economy and society,
- Continue our measured investment in the campus and facilities to further enhance what is already an outstanding environment for learning and living.

### **Charitable Status of the University**

Edge Hill University is a Higher Education Corporation as defined under the provisions of the Education Reform Act 1988 as amended from time to time. Under these provisions the University is an exempt charity and as such is regulated by the Office for Students on behalf of the Charity Commission for England and Wales. Information in relation to the charitable status of the University is published on the website along with membership details and the register of members' interests.

### **Financial Overview**

The Financial Statements comprise the consolidated results of Edge Hill University and its subsidiaries, Edge Hill Enterprises Limited, Edge Hill Property Services Limited and Edge Hill Maintenance Services Limited, together “The Group”. Edge Hill Enterprises Limited undertakes activities which, for commercial or legal reasons, are more appropriately dealt with through a limited company. These activities mainly comprise conference activity and the provision of sport and fitness facilities by Edge Hill Sport. The other companies in the Group are involved in various aspects of property management.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Core Operating Surplus**

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
SOCI surplus*	(3.7)	8.4
Pension adjustments	10.7	7.7
Revaluation reserve	1.1	1.2
Impairment charge	-	0.2
Refurbishment of student accommodation	<u>3.5</u>	<u>1.2</u>
Core operating surplus	<u>11.6</u>	<u>18.7</u>

\*Statement of Comprehensive Income and Expenditure

Core Operating surplus is our key measure of financial performance internally and excludes non-cash items which are outside of the University's direct control such as actuarial gains and losses related to LGPS (Local Government Pension Scheme) and changes in USS liabilities arising from deficit recovery plans. These adjustments are considered necessary because the accounting treatment under FRS102 can lead to significant volatility, potentially distorting a reader's view of underlying financial performance. Adjustments are also made for transfers between revaluation and income and expenditure reserves as well as impairment charges.

Over the last ten years the University has invested over £200m in new buildings and equipment in preparation for and in response to the challenges of an increasingly competitive environment and our focus more recently has been more towards specific one-off projects designed to ensure the longevity of key capital assets. One such program approved was a business case to improve the quality of student accommodation in relation to which £3.5m of expenditure has been incurred this financial year. Given this was a major investment proposal separately agreed by Governors it is also not included in assessing core underlying performance.

After adjusting for such items, the core operating surplus for the year is £11.6m or 8.7% of total income which compares with a core operating surplus in the previous year of £18.7m. Considering our transition from the effects of COVID 19, this is an excellent financial outcome, helping to drive a cash generation from operations figure of £15.8m and a year-end cash balance of £80.5m. This compares with long term loans of £24.7m resulting in an excellent net cash position (cash plus cash investments less long-term loans) of £55.8m. Such liquidity has never been more important given the uncertainty presented by ongoing inflationary pressures and the ever-increasing threats to HE funding in an increasingly volatile external environment.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Income**

	<b>2022</b>	<b>2021</b>	<b>Increase/ (Decrease)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Tuition fees	105.0	106.0	(1.0)
Residences, catering and conferences	12.0	9.1	2.9
Funding body grants	7.0	7.6	(0.6)
Research grants	1.7	1.3	0.4
Other	7.3	6.1	1.2
	<u>133.0</u>	<u>130.1</u>	<u>2.9</u>

Overall income lines are £2.9m or 2.2% higher than the previous year. Our main source of income is tuition fees which comprises 79% of total income. Tuition fee income is £1m or 1% lower than the previous year with 2021/22 representing a transition year for the University as we have sought to mould our portfolio to better meet the demands of prospective students. Growth in Health, Law & Policing, Computer Science and Psychology has been counterbalanced by reduced cohorts in Social Sciences, The Creative Arts, English, History and Creative Writing. This is consistent with expectations given the current external environment as competitors have sought to rebuild their balance sheets in the aftermath of heavy losses of international tuition fee income and the increasing financial constraints they have faced. However, this has placed the University in a stronger position going forward providing firm foundations on which to build.

In terms of residences, catering and conference income, the £2.9m or 31.2% increase in income reflects a return to normal after a year scarred by the impact of COVID 19 during which the University sought to recompense students to reflect their reduced on-site presence as a result of the pandemic. This is also encouraging given the University recently reduced its available stock of residential units by 180 as part of a larger campus re-development programme. We expect these units to be replaced by a 232 unit development in 2023/24 as part of the development referenced above. Closure of the campus in 2020/21 also had a negative impact on catering revenues and conference activity.

Funding body grants are £0.6m or 7.9% lower than 2020/21. However, this is merely a reflection of the significant level of one-off support provided by the OfS in the previous year as part of a national package of measures to support students through the COVID 19 pandemic. Also included within funding body grants last year were funds to help support an on-site COVID asymptomatic test centre which is now closed.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

Research grant income is £0.4m or 30.1% higher than the previous year which recognizes the significant investment the University has made in recent years to support our research agenda. It also reflects an emergence from COVID 19 during which projects had to be temporarily halted or slowed down.

Other income has increased by £1.2m or 20% with project funding in the Faculty of Health, Social Care and Medicine significantly increased. This increase reflects the strong ongoing growth in Health provision particularly in relation to medicine where Health Education England has provided significant funding under the NHS tariff system as these programmes become increasingly embedded. Aside from this, facilities hire income related to our sports facilities has risen sharply. Sporting facilities were shut throughout most of 2020/21 and this improved position represents a welcome return to more normal levels of activity. Other significant areas of income generation in 2021/22 included a significant exchange rate gain following the conversion of dollars to sterling during the year and an increase in income associated with graduation ceremonies as we provided ceremonies to two years of student graduates given the closure of our campus in the previous year.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Core Expenditure**

	<b>2022</b>	<b>2021</b>	<b>Increase/ (Decrease)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Staff costs	89.2	81.8	7.4
Pensions adjustments	<u>(8.2)</u>	<u>(5.7)</u>	<u>(2.5)</u>
Core staff costs	<u>81.0</u>	<u>76.1</u>	<u>4.9</u>
Other operating expenditure	<u>37.4</u>	<u>28.7</u>	<u>8.7</u>
Interest payable	3	3.3	(1.3)
Pension adjustments	<u>(1.7)</u>	<u>(1.8)</u>	<u>1.1</u>
Core interest payable	<u>1.3</u>	<u>1.5</u>	<u>(0.2)</u>
Total core expenditure	<u>119.7</u>	<u>106.3</u>	<u>13.4</u>

Total core expenditure is £13.4m or 12.6% higher than the previous year. This excludes actuarial gains and losses related to LGPS (Local Government Pension Scheme) and changes in USS liabilities arising from deficit recovery plans. These are non-cash items which are outside the University's direct control and are therefore not used to assess cost management performance internally. Included within total core expenditure are core staff costs which have increased by £4.9m or 6.4%. The combined effects of the 2021/22 pay award and incremental drift accounts for approximately 3.5% of this increase and the balance relates to investment in a number of areas including Learning Services, IT, Psychology, Biology, the Business School and Health as we continue to invest in areas of growth and support for the student experience.

Other operating expenditure has increased by £8.7m or 30.3%. By far the most significant contributor to this increased level of expenditure relates to minor works projects undertaken during the year with over £5.6m incurred in 2021/22 related to various projects including expenditure associated with the refurbishment of student accommodation in our main buildings. Aside from this, the emergence from the pandemic led to a wide range of pandemic sensitive areas of expenditure returning to pre-pandemic levels including: travel and subsistence for staff and students, educational visits, training and development, course consumables, theatre and visiting groups, catering provisions and printing costs. These increases, whilst significant, were necessary as we fully returned to a campus-based teaching and learning environment. Other areas of increased expenditure include licences and patents due to a significant increase in the cost of core software licences, an increase in consultancy fees linked to estates projects and growth in international activity, publicity and advertising to support student recruitment, planned preventative maintenance works across our estate and an increased level of support for the Student Union.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

Interest payable relates primarily to long terms loans. The capital amount outstanding in relation to long term loans is £24.7m and this will continue to reduce by £2m each year in accordance with our capital repayment plans.

#### **Key Performance Indicators**

The University measures its performance using a variety of tools. Easily quantifiable measures that consider past financial performance covering cash generated from operations, liquidity, core operating surplus and capital employed have all performed well with a cash inflow from operations of £15.8m reported for the year. Year-end cash balances of £80.5m are strong driven partly by a limited cash outflow related to the acquisition of fixed assets as a result of the uncertainty created by COVID 19.

Year-end cash balances of £80.5m should be viewed within the context of the significant levels of uncertainty created by cost of living rises. We took a cautious approach to capital investment following the outbreak of COVID 19 and are only now beginning to revisit master-planning work with the intention of investing in new areas of provision. There are also very clear threats to funding levels within the HE sector presently that make it vital to have built up an enhanced level of liquidity so as to safeguard the ongoing sustainability and viability of the University. Regardless of such threats, it is worth noting that even in an environment when future income is more assured, the University must always hold a minimum cash balance at each year-end of no less than £30m if it is to avoid running out of cash part way through the year. This arises because of the timing of cash receipts from the Student Loan Company (SLC) whereby the University must wait until May before it receives the final 50% of tuition fee funding. Furthermore, the University also carries £24.7m of long-term external debt which is repayable at £2m per year plus interest. Given the heightened focus on sustainability and viability across the HE sector in the aftermath of the COVID 19 outbreak it is pleasing to note that the University's net debt position (Cash and cash investments less long term loans) has never been stronger. Given Edge Hill University does not have endowments that can be called upon in emergency situations or significant assets of commercial value, it must ensure it maintains sufficient liquidity to cover its debts, manage its working capital and provide an adequate buffer to manage uncertainty and change in a measured way that minimises the potential damage to the business. At this point cash balances are at a level that remains consistent with our medium-term financial strategy and plans and will ensure the University's long-term viability.

Clearly a leading, and perhaps the most important, measure of performance is our ability to generate income. In this regard the University has witnessed a moderate uplift in applications and conversion with, at the time of writing, a 5% increase in unconditional firm acceptances to undergraduate programmes. Cost of living pressures have, we believe, contributed to a sector-wide retention challenge and Edge Hill has not been immune in this regard. However, significant investment in hardship and support is expected to reverse this position as we move forward into 2022/23. Early indications around enquires and applications for 2023 entry are encouraging with a 50% increase in enquiry numbers compared to this time last year. High levels of liquidity will enable further investment in building infrastructure to support areas of growth including the expansion of our residential and catering offer. Key external challenges such as the increased focus by government on minimum thresholds for continuation, completion and progression as well as the new re-accreditation requirements for all providers of ITT in England present ongoing risks. It will be vital we utilize the financial strength we have so as to ensure our provision remains strategically relevant to the needs of the nation in an ever changing society.



## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

Taking a longer-term view, changes in our curriculum with a greater focus on Health and science-based subjects, allied to an expanding 18 to 21 year old demographic, form part of a longer-term strategy designed to enhance brand and reputation ensuring that our provision remains aligned to areas of demand and strategic importance to the nation.

The TEF continues to be an important barometer of University performance and whilst changes have been applied to the key metrics, it will continue to be perceived as a proxy measure for teaching excellence. In that regard, Edge Hill University's current Gold status helps to shape the perceptions of students and stakeholders as does Edge Hill's re-entry into the Times Higher Top 1000 universities in the world.

#### **Outlook for 2022/23 and future risks**

The Board of Governors are satisfied that the University has sufficient cash reserves to continue as a going concern and, as such the financial statements have been prepared on this basis. More information on the going concern basis of preparation is provided in the statement of accounting policies basis of preparation note.

Looking ahead, the sheer scale of potential change facing the sector is unprecedented with huge changes to funding, admissions and regulation potentially on the horizon. The combined threats of ITT re-accreditation, post-qualification admissions, the abolition of BTECs and enhanced Condition B3 monitoring and regulation pose significant challenges to the sector in the short to medium term. The Institute of Teaching as a potential partner institution for accredited providers in offering postgraduate awards leading to QTS also provides an alternative route to QTS which could result in the withdrawal of elements of University provision with ITT and Early Career Framework training planned from September 2023.

In response, Edge Hill recognizes the importance of re-shaping provision with health, engineering and computing all areas of potential future growth in the years ahead. There are inevitable areas of contraction but Edge Hill's strong financial position enables it to re-align resources in both a thoughtful and considered manner so as to cause minimal unrest and instability. It also provides the necessary up-front investment required for new areas of provision without recourse to external financing. In fact, the University has an enviable track record for effective cost realignment and control and, we believe, sufficient financial flexibility to survive and adapt in even the most challenging of scenarios as we continue to build upon a reputation endorsed by being selected as the Modern University of the Year in the Times and Sunday Times Best University Guide.

Cash generated from operations this year of £15.8m is consistent with our medium term plans and supports an enhanced level of liquidity required as we commence a renewed Estates Strategy. That strategy will see £50m of investment over the next two years as we invest in much needed additional capacity to support Life Sciences programmes where a lack of suitable laboratory space is the key limiting factor preventing growth, deliver an additional 232 bedrooms and complete the development of the central heart of the campus with a new SU building alongside retail and catering outlets. Whilst we anticipate only a relatively moderate increase in our student number intake in 2022/23 as we continue to re-align provision, our all-years student numbers will remain healthy. We will continue to work to position Edge Hill University to be ideally placed to take full advantage of the future long-term opportunities that are likely to present themselves. We have a strong track record of managing change, and our diversified portfolio of business lines of Health, Education and Arts and Sciences programmes have long since provided protection against a fall in demand with, most recently, improved recruitment to Health and Science programmes offsetting reductions in the Arts and Education.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

We remain satisfied that we are responding to the demands placed upon us in a measured way and are ready to respond swiftly to change. We will continue to manage the University in furtherance of our strategic aims, sustaining our culture, ethos and absolute commitment to provide an outstanding student experience, whilst remaining ever mindful of the threats and potential opportunities that will arise as the political environment continues to evolve.

#### **Treasury Policy, Objectives and Liquidity**

The University manages cashflow through its principal bankers, Barclays Bank PLC. Cash in excess of day-to-day requirements is invested in counterparty banks. We focus our investments on major national banks with a Standard & Poor's rating of BBB+, and the amounts are restricted to up to £12m per counterparty with the exception of Barclays Bank PLC. These credit limits are kept under continual review.

Year end cash balances, including investments, of £80.5m have been achieved with a net cash inflow from operating activities of £15.8m helping to support a significant cash buffer as we enter a period of unprecedented uncertainty.

Total borrowings are £24.7m which is £2m less than the previous year. There is no intention in the medium term to service more debt and debt balances will continue to reduce at a similar rate going forward. In terms of gearing our total debt as a percentage of total reserves is 8.7%. We are expected to maintain annualized debt servicing costs within 4% of revenue and in this regard, as well as all other liquidity measures used to assess performance, we have fully achieved our targets.

#### **Student Services**

The work of Student Services is primarily focused on providing direct support to students who are facing a range of challenges whilst at university. The Department comprises a number of specialist functions including: Wellbeing and Counselling, Money Advice, Inclusion, and a holistic Student Support Team case managing students who have a range of complex needs and require support from multiple sources. During the last year the Student Experience Team was transferred into the function and significant effort has been invested in integrating that team. A new Student Services Strategy has been developed by bringing together staff from across the services and this focusses on 3 key priorities, Retention, Satisfaction and Graduate Outcomes.

A number of key Student Experience projects have been implemented including a new Student Feedback Framework, an improved Student Opportunities offer, a more coordinated approach to Student Life, a Student Communications Framework, and an improved support offer for students at St James' in Manchester.

Supporting students to stay and succeed at University has been a major focus in 2021/22 with the further development of the Student Support Team. This dedicated team has supported hundreds of students to stay at University and overcome any barriers to living and learning. Preparations have been made at a University level for the start of the next academic year to roll out a new Early Intervention Model of support. Student Services look forward to playing a significant role in the success of this new initiative and this has been supported with additional investment within the Student Support Team.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

Student Services have led the project to Prevent and Address Harassment & Sexual Misconduct within the University and the working group has implemented a significant number of actions within an enhancement plan over the last 12 months. This work has ensured that the institution is complaint or complaint 'plus' on all areas of the OfS Statement of Expectations. However, work to further enhance provision in this important area will continue into 2022/23 focussed on a small number of key areas.

Student mental health and wellbeing continues to be a priority with numbers of students requiring support continuing to grow. An ambitious University wide Mental Health Strategy has been approved within the last 12 months and the aims will be achieved via a detailed Implementation plan bringing together key staff from across the University. In order to support the growing complexity and volume of student cases dealt with by Student Wellbeing, the University has invested in further staffing resource with two new posts recently added to this team.

Finally, in recognition of the increased cost of living next year, students at Edge Hill will be able to apply for an improved package of financial support from the University Student Support Fund. Additional budget has been dedicated to this and will be targeted at helping those individuals who are most in need.

### **Equality, Diversity and Inclusion (EDI)**

Our EDI Strategy aims to provide a framework for the delivery of EDI beyond our statutory requirements, placing diversity and inclusion at the heart of our culture and supporting us in our endeavours to reflect the society we serve. It takes due cognisance of existing supporting strategies and is applied to and owned by all staff and students, irrespective of their individual characteristics. It articulates our inclusion priorities to 2025 and ensures everyone connected to Edge Hill understands the role they play in creating an inclusive culture.

Priorities arising from our EDI strategy are now fully embedded in a live EDI Action Plan which is governed by the EDI Steering Group. The Action Plan is both helping to support the delivery and providing a structure for assessing effectiveness of our key equality challenges and priorities.

Over the last 12 months we have made excellent progress with our Action Plan:

- Introducing a 'link' EDI Governor
- Introducing the EDI Innovation Fund
- launching the new EDI "Hub" (website)
- Introducing an interactive University Diversity Calendar and schedule of events, observing all religious, holy days and festivals together, and engaging with national and international days of importance and cultural significance;
- Introducing an External Charters Manager and Steering Group Chair for the joint governance of Athena Swan and HR Excellence in Research Awards
- Establishing the role of EDI Ambassadors
- Undertaking a holistic audit of the food provision across campus (taking account of religious, cultural and health issues)
- Establishing an agreed template for EDI impact assessment

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

- Delivering a successful Black History Month Programme
- Increasing collaboration with the SU in community engagement
- Establishing an Inclusive Curriculum Working Group
- Increasing collaboration with the Access and Participation Working Group
- Increasing successful flexible working applications across campus

With these solid foundations in place we remain committed to doing more to raise awareness of and tackle inequalities, ensuring our principles of inclusion are evident to everyone. Through continued active listening to our students, staff and alumni, we will continue to take positive and prompt action to make our community one in which we all proudly belong.

### **Health and Safety Management**

#### **Health and Safety Strategy**

The strategic action plan for the reporting period 2021-22 was made up of 47 objectives from various departments/faculties across the University spread across all themes of the strategy. Of the 47 actions 39 were completed and 8 remain outstanding at the time of the reporting period. The Institutional Health, Safety and Environment Committee (IHSEC) has oversight of the completion of the plan and felt that the work in taking forward the strategic actions had an extremely positive impact on the management and culture of the University as a whole and the safety and wellbeing of its staff, students, and visitors.

#### **Policy and Procedure**

To ensure the University's policies, procedures, and guidance are fit for purpose and comply with current legislation a review schedule is in place. During the reporting period there were several policies and procedures reviewed and we saw the introduction of a new procedure for Risk Assessment. Consultation has taken place with key stakeholders across the University before ratification by the IHSEC. As a result, there is continuous improvement of the University's policies, with the aim of ensuring that the University remains statutorily compliant, and that risk is effectively managed.

#### **Training**

The development of our staff remains a priority in relation to Health and Safety. During the reporting period 8,141 e-learning modules were completed across a range of core health and safety subjects. The university has also looked to establish a baseline of knowledge in relation to health and safety, with a view to all existing staff completing and with any new staff undertaking as part of their induction. The modules included in this baseline are Induction Safety, Manual Handling, Fire Safety, Workstation Setup and Accident investigation. The number of courses delivered represents a huge increase from the previous face to face delivery method, delivering good value for money and ensuring that staff are provided important training to prevent accidents and ensure we meet our legal obligations.

#### **Compliance**

FM has continued to develop systems to ensure that all statutory compliance obligations in relation to maintenance of the estate are met and accurately reported on through compliance software. In relation to legal compliance relating to health and safety and environmental

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

legislation, legal registers have been developed with a specialist consultant to ensure that all relevant legislation is identified and adhered to.

#### **Audit and Assurance**

The University has continued with its risk-based approach to audit enabling the release of resources to provide a more practical and robust assessment for higher net risk areas. A full Health & Safety audit programme was undertaken during the year with key findings reported to the IHSEC, with the overriding objective being to ensure the University provides a safe environment for our staff, students, and visitors.

The programme included audits from the University Internal Auditors which included asbestos, gas safety and compliance with the Student Accommodation Code. The auditors for these areas concluded that the University could take substantial assurance that the controls upon which the organisation relies to manage the identified areas are suitably designed, consistently applied and operating effectively.

#### **Collaboration with Health and Safety Representatives**

The Health and Safety representative network continues to thrive and have a positive impact on the health safety and wellbeing of our staff and students. The level of engagement remains high particularly around policy review, audit processes and specific health and safety initiatives taken forward by the University during the year.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Environmental Sustainability**

The University remains committed to the broad environmental sustainability agenda and, in so doing, minimising the environmental impact of our activities and operations. We continue to utilise both technical interventions and measures, as well as culture and behaviour change strategies to help us improve our overall performance, supporting the recent prioritisation of environmental sustainability among students.

During 2021/22 there were 24 actions identified as part of the Sustainability Action Plan with the majority of those targeted for completion by 31st July 2022 now completed. There were also a number of longer-term objectives where progress was also made that will be carried forward to ensure future success. Our Cycle2Work limit was increased from £1000 to £2000 starting in October 2022 a move that will increase the range of bikes and accessories available to applicants. 2021/22 also saw an increase in patronage of the EdgeLink bus service to over 360k, with mystery shopper feedback being positive regarding the service.

The promotion of sustainable travel remains important to Edge Hill University and we anticipate an increased number of applicants for our Cycle2Work scheme. Use of booked car share spaces on campus has also begun to show positive signs of improvement. Work to promote sustainable travel will continue with a “Commute Back Better” campaign scheduled to be run in September/October 2022 to engage staff and students in the alternatives to single occupancy car journeys onto campus.

Work continues to encourage further supplier engagement with the Net Positive Futures (NPF) HE Tool to ensure that ethical sustainability is addressed within our supply chain with over 500 suppliers now registered on the tool. We will also be reviewing our top 500 suppliers in the summer of 2022 with a view to contacting any new suppliers who may not be registered with NPF or who do not publicise a policy statement. This activity reduces the risk of a failure in the supply chain in relation to Modern Slavery, whilst also continuing to raise awareness in our supplier base.

Waste Management services have continued to deliver well with recycling rates meeting our targets set as our campus reopened and services returned to pre-pandemic levels.

A variety of events were also run throughout the year to engage staff, students, and the community with our sustainability agenda. This has included the continuation of the Sustainability Champions network which now has a new Sustainable Leadership programme in place to reward engagement with sustainable activity. The University Sustainability Group, which was formed in the 2020/21 academic year, continued to meet to discuss sustainability at a more strategic level and membership has been widened to include a greater number of stakeholders.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Fund Raising**

Aside from welcoming donations through our alumni of past and present staff and students, the University does not actively fundraise. Rather, we encourage our alumni to make those who would benefit from studying with us aware of the University's attributes. We do not employ anyone to raise funds on our behalf and have received no complaints regarding fundraising activities.

#### **Service to Society**

Under the provisions of the Education Reform Act 1988, Edge Hill University is an exempt charity. The Governors have had due regard to the Charity Commission's public benefit guidance. Information regarding how the University has delivered its charitable purposes for the public benefit is included in this report.

#### **Arts and Culture**

Offering students an exceptional experience during their time at Edge Hill is The Arts Centre's main priority. Throughout 2021/22, the University presented an exciting programme of events and performances, both in The Arts Centre's two theatres, and in various spaces around the University. Taking arts and culture into other spaces across campus has allowed us to reach even more students with a vibrant programme of performance and has opened up opportunities for students to present performances at various University-wide events.

The University's partnerships with cultural organisations has developed, providing increased opportunities for students to both experience and be involved in a wide variety of arts and cultural opportunities. Throughout 2021/22 we continued to develop our partnership with Preston City Mela organisers to develop a day-long South Asian Arts multi-artform festival at the University, building on the event that we delivered in 2020/21 with plans to present a larger-scale event involving more students, and offering a greater amount of cultural activity to students, schools and colleges, the community and stakeholders.

The Arts Centre's professional development mentoring programme for our Creative Arts graduates (Out The Box) continued with great success, with an increased number of graduates creating companies or becoming self-employed within the creative industries.

Audiences from schools and colleges increased throughout 2021/22 as we were able to welcome them back on to campus for a number of performances and events.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Sports and Fitness**

2021-22 saw the first full year of operations since the Covid-19 pandemic and the lifting of restrictions resulted in record numbers of students returning to sport and physical activity.

During the pandemic the annual student membership price was reduced significantly to reflect the restrictions and limited time students may be on campus. This proved extremely successful so a low membership price was maintained at £99 for the year with a 4-week free 'try before you buy' trial period available as a further incentive to join early. The result was the highest ever student membership of 2,330 students, an increase of 63% from the previous year, and a 122% increase in recorded visits to the fitness suite.

The significant loss of many staff and community members during the pandemic was somewhat mitigated by a successful 'Summer membership' promotional offer of £50 for a 10-week membership that attracted 331 new members over the normally quiet summer period. Also launched this year was a new Personal Training package with good student engagement.

Edge Hill Sport continued to achieve the highest possible banding of 'Excellent' in Sport England's quality assurance scheme following mystery visits and an intense 2 day audit demonstrating that the Sports Service continues to operate in line with best practice in the leisure industry.

Collaborative work with the Faculty of Education saw a number of partner schools being brought onto campus to hold events at the Sports Centre. In addition, there were 35 other community events with over 9,000 visitors in attendance notably the annual 'Commonwealth Day' which saw 20 local schools and over 1,100 school children compete, and 2 regional Triathlon events which again saw over 1,000 competitors per event.

October 2021 saw the return of the competitive BUCS leagues and competitions with our highest ever number of students representing the university in various sporting activities. Highlights included Men's Rugby Union 1<sup>st</sup> team and Netball 2<sup>nd</sup> team winning their respective leagues, Cheerleading winning the National Championship, a BUCS boxing champion and a new Equestrian team entering the BUCS league for the very first time. Edge Hill also achieved its highest placing for over a decade.

March 2022 saw the return of the Varsity against UCLan on campus and was the largest event so far in terms of the number of fixtures, participants and spectators with a new format including provision of food stalls and entertainment. Edge Hill regained the trophy with a narrow 23-22 victory.

Our Campus Sport programme also fully returned to pre-pandemic normal activity levels providing a variety of high-quality social sport sessions including Badminton, Basketball, Trampoline and Cheerleading and engaging with over 1,700 participants and a record 14,000 visits which is a significant increase in pre-Covid levels). We also supported a significant student volunteer programme in which over 5,000 hours covering a wide range of tasks and activities related to sports programmes were delivered.



## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Widening Participation**

Edge Hill University prides itself on its role in widening access and participation in Higher Education. We have always attracted and supported a diverse student body with over 70% of our students having one or more under-represented characteristics. At Edge Hill, we work across the student lifecycle to support our widening participation students.

Our four year Access and Participation Plan (2020-2021 to 2023-2024) is underway. In this plan we have five targets and several strategic aims to support our widening participation students across access-activity to support underrepresented groups to enter higher education; success-activity to support underrepresented students to be retained on course and achieve a good degree; and progression-activity to support underrepresented students to progress to graduate level employment or postgraduate study.

Pre-entry we liaise closely with local schools, colleges, and local authorities, delivering tailored packages of access activity designed to inspire, raise awareness of Higher Education, and support the attainment of prospective students. Additionally, through our Fastrack Programme, that bridges the gap between existing qualifications and those required to enter Higher Education, we provide a unique programme to support mature learners who wish to return to study. We also have our Widening Access to Medicine Programme in our Medical School. This programme consists of a series of free events designed to support local students from diverse backgrounds who have the ability and personal attributes to be successful in their application for a place in medical school. We are proud of our tradition in attracting and retaining students from non-traditional backgrounds and expect a significant proportion of our students to continue to come from widening access groups.

For Edge Hill students we offer various packages of support, for example our Student Support Team who support our students to stay on course and succeed, they are also a dedicated point of contact for Care Experienced and Estranged students. To help our students progress into graduate level employment, Careers offer tailored support for widening participation students, in addition to running our Diverse Voice alumni series which gives a platform for our alumni from widening participation groups to share their employment journeys after graduation. Additionally, our innovative Student Opportunity Fund provides financial support to enable students to take employment-enhancing opportunities.

Our Widening Access and Participation team have convened five Student Advisory Panels, covering our key widening participation student groups. We have one group for our Black, Asian and Minority Ethnic Students, one for Disabled Students, one for Care Experienced and Estranged Students, one for Mature Students and one for students who are the first in their family to progress to university. Our Student Advisory Panels provide invaluable feedback to better align services and functions to our students' experience, in addition to inputting into new initiatives. In line with Office for Students requirements, we are continuing to ensure that we have research informed practice that is effectively evaluated so we can demonstrate the impact of our access, success, and progression support initiatives.

## **EDGE HILL UNIVERSITY**

### **STRATEGIC REVIEW (CONTINUED)**

#### **Employability and Enterprise**

The University has maintained its engagement with regional businesses throughout the year with a multi-channel approach to outreach including direct e-campaigns, online media, PR and events. These efforts consistently reach over 3000 external organisations on a quarterly basis with information provided on support available and success stories.

The Faculty of Arts and Sciences Employability and Enterprise (E3i) function focuses on increasing work-related learning opportunities within our curriculum and providing high quality student placement opportunities for our students. In 2021-22 the Work-Related Learning (WRL) team successfully generated 991 bespoke student placement places, matching and validating 612 students to placements across the University. In addition, it supported 440 student-initiated placements and in so doing enabled the generation of a further 244 new placement opportunities helping to expand our SME portfolio to 605 organisations. Looking forward, we already have 202 placement opportunities forecast for 2022-23 supporting a 145% increase in placement applications this Summer.

Our SME Productivity and Innovation Centre (PIC) continues to build upon previous successes with over 189 North West SMEs now supported and having helped introduce 100 new products/services/technologies since its inception in 2018. The centre received external recognition this year by winning the Educate North award for business collaboration and partnerships in the university sector as well as international recognition in the Innovation and Entrepreneurship Support of the Year award at the European ACEEU Triple E Awards.

Our funded business support programmes have again performed excellently in 2021-22. The £1.2m Leading Lancashire programme has, to date, supported 924 learners from 369 SMEs with 69.8% of learners from under-represented groups. The Lancashire based PIC programme has supported 30 SMEs resulting in 21 new products/services/technologies being launched and 12 SMEs reporting multiple job creation. 2021-22 also saw the successful completion of the Innovate UK Manufacturing Connect Project which, despite operating in challenging COVID conditions, has supported 109 manufacturing-based SMEs, resulting in 23% of companies adopting new digital technologies. The newly initiated Liverpool City Region PIC programme has also got off to a flying start by supporting 21 SMEs resulting already in 15 new products/services/technologies being launched and 3 SMEs reporting multiple job creation.

A key strategic focus of the Faculty of Arts and Sciences Employability and Enterprise (E3i) function has been to increase its KTP portfolio. The Enterprise team generated four new KTP programmes (Oscar Pet Foods Ltd (Management KTP), Synergy Technology Ltd, Panaz Ltd (Management KTP) and Progress Group Holdings Ltd). The faculty now has a KTP portfolio value of £1,148,363. Our 2022-23 priorities are to maintain a portfolio of 6 KTP projects and identify additional academic areas to support future growth.



**Dr John Cater**  
**Vice-Chancellor**  
**21 November 2022**

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE**

The following statement is given to assist the readers of the financial statements to obtain an understanding of the corporate governance arrangements applied by the University's Board of Governors (the Board) in the period from 1 August 2021 to the signing of the accounts on 21 November 2022.

#### **Charitable and legal status**

Edge Hill University is a higher education corporation (HEC), gaining legal status as a university from the Privy Council in 2006. The powers of the HEC are defined in section 125 of the Education Reform Act 1988 as amended by the Further and Higher Education Act 1992.

Like many universities, Edge Hill University is an educational charity, exempt from registration with the Charity Commission (as defined in the Charities Act 2011). This means that governors are also charity trustees and, as such, the Board is responsible for ensuring that:

- the University's work is for the public benefit
- the University is compliant with charity legislation
- the Board is alert to relevant Charity Commission guidance on the public benefit in exercising their powers.

The Office for Students (OfS) is our primary regulator.

#### **The underlying principles to our governance framework**

The University's framework of governance is established in the [Instrument](#) and [Articles](#) of Government, which were approved by the Privy Council in 2007.

We are committed to demonstrating sound governance practice in all aspects of our corporate governance framework, and regularly review our governance effectiveness to ensure that our operations uphold the OfS' [public interest governance principles](#). We aim to conduct our business in a responsible and transparent way, and in accordance with:

- The principles identified by the Committee on Standards in Public Life, also known as the Nolan Principles (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- The University's governing documents, the Instrument and Articles of Government. This includes the University's articulated Approach to Ethical Policymaking, which further details our ethical principles in governance and management. A copy of this policy framework may be provided on request.
- The requirements of the higher education (HE) regulator, the Office for Students (OfS).
- The Committee of University Chairs (CUC) HE Code of Governance, HE Audit Committees Code of Practice, and the HE Senior Staff Remuneration Code.
- Charity Commission Guidance.
- Other relevant guidance.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

The University is committed to academic freedom, protecting freedom of speech within the law and ensuring equality of opportunity. We also have a responsibility to ensure that modern slavery and human trafficking are not taking place in our business or in our supply chains. Our Modern Slavery Statement can be accessed on our website at: [Modern Slavery Statement - Edge Hill University](#).

The University has robust systems in place to ensure its ongoing compliance with statutory and regulatory requirements. This is articulated in our [Scheme of Delegation](#), which identifies the relevant requirements and outlines how the Board assures itself of the University's compliance. Assurance is obtained by the Board through direct consideration of designated items, the receipt of regular reports from the University's Regulatory Oversight Group and internal audit reports from assignments which have been designed to test the University's arrangements for compliance with statutory, regulatory and good practice expectations. An internal audit of the University's OfS compliance arrangements undertaken in June 2022 provided substantial assurance and identified no requirements for further management action.

#### **How the University is governed**

The governance structure of the University is specified in the [Articles of Government](#) which sets out the responsibilities of the Vice-Chancellor, the Board of Governors, and the Academic Board in managing and overseeing the University's activities.

#### ***Leadership***

The Vice-Chancellor is the University's principle accountable officer, and is also the designated Accountable Officer with the OfS, for the purposes of the Higher Education and Research Act 2017.

Under powers enshrined in the Articles of Government, or delegated by the Board, the Vice-Chancellor has a key role in shaping the University's culture, infrastructure and institutional strategy. The Vice-Chancellor is an ex officio member of the Board, and chair of the Academic Board. He is supported by a Deputy Vice-Chancellor, five Pro Vice-Chancellors, and a management team with specialist portfolios.

#### ***The Board of Governors***

Ultimate responsibility for the University's resources and activities rests with the Board.

In line with the Articles of Government, the Board holds to itself responsibility for:

- the determination of the educational character and mission of the University
- the approval of the annual estimates of income and expenditure
- ensuring the solvency of the University and the Corporation and the safeguarding of their assets
- the appointment or dismissal of the Vice-Chancellor

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

The Board has adopted the CUC HE Code of Governance, which provides guidance on best practice for the sector. In re-confirming its adoption of the Code, which was revised in 2020, the Board has reviewed its governance practices and is satisfied that it remains compliant.

The Board of Governors comprises:

- A minimum of 10 independent members, who are always in the majority at Board meetings
- Two student representatives (one of whom will also be an elected representative of the Students' Union)
- Two staff representatives elected by their peers
- One member of teaching staff nominated by the Academic Board
- The Vice-Chancellor

Governors regularly reflect on their own performance and development needs as part of the Board's regular effectiveness review, including an annual appraisal with the Chair of Governors. Newly-appointed members participate in an individual induction programme, tailored to their specific needs and experience. In addition, all governors are invited to attend conferences and events tailored to HE Governors, offered by organisations such as Advance HE.

The role of Chair of the Board of Governors is separated from the role of the Vice-Chancellor. The Vice-Chancellor's performance is monitored by the Board and assessed via a performance review process undertaken by senior governors.

The Board is served by a Clerk who provides independent advice on matters of governance to all governors.

None of the independent members receive any payment for their role, apart from the reimbursement of reasonable expenses for attendance at meetings.

During the period to 31 July 2022, the Board met on nine occasions, which included 1 full day strategy and development event to consider the University's long-term planning alongside the Board's own development. At its meetings, the Board considered regular reports from University managers on the University's performance in the key areas set out in the University's Strategic Plan, including – but not limited to – Student Experience, Teaching and Learning, Research, International Engagement and External Partnership, People, and Sustainability. It also commissioned briefings on particular areas of the University's activities, for example, employability and graduate outcomes, to ensure that governors remain alert to contemporary challenges and opportunities.

The Board is supported by a sub-committee structure comprising Audit, Governance & Nominations and Remuneration. All sub-committees operated with agreed terms of reference, with independent governors in the majority, of whom one is the designated Chair.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

The Board articulates its delegations to these committees, and to the management team, through its [Scheme of Delegation](#), which was subject to a major review in 2022 to ensure that it remained fit for purpose in the current regulatory environment.

#### ***Audit Committee***

The Audit Committee meets at least three times annually with the external and internal auditors of the University and is responsible for reviewing their work. The Committee:

- Approves the Internal Audit Plan and considers the subsequent reports together with recommendations, and management responses, for the improvement of the University's systems of internal control.
- Receives and considers specific review reports as they affect the University's business and monitor adherence with regulatory requirements.
- Reviews the University's annual Financial Statements and approves the Financial Regulations.
- Has oversight of risk management and provides an annual report to the Board which sets out its opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness (VFM) and the management and quality assurance of data (and in particular data submitted to the Designated Data Body, the Student Loans Company, the OfS, Research England and any other relevant bodies).

Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Chair of the Board is also precluded from membership.

In line with its adoption of the CUC HE Audit Committees Code of Practice, each meeting the Committee holds private sessions:

- As a committee
- With management
- With internal and external auditors.

The Audit Committee's full terms of reference are available on the [University's website](#).

#### ***Governance & Nominations Committee***

The Governance & Nominations Committee is responsible for:

- Advising the Board on the appointment and reappointment of Governors and senior postholders, ensuring compliance with the OfS 'fit and proper' person requirements
- Overseeing the Board's governance procedures and the Lead Governor scheme
- Making arrangements for periodic assessments of the Board's effectiveness, including a triennial review with external input.

The Governance & Nominations Committee's full terms of reference are available on the [University's website](#).

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

#### ***Remuneration Committee***

The Remuneration Committee, which operates in accordance with the CUC HE Senior Staff Remuneration Code 2021, is responsible for:

- Determining the annual remuneration of designated senior staff
- Considering the terms and conditions of employment, and associated policies and procedures, of designated senior postholders
- Approving the total envelope available for the pay and reward of managerial and professorial staff who are employed on locally-agreed pay scales.

The Committee is chaired by the Deputy Chair of the Board, with membership restricted to independent governors, Senior executives, namely the Director of Human Resources and the Vice-Chancellor, attend meetings of the Committee as required to provide advice. No member or officer of the Committee may be present during discussions relating to their own salary or conditions of service.

The Remuneration Committee's full terms of reference are available on the [University's website](#).

#### ***Lead Governor Scheme***

In order to discharge its duties effectively, the Board as a collective must have sufficient insight to be assured about areas of strategic importance. Its annual business schedule is therefore planned around eleven strategic themes which incorporate the main pillars of the University's Strategic Plan along with items of direct concern to the Board, including Equality, Diversity and Inclusion, Finance, the Board Assurance Framework and Legal & Compliance.

To support the Board in its endeavours, a Lead Governor has been assigned to each of these strategic themes. Lead Governors are recognised by the Board as providing expertise in the relevant area and, where appropriate, they take a lead with scrutiny, challenge and support for specified agenda items. The Lead Governor scheme is designed to enhance the Board's balance of assurance and scrutiny.

Lead positions are assigned only to independent governors since they bring a level of contemporary external experience and objectivity that staff and students of the University cannot. However, while Lead Governors support discussions using their professional expertise, all governors participate in deliberations, ensuring that the Board's diverse range of views and experience fully informs its decision-making.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

#### ***Board Effectiveness***

In accordance with good governance practice, the Board of Governors regularly reviews its own effectiveness. It has a number of mechanisms for this including, but not limited to:

- Board Effectiveness Reviews involving external input, which are planned to take place at least every three years.
- Regular effectiveness surveys issued to all governors, with whole Board discussion about effectiveness.
- Annual review meetings between individual governors and the Chair.

The Board concluded a comprehensive review of its governance practice, procedures and structures in July 2021. This review was led by a working party of governors, and sought to find opportunities for enhancement to ensure that the Board was modelling best governance practice. Its recommendations were fully implemented in the 2021/22 academic year.

#### ***Academic Governance***

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership from the staff and students of the University. It is responsible for:

- General issues relating to teaching and learning and research work
- The development of academic activity
- Advising on such other matters as the Board of Governors and Vice-Chancellor may refer to it.

There is regular crossover between the Academic Board and the Board of Governors to ensure transparency and full understanding of key issues. The Academic Board nominates a member of teaching staff to serve as a governor, and the Lead Governor: Learning and Teaching has an open invitation to observe meetings of the Academic Board and its committees. In addition, governors regularly consider reports on the Academic Board's work in order to receive and test assurances that the University has an adequate and effective academic governance framework.

#### ***Transparency***

The University's website sets out its [corporate governance](#) arrangements, including membership and the terms of reference for the Board and its Committees. The Board endeavours to conduct its business transparently: agendas and minutes to all Board meetings are published, with only business that is highly confidential or commercially sensitive exempt from general view.

All members of the Board and its Committees are required to exercise independent judgement at all times in the best interests of the University. This includes fully disclosing any actual, perceived or potential conflicts of interests as these arise and, if necessary, abstaining from any involvement in the decision-making process, including withdrawing from a meeting.



## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

The Board maintains a [Register of Interests](#) which is published on the University's website and provides a comprehensive picture of all relationships which could present a potential conflict.

#### **Regularity and Propriety in the use of Public Funding**

The University has policies and processes in place to ensure regularity and propriety in the use of public funding from the OfS, UK Research and Innovation including Research England, and other sources.

These include the control measures shown in the statement of internal control below, and:

- A [Counter Fraud and Corruption Policy](#) which sets out the University's expectations for the highest standards of ethical behaviour and financial probity, together with the processes in place to prevent, identify, report and investigate suspected cases of bribery, fraud and corruption.
- A [Whistleblowing Policy](#) which encourages staff to report reasonable belief of wrongdoing, provides guidance on how to raise concerns, and reassurance that they can raise genuine concerns without fear of reprisal, even if they turn out to be mistaken.

#### **Further information**

Any enquiries about the University's corporate governance framework should be addressed to the [Clerk to Governors](#).

### **Statement of Internal Control (incorporating the adequacy and effectiveness of arrangements for risk management)**

As the University's governing body, the Board is responsible for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives stated in the Strategic Plan, while safeguarding the public and other funds and assets for which the University is responsible. It does this in accordance with the responsibilities assigned by the Instrument and Articles of Government and OfS terms and conditions, which also include charity regulation requirements.

The system of internal control is based on an ongoing process designed to identify and mitigate the principal risks to the achievement of policies, aims and objectives. It is designed to manage rather than eliminate the risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness against material mis-statement or loss.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

The following processes have been established by the Board and have been in place for the year ended 31 July 2022 and up to the date of approval of the Financial Statements:

- The Board meets at regular intervals to consider the plans and strategic direction of the University.
- The Board receives regular reports on progress in relation to Key Performance Indicators which are referenced to the University's Strategic Plan and Risk Register. A Board Assurance Framework has been established to bring together the relevant information on risks to the achievement of the University's strategic objectives, and the control measures in place.
- The Board has approved a comprehensive Scheme of Delegation. Through this the Board has requested the Audit Committee provide oversight of the University's management of risks. The Audit Committee considers the Board Assurance Framework as a standing item at each of its meetings, with summary reports provided to the Board.
- A member of the Executive has responsibility for the promotion and co-ordination of risk management processes and reporting, ensuring this is embedded in on-going operations. The Board has also identified a Lead Governor for Board Assurance Framework Reporting. The primary purpose of the Lead Governor: Board Assurance Framework Reporting is to apply their professional expertise to their governance role in order to support the University by acting as a conduit between the Board and the Executive to ensure that the Board's assurance reporting expectations are feasible, appropriate and met.
- The Audit Committee receives regular reports from the Head of Internal Audit, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- The Chair of Audit Committee is invited to attend facilitated workshops which are held for senior and other managers to identify and keep up to date with the record of risks facing the organisation.
- The Internal Audit Plan is considered and approved by the Audit Committee.
- A system of reporting on risk management has operated throughout the year. The process incorporates a range of formal reports and an analysis of risk at each Audit Committee meeting. Risks are linked to the aims and objectives identified in the Strategic Plan (which includes financial sustainability), and ensuring the University's compliance with statutory, regulatory and other relevant requirements.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

- A robust risk prioritisation methodology is in use based on risk ranking and cost-benefit analysis, which ensures that all risks are identified across the University and held in local registers with the University Risk Register focusing on the most important risks facing the University.
- An organisation-wide Risk Register is maintained, and is a principal component of the Board Assurance Framework, which identifies the likelihood and impact of risk materialising, and ensures that appropriate mitigating actions are put in place on an on-going basis. The Board Assurance Framework is overseen at an operational level by an executive Risk Management Group, chaired by the Director of Strategic Planning.
- Reports are regularly received from budget holders and/or other key members of staff on key risks, mitigating actions and progress updates.
- At the end of the year the Chair of the Audit Committee formally reports to the full Board on the Committee's activities during the year in accordance with relevant guidance. This report includes an assessment of the effectiveness of the internal control system (including risk management) during the year.

The University's internal control system is supported by a number of policies, regulations and schemes that have been approved by the Board, Audit Committee or Executive to help to prevent and detect corruption, fraud, bribery and other irregularities. These policies and procedures, which are periodically tested through the internal audit process as appropriate, include:

- Anti-Money Laundering Policy
- Bribery and Anti Corruption Code of Conduct
- Ethical Investment Policy
- Credit Control and Debt Management Procedures
- Counter Fraud and Corruption Policy and Response Plan
- Financial Regulations
- Fraud and Serious Incident Response Plan
- Guidance on the Procurement of Consultancy and Business Services
- Hospitality & Gifts Policy
- Purchase Ledger Procedures
- Risk Management Policy

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

- Scheme of Delegation
- Staff Advances Policy
- Supplier Terms and Conditions
- Theft, Fraud and Corruption Policy Statement.

The Board's approach to risk is to manage the University's exposure to it. The University will seek to recognise risk and mitigate adverse consequences where possible whilst embracing appropriate opportunities. The University recognises that in pursuit of its mission and academic objectives it may choose to accept an increased level of risk. It will do so subject to ensuring that the benefits and risks are fully understood before activities are authorised and that appropriate measures to mitigate risk are established.

Internal and External Auditors attend all meetings of the Audit Committee, providing input and reports (as appropriate to their function) in pursuit of improving the internal control environment and the University's performance in the delivery of value for money. Value for money is a thread running throughout all internal audit assignments, with recommendations for improvement made where appropriate. On an annual basis the Head of Internal Audit reports to the Audit Committee on their opinion of the University's internal control environment and performance in the delivery of value for money.

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

During the financial year, and up to the signing of the Financial Statements, no significant internal control weaknesses or failures have been identified.

## **EDGE HILL UNIVERSITY**

### **REMUNERATION COMMITTEE REPORT**

#### **1. Introduction**

Edge Hill University has applied The Higher Education Senior Staff Remuneration Code since its inception in 2018, and with it a commitment to ensure that senior staff remuneration is fair, appropriate and justifiable.

To ensure that these objectives are met, the Board of Governors has established a Remuneration Committee ('the Committee') to oversee the University's policy framework for the remuneration of senior staff, and to determine the remuneration and terms and conditions of employment for Designated Senior Postholders.

This annual report relates to business conducted by the Committee during the period 1 August 2021 to 31 July 2022.

#### **2. Remuneration Committee: Remit**

The Committee is responsible for all matters relating to the salary, and terms and conditions of service for Designated Senior Postholders. These posts are the:

- Vice-Chancellor
- Deputy Vice-Chancellor
- Clerk to Governors

The Committee is also responsible for overseeing the framework in place to determine the remuneration of those staff on locally agreed pay scales. That is staff on management contracts, Professorial staff and the University's five Pro Vice-Chancellors.

The Committee operates with approved [Terms of Reference](#), which are published on the University website. To ensure procedural fairness and consistency, the Committee follows an approved [Policy for Remuneration](#).

#### **3. Remuneration Committee: Membership**

The Chair and members of the Committee are independent governors of the University appointed by the Board. The quorum for the Committee is three members.

Members of the Committee for the 2021/22 academic year were:

Chair: Lisa Greenhalgh	Deputy Chair of Governors, and Chair of Audit	
Graeme Collinge	Independent Governor	Alternate: Louise Robinson
Clive Edwards	Chair of Governors	
Clive Elliott	Independent Governor [and Chair of Governors Elect]	Alternate: Louise Robinson

The Committee met once during the period, on 11 July 2022. All members were present.

## EDGE HILL UNIVERSITY

### REMUNERATION COMMITTEE REPORT (CONTINUED)

Also attending that meeting were:

Vicky Bosward	Director of Human Resources	
John Cater	Vice-Chancellor	
Clerk to Committee: Helen Smallbone	Clerk to Governors	

Neither the Vice-Chancellor nor Clerk were present for any discussion that concerned their own remuneration.

#### **4. University Context**

In the sixteen years since its designation as a University, Edge Hill has become one of the leading universities in the North West with an enviable campus built on the back of a consistently strong financial performance.

Operating across a wide range of subjects in Arts and Sciences, the University also offers professional qualification programmes in Health and Education and was one of only three universities to be awarded a new, freestanding, Medical School in 2018. With a developing research base, acknowledged in the 2022 Research Excellence Framework, the University mission is to explore the difference knowledge can make in inspiring minds and shaping a better future for our graduates and the lives of others.

Described by the Sunday Times as 'one of the shining stars of the modern university sector', the University is the Times and Sunday Times UK Modern University of the Year 2022. This accolade follows the award of University of the Year 2021 in the Educate North Awards, **which celebrate best practice and excellence in the education sector in the North**. In terms of student led awards in 2022, the University was second in the UK for University Facilities and in the top five for UK University Halls at the What Uni Student Choice Awards.

The University's relentless focus on delivering an outstanding student experience is reinforced in the University's Strategic Plan (2021-25) which is built on the core pillars of Teaching and Learning, the Student Experience, Research, External Partnerships and international Engagement, Our People and Sustainability. The plan includes ambitious targets across each of these strategic priorities to secure and enhance Edge Hill's sustainability as an increasingly successful university.

For a large and complex institution, performance at this level requires vision and strong leadership from the Vice-Chancellor and senior leadership team.

## **EDGE HILL UNIVERSITY**

### **REMUNERATION COMMITTEE REPORT (CONTINUED)**

#### **5. Approach to Remuneration**

##### **5.1 Principles**

The University's staff are its most important resource. As the employer, the Board seeks to ensure the University provides a safe and supportive working environment which meets all legal requirements and in which the contributions of all members of the University community are valued and staff are able to realise their full potential. In relation to decisions concerning all aspects of remuneration and conditions of service, the University is committed to:

- Equal pay for work of equal value;
- Fair, appropriate and justifiable levels of remuneration;
- Fairness in the operation of policies and procedures; and
- Transparency and accountability.

The University operates a Performance Review Scheme in relation to all staff. This encompasses the identification of development needs and opportunities as well as setting objectives for the next twelve months. The outcome of performance review informs potential progression and, for staff on locally agreed pay scales, the payment, if appropriate, of any discretionary non-consolidated bonus.

The University operates in a competitive employment market whose forces can affect the University's ability to recruit and retain staff in particular areas of acute shortage. Nevertheless, the University is an exempt charity and, as such, the Board of Governors has a responsibility to ensure a remuneration policy, which has due regard to safeguarding public funds as well as the need to recognise the efforts of staff in securing the University's continued success.

##### **5.2 Process**

###### **5.2.1 Remuneration for staff on the national pay spine**

The University appoints staff to specific roles. Roles are evaluated using the Higher Education Role Analysis (HERA) scheme with each role assigned to an identified grade boundary on the nationally agreed pay spine. The pay spine specifies the minimum and maximum salary for each grade, and the incremental progression points.

The University also monitors any increase to the minimum wage level proposed by the Living Wage Foundation and considers whether salary points require adjustment to meet or exceed the proposed minimum.

Subject to a satisfactory performance review, staff are generally entitled to annual incremental progression within the grade as well as a pay award agreed through national bargaining. The University recognises that certain roles carry an expectation of progression between grades, while other roles develop in response to business needs.

The associated policy ensures that progression through grades is well managed, operated fairly and consistently, and follows the principles of equal pay.

## **EDGE HILL UNIVERSITY**

### **REMUNERATION COMMITTEE REPORT (CONTINUED)**

#### *5.2.2 Remuneration for management and professorial staff*

The Board established the guidelines and has oversight of the University's policy framework for remunerating those senior management and professorial staff appointed on locally agreed pay scales.

The appropriate point on the scale is determined through use of benchmarking, experience, expertise and market forces.

The annual pay award for staff on these pay scales is determined by the Vice-Chancellor, who operates within an overall sum agreed for staffing. The sum is set out in the University's budget process and is guided by the annual national pay award agreed for the main body of staff. Salaries are benchmarked against similar posts and an equal pay audit is taken on any proposed pay decisions.

There is no incremental progression for these staff. Roles are benchmarked and reviewed annually to reflect changes or development in the role. The Vice-Chancellor is further informed by detailed performance assessments conducted by Directorate. A discretionary, performance driven non-consolidated bonus scheme is in operation for those staff whose performance review grade falls into the top two grades of a five point scale.

The Committee agrees the total available for the pay and reward of this group of staff on behalf of the Board. It also ensures a close match to the overall percentage increase in remuneration for the body of staff (which includes incremental drift).

All staff in this group have an option to access a private healthcare scheme and cover for life insurance.

#### *5.2.3 Remuneration for the Pro Vice-Chancellors*

The same arrangements generally apply as for staff on management and professorial grades, see 5.2.2 above. The exception is that performance reviews are conducted directly by the Vice-Chancellor, who reports a summary to the Remuneration Committee.

#### *5.2.4 Remuneration for Designated Senior Postholders*

Performance reviews are conducted by the Chair and Deputy Chair of the Board and incorporate objective setting for the next year. The process is documented and this information is shared with the Committee.

In determining the individual salaries and any discretionary payments for which the Committee has direct responsibility, the following are considered:

- Performance review outcomes against agreed objectives
- Major (planned or unplanned) achievements
- Comparative benchmarking data for similar roles
- Internal pay differentials
- Demonstrable added value from length of experience in post
- Likely national pay award levels



## **EDGE HILL UNIVERSITY**

### **REMUNERATION COMMITTEE REPORT (CONTINUED)**

The Board operates a discretionary, non-consolidated bonus scheme for designated senior postholders which is applied in the same way as that for management and professorial staff.

Designated Senior Postholders have an option to access a private healthcare scheme and cover for life insurance.

#### **6. Comparator Institutions**

To inform its decisions, the Committee has regard to information provided by University and Colleges Employers' Association (UCEA) and the Committee of University Chairs (CUC). For 2022, this included full details of the remuneration package for the head of provider at 10 regional competitor universities.

#### **7. Vice-Chancellor: Remuneration 2022**

The Vice-Chancellor's basic salary is set immediately before the start of the financial year. Any performance-related pay is determined at the end of the session when performance is evaluated. The basic salary reported in these accounts was set in July 2021, with the performance related aspect awarded in July 2022.

Performance review was undertaken by the Chair and Deputy Chair of the Board. The Chair Elect also attended to input to objectives for 2022/23. The process is documented, and reports were shared with the Committee. The Committee also considered Key Performance Indicators across core areas including recruitment, retention, student satisfaction, graduate outcomes, research, finance and people.

Overall, the Vice-Chancellor's performance for 2021/22 was rated Outstanding. In particular the Committee noted excellent student recruitment (conversion rates) in a competitive environment, increased student registrations (home and international), retention above the sector average, improved degree outcomes and graduate progression, strong REF performance (research power improving by 109%) and an outstanding financial position – where cash generation exceeds sector norms, borrowing is low and reserves are greater. This is reflected in improvements in each of the three major league tables.

In determining the Vice-Chancellor's total remuneration, account was taken of data from UCEA and CUC surveys. In particular the Committee focused on detailed information relating to 10 regional institutions.

The Committee noted that, despite being the longest serving Vice-Chancellor in the group by a significant measure, the Vice-Chancellor's basic salary is at the lower end of the scale. This reflects the voluntary reduction in basic salary instigated by the Vice-Chancellor in 2018/19.

The University's pension contributions to the Vice-Chancellor are in line with arrangements elsewhere. When taking performance related payments into account, the Vice-Chancellor's total remuneration package is in line with sector norms.

## **EDGE HILL UNIVERSITY**

### **REMUNERATION COMMITTEE REPORT (CONTINUED)**

#### **Data: Emoluments of the Vice-Chancellor**

	<b>2021/22</b>	<b>2020/21</b>
<b>Performance rating</b>	Outstanding	Outstanding
<b>Basic Salary</b>	£247,000	£244,000
<b>Performance related pay</b>	£20,000	£20,000
<b>Benefits in kind<sup>1</sup></b>	£3,000	£3,000
<b>Pension costs</b>	£58,000	£58,000
<b>Total</b>	£328,000	£325,000
<b>Net Pay</b>	<b>£189,000</b>	<b>£187,000</b>

The Vice-Chancellor has not received any income associated with his role from external bodies. Expenses may be claimed in line with the University's expenses policy. During the period from 1 August 2021 – 31 July 2022, £ 465.30 was reimbursed for travel expenses relating to business meetings.

In respect of 2022/23, the Vice-Chancellor was awarded a pay increase of 4% to the basic salary. This is in alignment with arrangements for other staff on locally agreed pay scales, and reflects the Vice-Chancellor's continuing Outstanding performance and stretching objectives for 2022/23.

#### **7.1 Pay Multiple Data**

The Vice-Chancellor's salary and emoluments set out in pay multiples (in accordance with OfS Accounts Direction), for the past two years are detailed below. This indicates a stable position in terms of basic pay, with a very minor increase in the gap between the Vice-Chancellor's total salary and the median amount for all staff.

Vice-Chancellor's pay multiple against the median for all staff:

	<b>31 July 2022</b>	<b>31 July 2021</b>
<b>Basic Pay</b>	7.9	7.9
<b>All emoluments</b>	9.9	9.8

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<sup>1</sup> Corporate Healthcare

## **EDGE HILL UNIVERSITY**

### **REMUNERATION COMMITTEE REPORT (CONTINUED)**

#### **8. Policy on Income Derived from External Activities**

The University operates with a Board approved policy which governs the approach to staff undertaking paid employment, and the retention of income generated from external bodies. The policy is published at: [Policy on Income Derived from External Activities](#).

In line with the Board's policy, Designated Senior Postholders must seek approval from the Committee to undertake any external work for other organisations. Any such work will normally be in the interests of the University or public. Decisions on the retention of any income will be made by the Committee, guided by the principle that Designated Senior Postholders will not retain significant sums.

#### **9. Equality considerations**

The University is committed to equal pay for work of equal value. The Committee has a stated commitment to operate in a way that is consistent with the University's Equality, Diversity and Inclusion Strategy.

The Committee noted in July 2022 that an equal pay audit of outcomes for staff on locally agreed contracts had been undertaken (using UCEA approved methodology) and no concerns relating to bias were identified.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF PRIMARY RESPONSIBILITIES OF THE BOARD OF GOVERNORS**

#### **Key:**

Code = CUC: The Higher Education Code of Governance 2020

AoG = Articles of Government

CoR = OfS: Conditions of Registration

PIGP = OfS: Public Interest Governance Principles

The Board of Governors shall be responsible for:

#### **1. Strategy**

Approving the mission and strategic vision of the University, including the determination of the educational character and mission of the University and for oversight of its activities, long-term academic and business plans and strategies, key performance indicators (KPIs) and annual budgets. Ensuring that these meet the interests of stakeholders and enable the institution to achieve and develop its primary objectives of teaching and research. This includes considering and approving the University's strategic plan which sets the academic aims and objectives of the institution. [AoG 3.1; Code 2.1 – 2.3; 4]

#### **2. Vice-Chancellor**

Appointing the Vice-Chancellor as chief executive of the University and putting in place suitable arrangements for monitoring their performance. [AoG 3.1 d]

#### **3. Clerk to the Board of Governors**

Appointing the Clerk to the Board of Governors ensuring that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability and putting in place suitable arrangements for monitoring their performance. [AoG 3.1 d; Code 5.1]

#### **4. Senior postholders**

Determining the appointment, grading, suspension, dismissal and setting the pay and conditions of service of the holders of designated senior posts. [AoG 3.1 d; Code 2.9]

#### **5. Staff**

Being the employing authority for all staff; setting a framework for pay and conditions of service; establishing a human resources strategy and ensuring there are proper procedures for handling internal grievances. [AoG 3.1 e]

#### **6. Chancellor**

The Chair of the Board and the Vice-Chancellor will jointly appoint a Chancellor for the University advised by the Honorary Awards Committee.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF PRIMARY RESPONSIBILITIES OF THE BOARD OF GOVERNORS** **(CONTINUED)**

#### **7. Delegation of Authority**

Delegation of authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and human resource management of the University and establishing and keeping under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor. [AoG 3.2 b; Code 1.6]

#### **8. Stewardship and Sustainability**

To be the principal financial and business authority of the institution ensuring that proper books of account are kept. Ensuring that the University operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the University's operations, and its ability to continue to comply with all of its conditions of registration with the Office for Students.

Being responsible for the effective and efficient use of resources, the solvency of the University and the Corporation and for safeguarding their assets, property and estate; approving designated returns to OfS (detailed in the Scheme of Delegation) and approving the annual budget and financial statements of the University. [AoG 3.1 b & c; Code 1.1; PIGP(V)]

#### **9. Regularity, Propriety and Value for Money**

The governing body must ensure that:

- there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with any conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders. [PIGP VII], and;
- there are adequate and effective arrangements in place to provide transparency about value for money for students and for taxpayers. [PIGP VI]

#### **10. Monitoring**

Regularly monitoring institutional sustainability and performance against its planned strategies and operational targets and approved KPIs, which should be, where possible and appropriate, benchmarked against other institutions. [Code 2.3]

#### **11. Corporate governance**

Ensuring that the size, composition, diversity, skills mix, and terms of office of the governing body is appropriate for the nature, scale and complexity of the University; and that members of the governing body, those with senior management responsibilities, and individuals exercising control or significant influence over the provider, are fit and proper persons. [Code 5.2-5.3, 5.9; PIGP Viii & iX]

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF PRIMARY RESPONSIBILITIES OF THE BOARD OF GOVERNORS (CONTINUED)**

Safeguarding the good name and values of the University by being assured that clear regulations, policies and procedures that adhere to legislative and regulatory requirements are in place, ethical in nature, and followed. This includes a specific requirement to ensure the University's compliance with all of its Conditions of Registration set by the Office for Students. [Code 2.1; CoR E3]

To ensure the Governing Body's business is conducted in accordance with the Office for Students' Public Interest Governance Principles, and that governors observe the principles of public life and the highest standards of HE corporate governance as outlined in the CUC Code; including ensuring and demonstrating integrity and objectivity in the transaction of Board business with proper procedures for managing conflicts of interest, and wherever possible following a policy of openness and transparency in the dissemination of Board decisions. [Code 3.1 – 3.8; CoR E2 and PIGP ii]

#### **12. Academic Assurance**

Receiving and testing assurance that the University has an adequate and effective framework, overseen by the Academic Board, to manage the quality of learning and teaching and to maintain academic standards. [Code 2.5; PIGP iV]

#### **13. Audit**

Directing and overseeing the University's arrangements for internal and external audit. [Code 2.11-2.12]

#### **14. Students and the Students' Union**

Receiving assurance that provision has been made for the general welfare of students. Taking such steps as are reasonably practicable to ensure that the Students' Union operates in a fair, democratic, accountable and financially sustainable manner as detailed in the Students' Union Code of Practice. [Code3.6]

Ensuring that all students have opportunities to engage with the governance of the University, and that this allows for a range of perspectives to have influence. [PIGP III]

#### **15. Health & Safety**

Having responsibility for the health and safety of employees, students and other individuals whilst on the University's premises and in other places where they may be affected by its operations; including ensuring that the University has a written statement of policy on health and safety and arrangements for the implementation of that policy. [Health & Safety at Work Act 1974]

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF PRIMARY RESPONSIBILITIES OF THE BOARD OF GOVERNORS (CONTINUED)**

#### **16. Equality and diversity**

Ensuring the University provides an inclusive environment for work and study through embedding diversity and equal opportunities into everything the University does, particularly in those core functions and activities that directly affect staff and students at work. [Code 4.1-4.4]

#### **17. Freedom of Speech and Academic Freedom**

Safeguarding the University's role in upholding Freedom of Speech and Academic Freedom in all its activities, including the freedom for academic staff to question and test perceived wisdom, and to put forward new ideas and controversial or unpopular opinions without placing themselves in jeopardy of losing their jobs or privileges they may have at the University. Taking such steps as are reasonably practicable to ensure that freedom of speech within the law is secured within the provider. [AoG 8(2); Code 2.7-2.8; PiGP I and VII]

#### **18. Legal Authority**

Being the University's legal authority and, as such, ensuring that systems are in place for meeting all the institutions legal obligations including those of the University as an exempt charity and other legal commitments made in the University's name. Approving any change to the legal status of the University or its subsidiaries including mergers and/or dissolutions. Acting as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University. [Code 1.1 - 1.2]

#### **19. Evaluation**

Ensuring that the University's constitution, as set out in the Instrument and Articles of Government, is followed at all times and that appropriate advice is available for this to happen; establishing processes to monitor and evaluate the performance and effectiveness of the Governing Body itself. [Code 5.13]

#### **Board's reserved powers [AoG 5.3]**

The Board of Governors shall not delegate the following:

- a) the determination of the educational character and mission of the University;
- b) the approval of the annual estimates of income and expenditure;
- c) ensuring the solvency of the University and the Corporation and the safeguarding of their assets;
- d) the appointment or dismissal of the Vice-Chancellor; and
- e) the varying or revoking of the Articles of Government.

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE REPORT AND THE FINANCIAL STATEMENTS**

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

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

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

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

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



## **EDGE HILL UNIVERSITY**

### **STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE REPORT AND THE FINANCIAL STATEMENTS (CONTINUED)**

The Board of Governors is also responsible for ensuring that:

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

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

## **EDGE HILL UNIVERSITY**

### **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF EDGE HILL UNIVERSITY**

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

##### **Opinion**

We have audited the financial statements of Edge Hill University ("the University") for the year ended 31 July 2022 which comprise the Group and University Statement of Comprehensive Income and Expenditure, the Group and University Statement of Changes in Reserves, the Group and University Statement of Financial Position and the Group Cash Flow Statement and related notes, including the accounting policies in the Statement of Accounting Policies for the Year Ended 31 July 2022.

In our opinion the financial statements:

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

##### **Basis for opinion**

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

##### **Going concern**

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

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

Our conclusions based on this work:

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

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

## **EDGE HILL UNIVERSITY**

### **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF EDGE HILL UNIVERSITY (CONTINUED)**

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

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

- Enquiring of the Board of Governors, the Audit Committee and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Governors and Audit Committee minutes.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because tuition fees are generally based on standard fee rates and are non-variable in nature. We do not believe there to be an incentive or pressure to manipulate this or other income streams that are material as amounts received either typically relate to a single specific financial year or the source transactions are non-complex, involving little judgement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by specific senior management personnel and those posted to pension liability codes at year end.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

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

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

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

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

## **EDGE HILL UNIVERSITY**

### **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF EDGE HILL UNIVERSITY (CONTINUED)**

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with regulatory requirements of the Office for Students, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board of Governors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

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

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

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

#### **Other information**

The Board of Governors is responsible for the other information, which comprises the Report of the Board of Governors, the Strategic Review, the Corporate Governance Statement, the Remunerations Committee Report, the Statement of Primary Responsibilities of the Board of Governors and the Board of Governors Statement of Assurance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

#### **Board of Governors responsibilities**

As explained more fully in its statement set out on page 45, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going

## **EDGE HILL UNIVERSITY**

### **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF EDGE HILL UNIVERSITY (CONTINUED)**

concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

In our opinion, in all material respects:

- \* funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- \* funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- \* the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

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

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 8 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 5 to the financial statements has been materially misstated.

We have nothing to report in these respects.

**EDGE HILL UNIVERSITY**

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF EDGE HILL UNIVERSITY (CONTINUED)**

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

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



**James Boyle (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square, Manchester, M2 3AE

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022**

#### **Accounting Convention**

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

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

#### **Basis of Proportion**

The Consolidated and University financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

#### **Going concern**

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Review which forms part of the Report and Financial Statements. The Strategic Review also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons:

The Board of Governors have prepared cash flow forecasts for a period of 16 months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Specific scenarios that have been stress tested include the loss of 10% of tuition and residence and catering fees alongside an additional increase in staff costs of 3% above that already assumed in our budgetary forecasts. On this basis cash balances never fall below £39.7m and the University maintains a significant financial cash buffer with liquidity levels forecast to remain strong in future years. Covenants in place are also not at risk with income levels having to fall by over £40m before the University became at risk of breaching its requirement to maintain debt servicing costs within 4% of total income. At the time of writing, our all years student numbers are broadly consistent with the previous year and our halls are fully occupied.

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

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022** **(CONTINUED)**

#### **Basis of consolidation**

The consolidated financial statements of the University for the year ended 31st July 2022 include the following wholly-owned subsidiary companies: Edge Hill Enterprises Limited, Edge Hill Property Services Limited and Edge Hill Maintenance Services Limited. All intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of Edge Hill University Students' Union as it is a separate organisation in which the University has no financial interest and over which it has neither control nor significant influence in relation to policy decisions.

#### **Income recognition**

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the fee income is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Income from other services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the services are supplied to the external customers or the terms of the contract have been satisfied. Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus for the year.

#### **Investments**

Investments in subsidiaries are recorded at cost.

#### **Grant funding**

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

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised



## **EDGE HILL UNIVERSITY**

### **STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022** **(CONTINUED)**

as deferred income within creditors in the Statement of Financial Position and released to income as the conditions are met.

#### **Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

#### **Donations and Endowments**

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with no restrictions are recognised in income when the University is entitled to the funds.

#### **Accounting for retirement benefits**

The three principal pension schemes for the University are the Local Government Pension Scheme (LGPS), the Universities Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS).

The LGPS is a defined benefit scheme that is valued every three years by a professionally qualified independent actuary. The assets of the scheme are held separately from those of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any pension scheme deficit is recognised in full with the movement in the scheme deficit being split between operating charges, finance items and actuarial gains and losses. Any pension scheme surplus is only recognised to the extent to which the University is able to recover the surplus through reduced contributions in the future.

The institution 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 institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

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

The TPS is an unfunded defined benefit scheme that is valued every five years by the Government Actuary. The assets of the scheme are held separately from those of the group

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022** **(CONTINUED)**

in an independently administered fund. The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As such the scheme is accounted for as a defined contribution retirement scheme.

#### **Employment benefits**

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

#### **Fixed assets**

##### **Land and Buildings**

Buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Certain buildings that had been revalued to depreciated replacement cost on or prior to the date of transition to the 2015 FE/HE SORP, are measured on the basis of deemed cost, that being the value at transition. Such buildings are depreciated based on their revalued depreciated replacement cost over their remaining useful economic lives of between 20 and 70 years as agreed with independent external valuers.

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income and Expenditure.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated at rates estimated to write off the cost or valuation over their anticipated useful lives the principal rates being:

	%
Leased land	1
Landscaping	5
Temporary buildings	10

Leasehold land and buildings are depreciated over the life of the lease, to a maximum of 60 years.

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

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

#### **Equipment**

Equipment, including computers and software, costing £20,000 or less per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022** **(CONTINUED)**

	%
Computer Equipment	33
Computer Software	25
Non-electrical education equipment and furniture	10
Motor Vehicles	33

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

#### **Borrowing costs**

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

#### **Operating leases**

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

#### **Stock**

Stock is held is valued at the lower of cost and estimated selling price less costs to complete and sell.

#### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

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

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

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

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022** **(CONTINUED)**

an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

#### **Taxation**

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011, and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to corporation tax in the same way as any other commercial organisation.

#### **Key Estimates and Judgements**

The preparation of the Institution's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results.

The University applies a judgement to outstanding debt and provides against debt on an estimated basis by applying historic recovery rates. The basis for the provision is considered annually in relation to experience of debt collection and the basis for 2021-22 has been updated to reflect the specific debts outstanding and the most up to date experience of collection rates. This has no material impact on the amount of provision recognised in the financial statements.

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

## **EDGE HILL UNIVERSITY**

### **STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022** **(CONTINUED)**

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 Governors are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

#### **Local Government Pension Scheme**

In determining the valuation of the LGPS pension obligation, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- Discount rate;
- Inflation rate; and
- Life expectancy

Asset values are reported using estimated asset allocations prepared by the scheme actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed. However, for the year ended 31 July 2022 the pension valuation was calculated using asset returns as at that date.

There has been a change in approach in allowing for inflation experience at 31<sup>st</sup> July 2022 to make allowance for the exceptionally high inflation over the period since September 2021. The Defined Benefit Obligation at 31<sup>st</sup> July 2022 includes allowance for emerging experience up to 31<sup>st</sup> July 2022, which has increased the Defined Benefit Obligation at 31<sup>st</sup> July 2022 by £15.1m.

The mortality rate is based on publicly available mortality tables for the specific country. Covid-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of Covid-19 on long term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and long Covid along with potential positive implications if the surviving population is less frail or the pandemic causes improved healthcare initiatives and lifestyle changes. Overall, the Group believes currently there is insufficient evidence to require an explicit adjustment to the mortality assumption for Covid-19.

The Defined Benefit Obligation at 31<sup>st</sup> July 2022 includes an allowance for the known CPI indices that are anticipated to be used to set the 2023 pension increase order. This has been allowed for as experience in Other Comprehensive Income this year.

**EDGE HILL UNIVERSITY**

**STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2022**  
**(CONTINUED)**

In relation to USS and LGPS, in preparing these financial statements a number of estimates and judgements have been made around provisions for pension liabilities. Further details are provided in note 20 to the accounts.

On 11<sup>th</sup> March 2020 the Government and UKSA launched a consultation on a UKSA proposal to address a number of shortcomings in the assessment of RPI. This consultation closed on 21<sup>st</sup> August 2020 and a response was published on 25<sup>th</sup> November 2020. Whilst the Government have confirmed that they will be unable to offer their consent to the implementation of the proposed changes until 2030, we continue to monitor ongoing developments given their potential impact on the assessment of pension liabilities.

**EDGE HILL UNIVERSITY****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**YEAR ENDED 31 JULY 2022**

	Note	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition Fees and Education contracts	1	104,965	104,965	106,003	106,003
Funding Body contracts	2	6,983	6,983	7,635	7,635
Research grants and contracts	3	1,666	1,666	1,265	1,265
Other income	4	19,080	20,668	15,047	17,041
Investment income		294	294	150	150
<b>Total income</b>		<b>132,988</b>	<b>134,576</b>	<b>130,100</b>	<b>132,094</b>
<b>Expenditure</b>					
Staff costs	6	89,206	89,206	81,813	81,813
Other operating expenses	7	37,404	38,953	28,700	30,664
Depreciation/Impairment		6,921	6,921	7,488	7,488
Interest and other finance costs	9	3,143	3,191	3,262	3,297
<b>Total expenditure</b>		<b>136,674</b>	<b>138,271</b>	<b>121,263</b>	<b>123,262</b>
<b>(Deficit)/Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates.</b>		<b>(3,686)</b>	<b>(3,695)</b>	<b>8,837</b>	<b>8,832</b>
Loss on disposal of fixed assets		-	-	(435)	(435)
<b>(Deficit)/Surplus for the year</b>		<b>(3,686)</b>	<b>(3,695)</b>	<b>8,402</b>	<b>8,397</b>
Loss on impairment of asset		-	-	(1,390)	(1,390)
Actuarial gain in respect of LGPS pension scheme		95,065	95,065	9,094	9,094
Actuarial gain in respect of enhanced pension		134	134	(559)	(559)
Other comprehensive income		95,199	95,199	7,145	7,145
<b>Total comprehensive income</b>		<b>91,513</b>	<b>91,504</b>	<b>15,547</b>	<b>15,542</b>

The consolidated income and expenditure of the institution and its subsidiaries relate wholly to continuing operations. All income for the year is unrestricted.

The notes on pages 64 to 85 form an integral part of these financial statements.

**EDGE HILL UNIVERSITY****CONSOLIDATED STATEMENT OF CHANGES IN RESERVES  
YEAR ENDED 31 JULY 2022**

<b><u>Consolidated</u></b>	<b>Income and Expenditure Account £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 August 2020</b>	<b>132,410</b>	<b>45,171</b>	<b>177,581</b>
Surplus from Statement of Comprehensive Income	8,402	-	8,402
Other comprehensive income	7,145	-	7,145
Release of revaluation reserve re loss on impairment	1,390	(1,390)	-
Transfers between revaluation and income and expenditure reserve	1,160	(1,160)	-
<b>Total comprehensive income for the year</b>	<b>18,097</b>	<b>(2,550)</b>	<b>15,547</b>
<b>Balance at 1 August 2021</b>	<b>150,507</b>	<b>42,621</b>	<b>193,128</b>
Deficit from Statement of Comprehensive Income	(3,686)		(3,686)
Other comprehensive income	95,199		95,199
Transfers between revaluation and income and expenditure reserve	1,060	(1,060)	-
<b>Total comprehensive income for the year</b>	<b>92,573</b>	<b>(1,060)</b>	<b>91,513</b>
<b>Balance at 1 August 2022</b>	<b>243,080</b>	<b>41,561</b>	<b>284,641</b>
<b><u>University</u></b>			
<b>Balance at 1 August 2020</b>	<b>132,310</b>	<b>45,171</b>	<b>177,481</b>
Surplus from the income and expenditure statement	8,397	-	8,397
Other comprehensive income	7,145	-	7,145
Release of revaluation reserve re loss on impairment	1,390	(1,390)	-
Transfers between revaluation and income and expenditure reserve	1,160	(1,160)	-
<b>Total comprehensive income for the year</b>	<b>18,092</b>	<b>(2,550)</b>	<b>15,542</b>
<b>Balance at 1 August 2021</b>	<b>150,402</b>	<b>42,621</b>	<b>193,023</b>
Deficit from the income and expenditure statement	(3,695)		(3,695)
Other comprehensive income	95,199		95,199
Transfers between revaluation and income and expenditure reserve	1,060	(1,060)	-
<b>Total comprehensive income for the year</b>	<b>92,564</b>	<b>(1,060)</b>	<b>91,504</b>
<b>Balance at 1 August 2022</b>	<b>242,966</b>	<b>41,561</b>	<b>284,527</b>

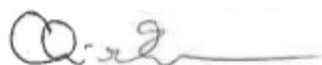
The notes on pages 64 to 85 form an integral part of these financial statements.



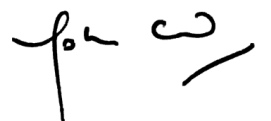
**EDGE HILL UNIVERSITY****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
YEAR ENDED 31 JULY 2022**

	Note	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Fixed assets	10	276,653	276,653	282,494	282,494
Investments in subsidiaries	11	-	7,139	-	7,139
Other investments		2	2	2	2
		<u>276,655</u>	<u>283,794</u>	<u>282,496</u>	<u>289,635</u>
<b>Current assets</b>					
Stock	12	194	188	146	144
Trade and other receivables	13	11,535	12,141	9,872	10,431
Investments	14	36,000	36,000	28,000	28,000
Cash and cash equivalents		44,535	43,375	40,056	39,061
		<u>92,264</u>	<u>91,704</u>	<u>78,074</u>	<u>77,636</u>
Less: Creditors: amounts falling Due within one year	15	<u>(21,275)</u>	<u>(21,360)</u>	<u>(17,851)</u>	<u>(18,049)</u>
<b>Net current assets</b>		70,989	70,344	60,223	59,587
<b>Total assets less current liabilities</b>		<u>347,644</u>	<u>354,138</u>	<u>342,719</u>	<u>349,222</u>
Creditors: amounts falling due after more than one year	16	(43,689)	(50,297)	(45,617)	(52,225)
<b>Provisions</b>					
Pension provisions	17	(19,314)	(19,314)	(103,974)	(103,974)
<b>Total net assets</b>		<u>284,641</u>	<u>284,527</u>	<u>193,128</u>	<u>193,023</u>
<b>Unrestricted Reserves</b>					
Income and expenditure reserve		243,080	242,966	150,507	150,402
Revaluation reserve		41,561	41,561	42,621	42,621
<b>Total Reserves</b>		<u>284,641</u>	<u>284,527</u>	<u>193,128</u>	<u>193,023</u>

The financial statements on pages 52 to 85 were approved by the Board of Governors on 21 November 2022.



Professor Clive Edwards - Chair, Board of Governors



Dr John Cater – Vice-Chancellor

**EDGE HILL UNIVERSITY****CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 JULY 2022**

	31 July 2022	31 July 2021
	£'000	£'000
<b>Cash flow from operating activities</b>		
(Deficit)/Surplus for the year	(3,686)	8,402
<b>Adjustment for non-cash items</b>		
Depreciation/impairment	6,921	7,488
(Increase)/Decrease in stock	(48)	37
Increase in debtors	(1,647)	(624)
Increase/(Decrease) in creditors	3,349	(518)
Increase in pension provisions	10,539	7,549
<b>Adjustment for investing or financing activities</b>		
Investment income	(294)	(150)
Interest payable	1,379	1,485
Loss on the sale of fixed assets	-	435
Capital grant income release	(665)	(1,158)
<b>Net cash inflow from operating activities</b>	<u>15,848</u>	<u>22,946</u>
<b>Cash flows from investing activities</b>		
Capital grants receipts	897	1,214
Disposal proceeds on sale of fixed assets	-	-
Investment income	278	158
Payments made to acquire fixed assets	(1,104)	(1,019)
Increase on deposits	(8,000)	(16,000)
<b>Total cash flow from investing activities</b>	<u>(7,929)</u>	<u>(15,647)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,376)	(1,489)
Repayments of amounts borrowed	(2,064)	(2,110)
New debt acquired	-	-
<b>Total cash flow from financing activities</b>	<u>(3,440)</u>	<u>(3,599)</u>
<b>Increase in cash and cash equivalents in the year</b>	<u>4,479</u>	<u>3,700</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>40,056</u>	<u>36,356</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>44,535</u>	<u>40,056</u>

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>1. Tuition Fees and Education Contracts</b>				
Full-time home and EU students	101,390	101,390	103,425	103,425
Full-time international students	1,342	1,342	584	584
Part-time students	1,007	1,007	983	983
Short course fees	1,226	1,226	1,011	1,011
	<u>104,965</u>	<u>104,965</u>	<u>106,003</u>	<u>106,003</u>
<b>2. Funding Body Grants</b>				
<b>Recurrent grant</b>				
Office for Students	4,848	4,848	4,550	4,550
<b>Specific grant</b>				
Office for Students	2,040	2,040	2,961	2,961
National College for Teaching and Leadership	95	95	124	124
	<u>6,983</u>	<u>6,983</u>	<u>7,635</u>	<u>7,635</u>
<b>3. Research Grants and Contracts</b>				
Research council	373	373	288	288
Research charities	264	264	202	202
Industry and commerce	69	69	36	36
Other	960	960	739	739
	<u>1,666</u>	<u>1,666</u>	<u>1,265</u>	<u>1,265</u>
<b>4. Other Income</b>				
Residences, catering and conferences	11,958	11,943	9,057	9,045
Other income	7,122	8,725	5,990	7,996
	<u>19,080</u>	<u>20,668</u>	<u>15,047</u>	<u>17,041</u>
<b>5. Grant and Fee Income</b>				
Grant income from the OfS	4848	4,848	4,550	4,550
Grant income from other bodies	3,801	3,801	4,350	4,350
Fee income from taught awards	104,447	104,447	105,587	105,587
Fee income from research awards	134	134	90	90
Fee income from non-qualifying courses	384	384	326	326
	<u>113,614</u>	<u>113,614</u>	<u>114,903</u>	<u>114,903</u>
<b>6. Staff Costs</b>				
Salaries	62,286	62,286	59,080	59,080
Actuarial pension adjustment	6,904	6,904	5,915	5,915
Social security costs	6,220	6,220	5,744	5,744
Movement on USS provision	1,976	1,976	(43)	(43)
Other pension costs	11,820	11,820	11,117	11,117
	<u>89,206</u>	<u>89,206</u>	<u>81,813</u>	<u>81,813</u>

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **Emolument of the Vice-Chancellor**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Basic Salary	247	244
Bonus	20	20
Payment in lieu of pension	58	58
	<hr/>	<hr/>
	325	322
Benefits in kind	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>
	328	325
Net Pay	<hr/>	<hr/>
	189	187

The Vice-Chancellor's basic salary is 7.9 times the median pay of staff (2021: 7.9), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff

The Vice Chancellor's total remuneration is 9.9 times the median total remuneration of staff (2021: 9.8), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

Remuneration for other higher paid staff, excluding employers pension contributions, was in the following ranges:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
£100,000 - £104,999	1	1
£105,000 - £109,999	1	1
£115,000 - £119,999	-	1
£125,000 - £129,999	-	2
£130,000 - £134,999	2	-
£195,000 - £199,999	1	1

#### **Average Full Time Equivalent staff numbers by function**

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Academic Departments	865	786
Academic Support Services	132	149
Other Support Services	201	194
Administration and Central Services	140	145
Premises	122	134
Income Generating Activities	42	43
Catering and Residence	40	47
	<hr/>	<hr/>
	1,542	1,498

#### **Severance Payments**

During the year the University paid 197k in compensation for loss of office to 22 employees (2020/21: £324k to 33 employees).

#### **Key Management Personnel**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the University. Total compensation consists of salary and benefits including any employers pension contribution.

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

	<b>2022</b>	<b>2021</b>
Number of Staff	7	7
Total compensation (£'000)	1,441	1,453

#### **Governor Members**

The University governor members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Board of Governors, being drawn from local public and private sector organisations, it is possible that transactions can take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. In their capacity as trustees of the University, members of the Board of Governors are entitled to expenses to reimburse travel and subsistence associated with attendance at governors and committee meetings as well as courses and conferences related to their role. Total expenses paid to or on behalf of the 11 independent members of the Board of Governors was £138. Expenses paid in the previous year was nil.

#### **Trade Union Facilities Time – Statutory Report 01 April 2021 to 31 March 2022**

##### **Relevant Union Officials**

Total number of employees who were relevant union officials during the relevant period:

Number of employees who were relevant union officials during the relevant period	8
Full-time equivalent employee number (weekly FTE)	7.61 FTE

##### **Percentage of time spent on facility time**

Number of employees who were relevant union officials employed during the relevant period spending a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time

<b>Percentage of time</b>	<b>Number of employees</b>
0%	0
1-50%	8
51%-99%	0
100%	0

##### **Percentage of pay bill spent on facility time**

Total cost of facility time as percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period (includes pension and NI contributions).

Total cost of facility time	£16,222
Total pay bill	£77,991,255
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

##### **Paid trade union activities**

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

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: 36.21%  
(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

<b>7. Analysis of Other Operating Expenses</b>	<b>Year ended 31 July 2022</b>		<b>Year ended 31 July 2021</b>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Residence, catering and conferences operating expenses	1,270	1,255	624	624
Books and periodicals	1,488	1,488	1,402	1,402
Heat, light, water, electricity, waste collection and rates	2,885	2,885	2,570	2,570
Maintenance materials	9,035	8,997	5,408	5,363
Office services and supplies	1,329	1,323	1,100	1,099
Consumables and supplies	2,519	2,463	2,008	1,973
Publicity and advertising	1,152	1,148	704	703
Staff training and development	440	431	247	246
Bursaries	1,485	1,485	1,241	1,241
School practice and educational visits	924	924	209	209
School based training payments	1,504	1,504	1,683	1,683
Temporary staff	884	884	810	810
Staff travel and subsistence	662	646	82	82
Grants to Student Union	797	797	629	629
Professional fees	1,981	1,957	1,484	1,481
Auditors' remuneration – external audit	69	63	72	67
Auditors' remuneration – internal audit	57	57	48	48
Auditors' remuneration in respect of non-audit services	46	37	53	43
Other operating expenses	8,877	10,609	8,326	10,391
	<b>37,404</b>	<b>38,953</b>	<b>28,700</b>	<b>30,664</b>

Other operating expenses include:

Operating lease rentals	125	125	112	112
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<b>8. Access and Participation</b>	<b>Year ended 31 July 2022</b>		<b>Year ended 31 July 2021</b>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Access Investment (i)	1348	1348	914	914
Financial Support	537	537	560	560
Disability Support	850	850	1241	1241
Research and Evaluation (ii)	242	242	123	123
	<b>2977</b>	<b>2977</b>	<b>2,838</b>	<b>2,838</b>

(i) As a very significant proportion of the student population have one or more widening participation characteristic, the University has made use of cost drivers to separately analyse out Access and Participation spend. For example, we have assigned Access investment costs based on the number of students that have one or more widening participation characteristic compared to the total number of students supported.

(ii) £174K of these costs are already included in the overall staff costs figures included in the financial statements.

(iii) The Access and Participation Plan of the University is available at:  
<https://www.edgehill.ac.uk/documents/access-participation-plan/>

## EDGE HILL UNIVERSITY

### NOTES TO THE ACCOUNTS (CONTINUED)

9. Interest and Other Finance Costs	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest	1,366	1,414	1,473	1,508
LGPS pension finance adjustment	1,744	1,744	1,777	1,777
Movement on USS provision	13	13	12	12
Enhanced Pension Interest	20	20	-	-
	<u>3,143</u>	<u>3,191</u>	<u>3,262</u>	<u>3,297</u>

### 10. Fixed Assets

#### Consolidated

	Buildings Under Constructio n	Land and Building s	Long Term Leased Land and Building s	Equipmen t	Leased Equipmen t	Vehicle s	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>							
At 1 August 2021	-	315,173	2,933	13,710	11	115	331,942
Additions	126	-	-	933	-	21	1,080
Disposals	-	(2,349)	-	(330)	-	-	(2,679)
<b>At 31 July 2022</b>	<u>126</u>	<u>312,824</u>	<u>2,933</u>	<u>14,313</u>	<u>11</u>	<u>136</u>	<u>330,343</u>
<b>Depreciation</b>							
At 1 August 2021	-	38,273	645	10,477	11	42	49,448
Charge for the year	-	5,979	31	874	-	37	6,921
Disposals	-	(2,349)	-	(330)	-	-	(2,679)
<b>At 31 July 2022</b>	<u>-</u>	<u>41,903</u>	<u>676</u>	<u>11,021</u>	<u>11</u>	<u>79</u>	<u>53,690</u>
<b>Net book value</b>							
<b>At 31 July 2022</b>	<u>126</u>	<u>270,921</u>	<u>2,257</u>	<u>3,292</u>	<u>-</u>	<u>57</u>	<u>276,653</u>
<b>At 31 July 2021</b>	<u>-</u>	<u>276,900</u>	<u>2,288</u>	<u>3,233</u>	<u>-</u>	<u>73</u>	<u>282,494</u>

As at 31<sup>st</sup> July 2022 Land and Buildings included £20.028m (2021: £20.028m) in respect of freehold land that is not depreciated.

**EDGE HILL UNIVERSITY**

**NOTES TO THE ACCOUNTS (CONTINUED)**

<b>University</b>	<b>Buildings Under Construction</b>	<b>Land and Buildings</b>	<b>Long Term Leased Land and Buildings</b>	<b>Equipment</b>	<b>Leased Equipment</b>	<b>Vehicles</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>							
At 1 August 2021	-	312,737	5,371	13,709	11	115	331,943
Additions	126	-	-	933	-	21	1,080
Disposals	-	(2,349)	-	(330)	-	-	(2,679)
<b>At 31 July 2022</b>	<u>126</u>	<u>310,388</u>	<u>5,371</u>	<u>14,312</u>	<u>11</u>	<u>136</u>	<u>330,344</u>
<b>Depreciation</b>							
At 1 August 2021	-	37,887	1,031	10,478	11	42	49,449
Charge for the year	-	5,923	87	874	-	37	6,921
Disposals	-	(2,349)	-	(330)	-	-	(2,679)
<b>At 31 July 2022</b>	<u>-</u>	<u>41,461</u>	<u>1,118</u>	<u>11,022</u>	<u>11</u>	<u>79</u>	<u>53,691</u>
<b>Net book value</b>							
<b>At 31 July 2022</b>	<u>126</u>	<u>268,927</u>	<u>4,253</u>	<u>3,290</u>	<u>-</u>	<u>57</u>	<u>276,653</u>
<b>At 31 July 2021</b>	<u>-</u>	<u>274,850</u>	<u>4,340</u>	<u>3,231</u>	<u>-</u>	<u>73</u>	<u>282,494</u>

As at 31<sup>st</sup> July 2022 Land and Buildings included £20.028m (2021: £20.028m) in respect of freehold land that is not depreciated.



## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **11. Investments in subsidiaries**

	<b>University</b>	
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Non-current investments consist of:</b>		
Investment in Edge Hill Enterprises Limited	1	1
Investment in Edge Hill Property Services Limited	7,138	7,138
Investment in Edge Hill Maintenance Services Limited		-
	<u>7,139</u>	<u>7,139</u>

The University owns 100% of the issued share capital of its subsidiary company Edge Hill Enterprises Limited (£1,000). The principal activities of the company are the provision of sports facility management services on behalf of the University.

The University owns 100% of the issued share capital of its subsidiary company Edge Hill Property Services Limited (£7,138,000). The principal activities of this company relate to the management and maintenance of property owned by Edge Hill University.

Edge Hill Maintenance Services Limited is a company limited by guarantee. The principal activities of the company are to maintain and repair premises owned by Edge Hill University.

All subsidiary companies are registered in England and operate in the U.K.

#### **12. Stock**

	<b>Year ended 31 July 2022</b>		<b>Year ended 31 July 2021</b>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Consumables	<u>194</u>	<u>188</u>	<u>146</u>	<u>144</u>

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

<b>13. Trade and other receivables</b>	<b>Year ended 31 July 2022</b>		<b>Year ended 31 July 2021</b>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Payments in advance	2,854	2,841	2,635	2,622
Trade receivables	8,588	8,519	7,054	7,036
Other amounts owed by subsidiary undertakings	-	688	-	590
Amounts falling due after one year:				
Other	93	93	183	183
	<b>11,535</b>	<b>12,141</b>	<b>9,872</b>	<b>10,431</b>

<b>14. Current Investments</b>	<b>Year ended 31 July 2022</b>		<b>Year ended 31 July 2021</b>	
	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Short term deposits</b>	<b>36,000</b>	<b>36,000</b>	<b>28,000</b>	<b>28,000</b>
	<b>36,000</b>	<b>36,000</b>	<b>28,000</b>	<b>28,000</b>

Short term deposits are funds held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity from the point at which the investment was made. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2022, the weighted average interest rate of these fixed rate deposits was 1.23% per annum, and the remaining weighted average period for which the interest rate is fixed on these deposits was 284 days. The fair value of these deposits is the same as the bank value.

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **15. Creditors: amounts falling due within one year**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Unsecured bank loans	2,108	2,108	2,060	2,060
Other loans	51	51	51	51
VAT payable	208	204	126	123
Trade payables	1,678	1,659	1,844	1,838
Social security and other taxation payable	3,088	3,088	2,909	2,909
Accruals and deferred income	14,142	14,108	10,861	10,832
Amount owed to subsidiary undertakings	-	142	-	236
	<u>21,275</u>	<u>21,360</u>	<u>17,851</u>	<u>18,049</u>

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

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Deferred income	21,113	21,113	20,930	20,930
Obligations under finance lease	-	3,466	-	3,466
Unsecured bank loans	22,551	22,551	24,611	24,611
Other loans	25	25	76	76
Amounts owed to subsidiary undertakings	-	3,142	-	3,142
	<u>43,689</u>	<u>50,297</u>	<u>45,617</u>	<u>52,225</u>

#### **Analysis of unsecured loans:**

	2022	2021
	£'000	£'000
Due within one year or on demand	2,108	2,060
Due between one and two years	1,966	2,061
Due between two and five years	5,385	5,630
Due in five years or more	15,200	16,920
<b>Total unsecured loans</b>	<u>24,659</u>	<u>26,671</u>

#### **Other loans:**

Salix Energy Efficiency Loan repayable over 5 years

Included in loans are the following:

Lender	Amount	Remaining	Interest rate
	£'000	Term	%
Barclays Bank	525	3	5.2
Barclays Bank	2,000	10	5.515
Barclays Bank	3,200	10	5.775
Barclays Bank	18,600	15	5.23
Barclays Bank	334	2	5.30
Salix Finance	76	2	0
	<u>24,735</u>		

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **17. Provisions for liabilities**

<b>Consolidated and University</b>	<b>Obligation to fund deficit on USS Pension</b>	<b>Pension enhancements on termination</b>	<b>Defined Benefit Obligations</b>	<b>Total pensions Provisions</b>
At 1 August 2021	1,219	1,249	101,506	103,974
Utilised in year	(69)	(118)	(4,313)	(4,500)
Increase/(decrease) in provision in year	2,058	(114)	(82,104)	(80,160)
<b>As At 31 July 2022</b>	<b>3,208</b>	<b>1,017</b>	<b>15,089</b>	<b>19,314</b>

#### **Obligation to fund deficit on USS Pension**

The obligation to fund the past deficit on the University's' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme to deficit payments in accordance with the deficit recovery plan. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. In doing so they have estimated future salary growth at 3%, future headcount growth at 1.5% and applied a discount rate of 3%.

#### **Pension enhancements on termination**

This relates to a provision for enhanced pensions agreed on termination of employment. A discount rate of 3.3% is assumed in calculating the provision for pension enhancements on termination.

The decrease in provision related to pension enhancements consists of interest on the previous year's provision of £20k and an actuarial gain over the year that has been charged to Other Comprehensive Income of £134k.

#### **Defined Benefit Obligation**

This relates to the defined benefit obligation in relation to LGPS. The detailed note explaining the movement in LGPS pension obligations is provided in note 20 below.

#### **18. Capital and other commitments**

	<b>Consolidated 2022 £000</b>	<b>and University 2021 £000</b>
Contracted at 31 July	<u>334</u>	<u>-</u>
Authorised but not contracted at 31 July	<u>18,066</u>	<u>-</u>

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **19. Finance Leases**

The net finance leases obligations to which the institution is committed are:

	<b>Consolidated</b>		<b>University</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
In one year or less	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	3,466	3,466
	<u>-</u>	<u>-</u>	<u>3,466</u>	<u>3,466</u>

#### **20. Pension**

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

LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of actuaries. In the intervening years, the LGPS actuary reviews the progress of the LGPS scheme.

LGPS is a funded defined benefit scheme with assets held in separate trustee administered funds. The latest full actuarial valuation was carried out as at 31st March 2019. The major assumptions used in this valuation were:

<b>Actuarial method</b>	<b>Projected Unit</b>
Rate of Discount	3.8% per annum
Pension increases per annum	2.4% per annum
Pensionable pay increases per annum	3.9% per annum
Market value of assets at date of last valuation	£8,410.1 million

In addition to the employer contribution rate of 16.3%, the employer also pays an annual amount which is based on an assessment of the University's share of the deficit in the scheme. In 2021/22 that amount was £398k. This figure is reassessed in detail as part of each detailed actuarial review. Employee contribution rates vary according to salary level bandings.

The scheme assets do not include any of the University's own financial instruments or any property occupied by the University. Estimated employer contributions to the scheme in the financial year 2022/23 are £4.71m.

In October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". In response to this judgement HM Treasury stated that public sector schemes already have a method to equalise guaranteed minimum pension benefits. It is therefore concluded that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgement.

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

In December 2018, the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud relating to the Firefighters unfunded pension schemes and the Judicial pension arrangements. The Court held that transitional protections afforded to older members within the reformed schemes constituted unlawful age discrimination. This decision was upheld following appeal in 27 June 2019, by the Supreme Court. As a result, the Government has accepted that remedies relating to these cases will need to be made in relation to all public service pension schemes, including the LGPS and calculations have been based on the proposals contained within the consultation released by MHCLG on 16 July 2020.

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

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

The solvency funding level (proportion of liabilities covered by assets) is 100%. The full actuarial valuation was updated for FRS102 purposes to 31st July 2022 by a qualified independent actuary as follows:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Inflation assumption CPI	2.7%	2.6%	2.3%
Rate of increase in salaries	4.2%	4.1%	3.8%
Rate of increase in pensions	2.8%	2.7%	2.4%
Discount rate applied to scheme liabilities	3.5%	1.6%	1.6%

<b>Assumed life expectation on retirement age of 65 are:</b>	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
<b>Retiring today</b>		
Males	22.3	22.4
Females	25	25.1
<b>Retiring in 20 years</b>		
Males	23.7	23.9
Females	26.8	26.9

The Fund Actuary has used the mortality assumption in line with the most recent valuation with the latest CMI projection model. The post retirement mortality tables have been constructed based on S3PA analysis. The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not necessarily be borne out in practice.

### **Local Government Pension Scheme (Continued)**

The fair value of the scheme's assets is:

	<b>2022 Value £'000</b>	<b>2021 Value £'000</b>	<b>2020 Value £'000</b>
Equities	101,534	98,467	77,360
Government Bonds	-	-	-
Other Bonds	9,465	10,334	11,706
Property	23,448	19,498	23,073
Cash/Liquidity	3,442	4,095	3,054
Other	77,227	62,590	54,458
	<b>215,116</b>	<b>194,984</b>	<b>169,651</b>

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

The scheme's assets are not intended to be realised in the short term and maybe subject to significant change before they are realised. The following amounts at 31 July 2022 were measured in accordance with the requirements of FRS102:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
University's estimated asset share	215,116	194,984	169,651
Present value of scheme liabilities	<u>(230,205)</u>	<u>(296,490)</u>	<u>(272,559)</u>
Deficit in the scheme	<u>(15,089)</u>	<u>(101,506)</u>	<u>(102,908)</u>

#### **Asset and Liability Reconciliation**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	296,490	272,559
Service cost	11,587	10,490
Past Service Cost and curtailments	-	-
Interest cost	4,723	4,338
Employee contributions	1,737	1,700
Remeasurements	(80,107)	11,997
Benefits paid	(4,313)	(4,594)
Curtailments and settlements	88	-
<b>Liabilities at end of period</b>	<u>230,205</u>	<u>296,490</u>
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	194,984	169,651
Interest cost	3,137	2,728
Remeasurements	14,958	21,077
Administration expenses	(158)	(153)
Employer contributions	4,771	4,575
Employee contributions	1,737	1,700
Benefits paid	(4,313)	(4,594)
<b>Assets at end of period</b>	<u>215,116</u>	<u>194,984</u>



## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **Local Government Pension Scheme (Continued)**

##### **Analysis of the amount charged to comprehensive income and expenditure**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Employer service cost	(11,587)	(10,490)
Past service cost/curtailments	(88)	-
Employer contributions	4,771	4,575
Total operating charge	<u>(6,904)</u>	<u>(5,915)</u>

##### **Analysis of pension finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest on plan assets less administration expenses	2,979	2,575
Interest on pension liabilities	(4,723)	(4,338)
Net finance charge	(1,744)	(1,763)
Interest cost adjustment re discount rate	-	(14)
	<u>(1,744)</u>	<u>(1,777)</u>

##### **Analysis of other comprehensive income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Remeasurements (assets)	14,958	21,077
Remeasurements (liabilities)	80,107	(11,997)
Net actuarial gain less recognised in SOCI	95,065	9,080
Interest cost adjustment re discount rate	-	14
	<u>95,065</u>	<u>9,094</u>

##### **Movement in deficit during the year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Deficit in scheme at 1 August	(101,506)	(102,908)
Movement in year:		
Current service charge	(11,587)	(10,490)
Contributions	4,771	4,575
Part service cost/curtailments	(88)	-
Net finance charge	(1,744)	(1,763)
Loss recognised in other comprehensive income	95,065	9,080
Deficit in scheme at 31 July	<u>(15,089)</u>	<u>(101,506)</u>

##### **History of experience gains and losses**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Remeasurement gains/(losses) on scheme liabilities:					
Amount	80,107	(11,997)	(29,173)	(33,431)	12,742
% of scheme liabilities	34.8%	(4.0%)	(10.7%)	(14.5%)	6.9%

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **Teachers Pension Scheme**

The Teachers Pension Scheme (TPS) is an unfunded statutory defined benefit scheme for academic staff. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 (as amended) and the Teachers' Pensions regulations 2014 (as amended).

Every four years the Government Actuary's department carries out a valuation of the TPS.

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2016
Actuarial method	Projected Unit
Discount rate	2.8% until 2019 then 2.4% thereafter
Pension increase	2.0% per annum
Rate of real earnings growth	2.2% per annum

The key results of the latest actuarial valuation were that aggregated scheme assets at the 31st March 2016 are valued at £196.1billion and scheme liabilities are £218.1billion leaving a shortfall of £22billion. It should be noted that actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

As a result of the latest actuarial valuation the employer contribution rate was set to rise from 16.48% to 22.88% (including 0.08% to cover administrative expenses) with effect from 1st April 2019. However, following agreement with the Department for Education and HM Treasury this change was delayed until 1st September 2019. As a consequence, an additional 0.8% was applied to ensure that the level of the notional fund at the next valuation of the scheme is unaffected. As a result the employer contribution rate has increased from 16.48% to 23.68% with effect from 1st September 2019.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme Website](#)

The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

#### **SCHEME CHANGES**

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

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the government. In July 2020 HM Treasury launched a 12-week public consultation which will provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS.

A final remedy will be determined once the results of the consultation are established.

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

#### **Universities Superannuation Scheme**

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risk associated with the other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employees benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss accounts.

The total amount applied to the Consolidated Statement of Comprehensive Income is £620,913 (2021: £569,984).

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

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

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

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

CPI Assumption	Term dependent rates in line with the difference between the Fixed Interest and Index linked yield curves less: 1.1% p.a to 2030, reducing linearly by 0.1% p.a to a long-term difference of 0.1% p.a from 2040
Pensions increases (subject to a floor of 0%)	CPI assumption plus 0.5%
Discount Rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a Post-retirement: 1.00%

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

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

	<b>2020 Valuation</b>
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a and a long-term improvement rate of 1.8% p.a for males and 1.6% p.a for females.

The current life expectancies on retirement at age 65 are:

	<b>2022</b>	<b>2021</b>
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

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

	<b>2022</b>	<b>2021</b>
Discount rate	3.0%	1.1%
Pensionable salary growth	3.0%	1.5%

<b>21. Analysis of Changes in Net Funds</b>	<b>Cash at Bank &amp; In hand £000</b>	<b>Short Term Deposits £000</b>	<b>Debt £000</b>	<b>Total £000</b>
As at August 2021	40,056	28,000	(26,798)	41,258
Cash	4,479	8,000	2,063	14,542
As at 31 July 2022	44,535	36,000	(24,735)	55,800

**EDGE HILL UNIVERSITY****NOTES TO THE ACCOUNTS (CONTINUED)**

22. Bursary and Hardship Funds	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Foundation Bursaries</b>				
Balance at 1 August	-	-	167	167
Grants	-	-	-	-
Balance written off	-	-	(167)	(167)
Disbursed to students	-	-	-	-
Balance at 31 July	-	-	-	-
<b>Paramedic Bursaries</b>				
Balance at 1 August	25	25	25	25
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	25	25	25	25
<b>HEFCE Further Education Bursaries</b>				
Balance at 1 August	76	76	76	76
Grants	-	-	-	-
Write off	(76)	(76)	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	-	-	76	76
<b>Teacher Training Bursaries</b>				
Balance at 1 August	136	136	265	265
Grants	2,026	2,026	4,745	4,745
Balance written off	2	2	-	-
Disbursed to students	(2,202)	(2,202)	(4,874)	(4,874)
Balance at 31 July	(38)	(38)	136	136

Funds provided by the DfE were used only in accordance with the provision of the Education Act 1994 (as amended by the Education Act 2005), the financial memorandum, and all other terms and conditions that the DfE has set.

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>Early Years Bursaries</b>				
Balance at 1 August	4	4	4	4
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
<b>SKE Hardship Funds</b>				
Balance at 1 August	14	14	14	14
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
<b>Physicians Associates</b>				
Balance at 1 August	(78)	(78)	(23)	(23)
Grants	179	179	67	67
Disbursed to students	(119)	(119)	(122)	(122)
Balance at 31 July*	<u>(18)</u>	<u>(18)</u>	<u>(78)</u>	<u>(78)</u>

\*The negative closing balance on Physicians Associates relates to bursaries paid by the University that are expected to be reimbursed.

### **23. Related Party Transactions**

Due to the nature of the institution's operations and the composition of the Board (Members being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the Board may have an interest. The University maintains a register of interests for all related parties of the University and undertakes checks to establish whether there has been any transfer of resources, services or obligations between the University and the related party and ensures transactions involving organisations in which a member may have an interest are conducted at arm's length and in accordance with the financial regulations of the Board and normal procurement procedures. Included within the financial statements are the following transactions with related parties:

	Income	Expenditure	Balance at
	£'000	£'000	31 <sup>st</sup> July 2022
			£'000
Edge Hill Student Union	260	800	38

Edge Hill Student Union is an independent organisation largely funded by Edge Hill University. The University has taken advantage of the exemption allowed under FRS102 not to disclose transactions between wholly owned group companies.

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

	Income	Expenditure	Balance at
	£'000	£'000	31st July 2022
			£'000
Wirral University Teaching Hospital	(7)	-	(2)

Steve Igoe (Deputy Vice Chancellor) is a Non Executive Director and Audit Chair (paid but EHU salary reduced by a comparable amount)

The Lancashire Local Government Pension Scheme (LGPS) is a post-employment benefit plan of which employees of Edge Hill University are members. As such the scheme is defined as a related party under FRS102. Transactions between Edge Hill University and the Lancashire LGPS are disclosed in note 20.

#### **24. Linked Charities**

Charities with income over £100,000:

	Brought Forward	Income	Expenditure	Carry Forward
	£'000	£'000	£'000	£'000
Edge Hill Maintenance Services Limited	10	105	(96)	19

Edge Hill Maintenance Services Limited is a wholly owned subsidiary of Edge Hill University and as such is included in the consolidated accounts of the University. The objectives of the company which has been established as a charity are to promote the advancement of education by the provision of funds, property repair and maintenance services and other such services for the educational and charitable needs of Edge Hill University.

#### **25. Financial Instruments**

##### **Risk Management**

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the Governor approved Treasury Management Policy.

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

##### **Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2022, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is

## **EDGE HILL UNIVERSITY**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

limited by counterparty limits and minimum counter party credit ratings set within the Treasury Management Policy.

Student and commercial debtors are reviewed on an ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

#### **Liquidity Risk**

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Regular cashflow forecasts form part of the University's control environment and planning processes with revised re-forecasts prepared throughout the financial year.

#### **Foreign Currency Risk**

Foreign currency risk refers to the risk that unfavourable movements in exchange rates may cause financial loss to the University.

The University's foreign currency risk is limited by the relatively low levels of foreign currency it holds. The University's principal currency exposure is to the Euro and to the Dollar.

#### **Interest rate risk**

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations in the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

#### **Financial instruments – fair values**

The University has considered its principal financial instruments (being cash, investments, trade debtors, trade creditors and loans) in line with FRS102 and concluded that they meet the classification of basic financial instruments, including derivative financial instruments. Given the basic nature of the University's financial instruments, they are accounted for at amortised cost and the carrying value of each category in the balance sheet is considered to equate to fair value. Therefore there are no adjustments for fair value re-measurements recognised in the Statement of Comprehensive Income and Expenditure.

#### **26. Ultimate Parent Organisation**

The Board of Governors regard Edge Hill University as the ultimate parent organisation. Copies of the group accounts may be obtained from the Deputy Vice-Chancellor, Edge Hill University, St Helens Road, Ormskirk, Lancashire L39 4QP. Copies of the group accounts are available on the University's website [www.edgehill.ac.uk](http://www.edgehill.ac.uk).