

Edge Hill University

Report & Financial Statements For the Year Ended 31 July 2023

EDGE HILL UNIVERSITY

ANNUAL REPORT

Key Performance Indicators

<u>Year Ended 31 July</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Income in £'000 (1)	143,879	132,988	130,100	119,296	123,774
Surplus/(deficit) for the year in £'000 (1)	3,805	(3,686)	8,402	(1,119)	954
Cash Generated by Activities in £'000	14,652	15,848	22,946	10,481	18,497
Cash for Investment in £'000	92,120	80,535	68,056	48,356	48,265
Financial Worth of the University in £'000 (1)	348,104	284,641	193,128	177,581	214,026
Applications for University FT UG Programmes (2)	16,131	17,453	17,286	15,585	15,116
Total number of students of the University (3)	15,299	14,436	14,576	13,540	14,075
Employee Turnover	8.7%	10.7%	6.7%	6.2%	6.6%
Level of University Staff Absence	4.0%	5.1%	3.0%	3.5%	3.2%

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.

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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

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EDGE HILL UNIVERSITY

REPORT OF THE BOARD OF GOVERNORS

This is my first annual report as Pro-Chancellor and Chair of the Board of Governors of the University. Having been on the Board for six years it is an enormous privilege to serve in this capacity and especially at a University which has its roots in Liverpool, my home city, and in equality of opportunity – Edge Hill was the UK's first non-denominational teacher training college for women.

Firstly I wish to pay tribute to my predecessor, Professor Clive Edwards, who served with distinction as a Governor for nine years of which six were as Chair of the Board. Clive was a thoughtful and steady influence throughout some challenging times, not least of which was the Covid pandemic.

Secondly I congratulate and welcome Dawn Airey on her appointment as Chancellor of the University. Dawn has had a stellar career as a CEO in the media, and is now Chair of the Barclays FA Women's Super League and Championship Board alongside a number of Non-Executive roles. I have no doubt she will be a role model for many students who will be inspired by her experience and her desire to break down gender stereotypes which fits well with the University's heritage and ethos.

I am pleased to report that the University continues to go from strength to strength. This is especially evidenced by a rise of 20 places to 35th (out of 122 universities) in the Guardian University Guide 2024 League Table, an improvement of 9 places in The Sunday Times University Guide 2024, and a rise of 7 places in the Complete University Guide 2024. This builds on previous University of the Year awards (Modern University – The Times and Sunday Times Good University Guide 2022; University of the Year – Educate North Awards 2020-21). It is further underpinned by progress towards the University's strategic aims on which I will comment briefly but which the Vice-Chancellor's Strategic Review covers in more detail.

Teaching and Learning and the Student Experience

- Top 3 in the UK for facilities (WhatUni Student Choice Awards 2023)
- A Gold Award for widening participation and a Highly Commended Award for Student Experience, specifically our Welcome Week, (Educate North Awards 2023)
- Board approved £50m+ investment in new facilities and opportunities : A new Life Sciences facility (Spring 2024); A broadening of the courses available (September 2024 and 2025); A new, state-of-the-art, Students Union building (September 2024); Increased modern onsite accommodation (September 2024)

Students are at the heart of the University which focuses extensively on their experience, well-being, and outcomes. We want our students to enjoy and benefit from the learning *and* living experience, and to be in the best possible position to pursue their chosen career path when they leave. So we endeavour to provide accessible student support services as we recognise each individual's needs are different, and we strive to be excellent in the provision of campus living accommodation (for c2500 students by 2024), library and study facilities, part-time job opportunities, societies, cultural and sporting activities, and social events. But more than that, we look to prepare our students for the world of work and are proud that within 15 months of graduating 95.7% of our students are in employment or further study and 77.3% of those in UK employment are in highly skilled jobs (The Sunday Times University Guide 2024).

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Research that has Impact

Effective and impactful research is a key component of life at Edge Hill University. Building on successful progression in the REF (Research Excellence Framework) 2021 in which the University more than doubled its research power, the University is attracting funding for a range of initiatives. There are too many to list here but examples include:

- Edge Hill now hosts the North West Imaging Academy (NWIA), a multi-million pound NHS project which invests in state-of-the-art facilities and education to develop a world-class imaging workforce which will in turn improve health testing and reduce inequalities
- Research into the use of artificial intelligence; contributing to national research on the delivery of carbon neutral computing by 2040; and arranging for students from under-represented minority ethnic groups to work alongside established researchers to give them first-hand experience and encourage them to pursue further research opportunities

External Partnerships and International Engagement

Edge Hill University has a longstanding and proud record of close working relationships with a range of partners, from schools to healthcare settings to regional businesses and to local authorities. We see these as vital to enhance mutually beneficial opportunities for widening access to higher education, and for enhancing student employability, research, and community development. This is underpinned in 2022/3 by examples:

- A partnership with Wigan & Leigh College; Wigan Council; and Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust which aims to improve local opportunities to develop people's skills and employment and so boost education, health and economic prospects for Wigan
- Faculty of Health, Social Care & Medicine Partnership of the Year Award (Student Nursing Times Awards 2023)
- A community engagement and external relations gold award (Educate North Awards 2023)
- Selectively increasing our international student cohort eg from Africa and South Asia

Our People

Edge Hill University's standing and noteworthy progress would not have been possible without the hard work, student-centric commitment, and creativity of its staff to whom the Board are very grateful. This is especially so at a time of industrial unrest, and it is to the staff's credit that every eligible student has been awarded their degree classification in 2022/3.

Progress has also been facilitated by the outstanding leadership of the University's Vice-Chancellor Doctor John Cater CBE DL, the UK's longest serving Vice-Chancellor, and his Executive Team. The Board acknowledges with thanks their commitment to the institution and to its stakeholders.

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Sustainability

These are financially challenging times for the Higher Education sector as a frozen fee, inflation, and a negative media create significant pressures. So I am especially pleased to report that Edge Hill University is financially stable as evidenced by the financial results detailed in this report. This enables us to invest the £50m+ in new courses and facilities referred to earlier to enhance the student experience and to enable future growth and longer term sustainability.

However challenges abound : student personal financial pressures leading some to question the affordability of university; government policy changes such as dependent visa controls and the threat of student number controls; an increasing focus on minimum student outcomes to underpin student loans; ongoing industrial unrest; ever increasing recruitment competition; and rising costs but no fee increases. There will therefore be a need for the University – and the sector – to demonstrate how it is improving and innovating to enhance its value for money offer to all stakeholders (but especially students) as a basis for a new more equitable funding model to be achieved over time through constructive discussion with Government and other bodies.

The importance of this is emphasised by Edge Hill University being a major contributor to the local and regional economy, and recognising its important role in the wider community:

- It is the largest employer in West Lancashire with over 2000 employees, it is estimated the economic benefit to the area is c£121m, and through £69m investment in facilities between 2016 and 2021 has generated c120FTE construction related jobs for the region (Economic and Social Contribution Report October 2022)
- This year the University hosted and led the first Lancashire Community Climate Action Forum, bringing together over 60 community groups and 30 other organisations from across Lancashire to set out new collaborative ways forward on climate action across the county
- We make available our facilities (eg the Arts and Sports Centres) to the local community
- The Board is especially proud of the University's focus on widening participation and creating opportunity for those less privileged. By way of example the Medical School has hosted a residential summer school to encourage students from diverse backgrounds to explore a career in medicine, and with our partners Everton in the Community and Tate Liverpool we have created a 'Tackling the Blues' toolkit designed to help organisations support the mental health of children and young people.

Governance

The University is registered with the Office for Students (OfS), operates within the Regulatory Framework for Higher Education in England, and complies with the OfS' Public Interest Governance Principles. The Board has also adopted the CUC HE Code of Governance 2020 and requires all members to uphold the Nolan Principles of Public Life. During 2022/23 the Board commissioned a scheduled review of its effectiveness, which was undertaken by an external third party. This encompassed a whole Board approach which looked at roles, capabilities, formal architecture and processes, as well as more behavioural aspects such as the quality of interaction, challenge and decision making dynamics. Reporting in October 2023, the review concluded with a positive opinion on the Board's

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

effectiveness. An action plan for enhancement has been agreed and will be progressed in 2023/24.

The University is in good health overall and making progress but there is much still to do especially given the challenges referred to earlier, and the Board has an important strategic and oversight role to play in this. The Board exists as guardian of the University : to build on its past, to protect its present, and to enhance its future....executed through its responsibilities in support of the University's Executive Team and in the interests of all the University's stakeholders. I am therefore very grateful to my Board colleagues, and to Helen Smallbone and Rhona Morris as Clerk and Acting Clerk respectively, for their commitment, constructive challenge and support, and valuable contributions based on their considerable skills and experience.

I look forward to reporting in a year's time that Edge Hill University has continued to flourish and make further progress in the interests of all its stakeholders but especially its students and staff.

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Officers of the University

University Chancellor

Ms D Airey [from 18 July 2023]

Pro-Chancellor (and Chair of Governors)

Professor C Edwards [to 30 November 2022]

Mr C Elliott [from 1 December 2022]

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)

Mrs L Brady (Student Experience and University Secretary)

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		[to 31 July 2023]
Mr G Collinge	(2)	
Ms C Donnelly	(1) (3)	
Professor C Edwards	(2) (3)	Chair of the Board. Also chairs Governance & Nominations Committee [to 30 November 2022]
Mr C Elliott	(2) (3)	Chair of the Board. Also chairs Governance & Nominations Committee [from 1 December 2022]
Ms L Greenhalgh	(1) (2) (3)	Vice Chair of the Board. Also chairs Audit and Remuneration Committees [to 30 November 2022]
Mr A Lockley	(1) (2)	[From 17 October 2022]
Ms J Nettleton	(1)	
Ms M Melling	(1)	[From 17 October 2022]
Mrs L Robinson	(2) (3)	Vice Chair of the Board. Also chairs Remuneration Committee [from 1 December 2022]
Mr M Rush		
Mr M Tate	(1)	Chair of Audit Committee [from 1 December 2022]
Mr M Wilkinson		[From 18 September 2023]

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

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 A Jackson [to 25 April 2023]

Ms A Johnson (from 18 September 2023)

Student Body members:

Mr B Broadhurst [to 1 June 2023 (retiring Students' Union representative)]

Ms L King (elected)

Ms M Lam [from 10 July 2023 (elected Students' Union representative)]

Academic Board member:

Dr J Moore (3) [to 13 March 2023]

Dr L Culbertson (3) [from 15 May 2023]

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 2022/23 cycle**

Name	Full Board	Audit	Gov & Noms	Remuneration
Total meetings	8	3	4	3
John Cater	8/8	3/3**	4/4	2/2**
Julian Bucknall	6/8			
Graeme Collinge	8/8			3/3
Christine Donnelly	8/8	3/3	4/4	
Clive Edwards*	2/2		1/1	
Clive Elliott	9/9	1/1	4/4	3/3
Lisa Greenhalgh*	2/2	1/1	1/1	
Antony Lockley*	8/8	2/2		3/3
Maxine Melling*	6/8	1/2		
Jo Nettleton	6/8	2/2		
Louise Robinson	6/8		2/3	3/3
Mike Rush	4/8	0/1		
Mike Tate	8/8	3/3	2/3	
Leon Culbertson*	2/2		0/1	
Amanda Fulford***	7/8			
Andy Jackson*/***	2/5			
Jane Moore*	3/4		0/1	
Ben Broadhurst*	6/7			
Lauren King	7/8			
Maggie Lam*	1/1			

*Partial terms of office [for the period from 1 August 2022-31 July 2023]

**Officer in attendance

***Co-opted

C. R. Elliott

Mr C Elliott
Pro Chancellor and Chair of the Board of Governors
20 November 2023

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 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.

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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.

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STRATEGIC REVIEW (CONTINUED)

Core Operating Surplus

	2023 £m	2022 £m
SOCI surplus*	5.7	(3.7)
Pension adjustments	2.5	10.7
Revaluation reserve	1.1	1.1
Refurbishment of student accommodation	1.1	3.5
Core operating surplus	<u>10.4</u>	<u>11.6</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.

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 in more recent years has been more towards specific one-off projects designed to ensure the longevity of key capital assets. One such programme approved was a business case to improve the quality of student accommodation in relation to which £1.1m 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 £10.4m or 7.2% of total income which compares with a core operating surplus in the previous year of £11.6m or 8.7% of total income. Considering the current inflationary environment across all areas of expenditure, this is an excellent financial outcome, helping to drive a cash generation from operations figure of £14.7m and a year-end cash balance of £92.1m. This compares with long term loans of £22.6m resulting in a record high net cash position (cash plus cash investments less long-term loans) of £69.5m. This level of liquidity will be used to fund major construction work in the central area of our campus including a new Life Sciences building, SU facilities and residential property. It is also an important buffer given the uncertainty presented by ongoing inflationary pressures and the ever-increasing threats to HE funding in an increasingly volatile external environment.

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STRATEGIC REVIEW (CONTINUED)

Income

	2023	2022	Increase/ (Decrease)
	£m	£m	£m
Tuition fees	108.1	105.0	3.1
Residences, catering and conferences	12.8	12.0	0.8
Funding body grants	9.0	7.0	2.0
Research grants	2.2	1.7	0.5
Other	<u>11.8</u>	<u>7.3</u>	<u>4.5</u>
	<u>143.9</u>	<u>133.0</u>	<u>10.9</u>

Overall income lines are £10.9m or 8.2% higher than the previous year. Our main source of income is tuition fees which comprises 75% of total income. Tuition fee income is £3.1m or 3% higher than the previous year with 2022/23 reflecting the challenging external environment HE is operating in. In overall terms, full time undergraduate student numbers were marginally up on the previous year with growth in Biology, Law, Criminology & Policing and Psychology tempered by challenges in English, Sport & Physical Education, History, Geography, Geology and Social Sciences. Business programmes have been bolstered by international activities where we have seen a significant rise in postgraduate taught numbers. In the Faculty of Health, Social Care and Medicine we have also seen growth supported by strong demand for professional programmes and an increasing alignment with workforce needs resulting in increased student numbers to support roles in the NHS such as physician associates, mental health and wellbeing practitioners and nursing in mental health and paramedic practice. In the Faculty of Education, we continue to be adversely affected by weak market demand. That said, we were successful in our application for re-accreditation to deliver teacher training which was important both from a historical significance, as well as a financial stability perspective.

In terms of residences, catering and conference income, the £0.8m or 6.7% increase is partly a reflection of increased prices but is primarily linked to improved occupancy following the introduction of self-selection and removal of lower quality accommodation from our estate. We can also look forward to the addition of a further 248 unit development in 2024 as part of the development of our central campus.

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STRATEGIC REVIEW (CONTINUED)

Funding body grants are £2m or 29% higher than 2021/22 driven primarily by significant increases in QR funding following submission of REF2021. Aside from this, an uplift was applied to take account of additional premium funding attached to students in medicine. Additional funding for hardship was also received and our access to Higher Education Innovation Funding (HEIF) secured.

Research grant income increased by £0.5m or 29% and has now broken the £2m barrier. This is particularly pleasing as it has been achieved on the back of significant investment in systems, staff and training. Alongside increased QR funding this represents an important and significant step forward in our strategic aim of continuing to build research capacity and capability.

Other income has increased by £4.5m or 62% 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 and its successor body have provided additional funds under the NHS tariff system as these programmes become increasingly embedded. Aside from this, we have also witnessed increases in income in the Faculty of Arts & Sciences who manage a number of key ERDF projects designed at supporting local businesses and increasing the employability of our graduates. By far the biggest increase in other income however is interest receivable where the high cash balances we have enjoyed, allied to significant increases in interest rates have driven an eight-fold or £2.3m increase in interest receivable from £294k to £2.609m. This, whilst welcome, needs to be viewed against the inflation-fuelled increases in both revenue and staffing expenditure (see below).

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STRATEGIC REVIEW (CONTINUED)

Core Expenditure

	2023	2022	Increase/ (Decrease)
	£m	£m	£m
Staff costs	89.8	89.2	0.6
Pensions adjustments	(1.8)	(8.9)	7.1
Core staff costs	<u>88.0</u>	<u>80.3</u>	<u>7.7</u>
Other operating expenditure	<u>39.5</u>	<u>37.4</u>	<u>2.1</u>
Interest payable	2.0	3.2	(1.2)
Pension adjustments	(0.7)	(1.8)	1.1
Core interest payable	<u>1.3</u>	<u>1.4</u>	<u>(0.1)</u>
Total core expenditure	<u>128.8</u>	<u>119.1</u>	<u>9.7</u>

Total core expenditure is £9.7m or 8.1% higher than the previous year. This excludes pension adjustments including 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 £7.7m or 9.6%. The combined effects of pay awards and incremental drift accounts for approximately 6.5% of this increase and the balance relates to investment in academic departments, Student Services, Registry, Careers, IT Services, Learning Services and technician support in the Faculty of Arts & Sciences as we continue to invest in areas of growth and support the student experience.

Other operating expenditure has increased by £2.1m or 5.6%. The more significant movements year on year contributing to this overall increase include areas of expenditure that have been particularly susceptible to inflationary pressures such as licences and patents and utilities. Major system upgrades have contributed to increased consultancy fees and increased international and health income has driven increases in agency fees. Equipment non capitalized has increased significantly though this is partially funded by income. Significant increases to travel and subsistence, hardship payments and educational visits reflect investment in both our research agenda and the student experience. Course consumables increases arise as a result of increased student numbers in Biology. Partially offsetting these increases is a reduced level of spend on minor works non capitalized due largely to a lower level of spend on the refurbishment of student accommodation, reduced temporary staff costs driven by a lower level of vacant posts and reduced awards, grants and donations expenditure linked to a reconfiguration of student support away from bursary payments and towards hardship payments and other areas of student support.

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 £22.6m and this continues to reduce 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 £14.7m reported for the year. Year-end cash balances of £92.1m are strong driven partly by a limited cash outflow related to the construction of new buildings.

Year-end cash balances of £92.1m should be viewed within the context of both the significant levels of uncertainty created by cost of living rises and our ambitious capital expansion plans, which will be wholly internally funded. We took a cautious approach to capital investment following the outbreak of COVID 19 and have only relatively recently revisited master-planning work resulting in support for a number of key projects which will focus on new SU facilities, residential accommodation and a new Life Sciences building. A total financial investment of over £52m in phase 1 of the development. There are also very clear threats to funding levels within the HE sector 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 will always seek to hold a minimum cash balance at each year-end of no less than £30m to ensure we never run 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 £22.6m of long-term external debt which is repayable at approximately £1.9m per year plus interest. Given the heightened focus on sustainability and viability across the HE sector 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 disappointing but not unsurprising fall in applications for programmes in Health and Education. Increased international income has helped mitigate these reductions, and investment in new programmes coming on stream in 2024 and 2025 will help underpin our ongoing student recruitment as we continue to manage and develop our portfolio. That said, we are not sanguine about the future and, where necessary, action will be taken to divest resources from those areas of contraction to continue our ability to support areas of growth. Cost of living pressures nationally contribute to what is a sector-wide retention challenge and Edge Hill has not been immune in this regard. However, significant investment in hardship and support has helped us to deliver retention outcomes that are ahead of sector averages and

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STRATEGIC REVIEW (CONTINUED)

benchmarks. Early indications around enquiries and applications for 2024 entry are satisfactory though the position will continue to be monitored closely.

High levels of liquidity will enable investment in building infrastructure to support areas of growth including the expansion of our residential and catering offer. Key external challenges such as the focus by Government on minimum thresholds for continuation, completion and progression as well as the changes to the basis of student support with lowered repayment thresholds and real terms cuts in maintenance loans present ongoing risks to demand and 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.

The Teaching Excellence Framework (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 Gold status for teaching quality under TEF1 has helped to shape the perceptions of students and stakeholders as does Edge Hill's inclusion in the Times Higher Global Top 1000 universities. Recent improvements in league tables such as the Sunday Times, the Complete University Guide and the Guardian also help to shape perceptions about the kind of University Edge Hill is and the quality of our course provision. Crucially of course these brand-related KPIs are founded on genuine improvements in performance most notably in relation to graduate employment and retention and stand us in good stead for the future.

Outlook for 2023/24 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, we have successfully managed to avert the immediate threat to provision in the Faculty of Education by securing accreditation for teacher training status. That said, Education continues to be adversely impacted by a long-term Government policy environment that would wish to steer prospective students away from a university-led approach. Under investment in both teacher training and nursing workforce planning continues to make both areas an unattractive careers proposition to many which presents a risk to student numbers. Condition B3 monitoring and the possible risk of student number controls on areas deemed poor quality remains a concern though our performance against minimum thresholds continues to improve. The threat to BTECs is also a longer-term risk given the number of students recruited from this route.

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

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

a reputation endorsed by being selected as the Modern University of the Year in the Times and Sunday Times Best University Guide 2022.

Cash generated from operations this year of £14.7m 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 significant investment over the next five years in additional capacity to support Health and Life Sciences programmes where a lack of suitable laboratory space is a key limiting factor preventing growth, deliver an additional 500 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 a number of areas of contraction not wholly offset by areas of growth in terms of our student number intake in 2023, we have a strong track record of managing change, and our diversified portfolio of business lines of Health, Education and Arts and Sciences programmes offer some protection against the risk of falling demand and 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.

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 £92.1m have been achieved with a net cash inflow from operating activities of £14.7m helping to support a significant cash buffer as we enter a period of unprecedented uncertainty.

Total borrowings are £22.6m which is £2.1m 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 remains at very low levels and we comfortably maintain annualized debt servicing costs within 4% of revenue.

Student Services

The work of Student Services is primarily focused on 2 key areas, providing direct support to students, and providing an engaging and exciting programme of student life activity. 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. The Student Life team within Student Services has gone through a significant transformation over the last year. This team takes responsibility for leading and coordinating the welcome and induction of students, the social programme of events, and engaging students in opportunities.

This year the team have paid particular attention to providing a vibrant social programme which is inclusive to all students and helps to develop a sense of belonging and community. The Student Life portal has been crucial to the delivery of the programme, as it displays the programme of events online and allows students to book a place easily. The portal also allows configuration, and each student view is bespoke, so it is possible to personalise a student's experience. The team has had a very successful year, trialling events and activities and working out what works well and how to engage students.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Supporting students to stay and succeed at University has continued to be a major focus in the last academic year with the introduction of the Early Intervention Model (EIM). The Student Support Team (SST) within Student Services has played a crucial role in the success of this institution wide model, which ensures that students who are struggling and/or thinking of leaving the University receive specialist support. During the 2022/23 academic year the SST supported almost double the number of students seen within the previous year. Despite the significant increase in demand, the SST maintained a high level of service enabling the University to significantly improve retention rates, and has supported thousands of individual students to continue and succeed.

Over the last 12 months the Money Advice Team have been working on a number of themes to support students given the impact of the continuing and enduring increases in the cost of living. The team have focussed on removing real and perceived barriers by reviewing communications, providing online access to forms, and promoting our services more effectively. In total, the team have distributed over £950K of funding directly to students during 2022/23, in a mixture of University funding plus additional support from the Office for Students and Health Education England.

Student mental health and wellbeing continues to be a priority, and this year the University has joined the Student Minds Mental Health Charter Programme. Student Services will collaborate closely with Human Resources and other staff across the institution and continue to address this important issue by taking a whole university approach. We look forward to working together with other universities as part of this programme who are also committed to university mental health, to share practice and create cultural change.

During the academic year a review has also taken place into the 1:1 support provided to our disabled students. The review considered sector wide issues, internal strategic and operational issues, external and internal benchmarking, the financial model, value for money and team structures. This significant piece of work resulted in a new model of disabled student support being established. The aim of the new model is to provide our in house, high quality 1:1 non-medical helper support to all of our Disabled students. We have therefore recruited new highly skilled staff into the team to increase the capacity of the service, and also made operational improvements which will support delivery on a larger scale.

In September 2022, Student Services enhanced their service offer for students based in our St James' Manchester campus, including weekly wellbeing appointments, fortnightly Student Services drop-in sessions, training for St James' staff, and improved communication with colleagues and students. The new Student Services offer has been well received and following student evaluation, we are currently looking at further developments and opportunities to enhance the provision for 2023/24 and beyond.

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

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

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 EDI Action Plan:

- Establishing a positive working relationship with our 'link' EDI Governor,
- Supporting the Board in undertaking the Advance HE EDI Toolkit for Governors,
- Building upon a successful pilot EDI Innovation Fund and establishing this as an annual offer,
- Established a Moderation Framework for the fair and equal assessment of performance throughout the University,
- Achieved a 0% Gender Bonus Pay Gap for the fourth consecutive year,
- Enhanced our Family Friendly Policies (including enhancing the Maternity, Shared Parental and Adoption Leave entitlements),
- Investment in an equal pay tool (XpertHR's Gap Squared Platform) allowing us to run real-time data that can drill down into specific pay gaps and inform action appropriate plans,
- Continued building resources within the EDI "Hub" (website), used to shine an external spotlight on our inclusion journey and expanding it to house 'organisational wellbeing',
- Embedding the role of External Charters Manager to support and coordinate current and future Athena Swan applications across the University,
- Appointed an academic Chair to the Athena Swan Steering Group and successfully submitted a fresh institutional bronze application,
- Appointed 20 EDI Ambassadors,
- Completed a holistic audit of the food provision across campus (taking account of religious, cultural and health issues),
- Established and rolled out a suite of 6 EDI modules which includes Unconscious Bias, Inclusive Leadership and Creating a Psychologically Safe Environment,
- Delivered a successful Black History Month Programme,
- Delivered a successful Change Agents Conference for International Women's Day,
- Collaborative work continues via the Inclusive Curriculum Working Group,
- Collaborative work continues via the Access and Participation Working Group,
- Continue to increase the number of successful flexible working applications across campus.

As we continue to build on the 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 2022-23 was made up of 47 objectives from various departments/faculties across the University spread across all themes of the strategy. Of the 47 actions 35 were completed and 12 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.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

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 the Control of Substances Hazardous to Health. 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 3,371 e-learning modules were completed across a range of core health and safety subjects. This included 2,230 which related to the university's baseline of knowledge requirements (Induction Safety, Manual Handling, Fire Safety, Workstation Setup and Accident Investigation). The number of courses delivered represents a significant 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. In addition, the university undertook targeted face to face training which included, Accident and Investigation, Risk Assessment and Manual Handling training.

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, external specialist auditors and the Student Accommodation Code. The University auditors examined water hygiene specifically and 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.

Compliance

FM has continued to develop systems to ensure that all statutory compliance obligations in relation to maintenance of the estates are met, and accurately reported on through the compliance software. In relation to legal compliance relating to health and safety and environmental legislation, legal registers have been developed with a specialist consultant to ensure that all relevant legislation is identified and adhered

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

to. A governance structure, including a quarterly compliance and assurance meeting, has been established as a means of senior management within the department being provided with assurance of compliance across key activities across service areas.

Environmental Sustainability

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

During 2022/23 it was recognised that our approach to sustainability needed to change to ensure that Edge Hill University remains progressive and ambitious in our plans. This has resulted in a move away from running annually focused objectives and the introduction of a new Environmental Sustainability Delivery Plan (ESDP) which runs until 2025. After 2025 the plan is to develop the ESDP on a three year cycle in line with other policies and strategies.

The 2022-25 ESDP introduced 54 objectives with a total projected spend committed to them of approximately £2 million. During 2022/23 patronage of the EdgeLink bus service increased from 360k in 21/22 to over 370k and continues to perform well in terms of emissions and eco driving statistics. Bookings for our car share spaces also increased from 3,989 in 21/22 to 4,778 in 22/23, and the Cycle2Work value saw an increase from £6,575 in 21/22 to £8,370 in 22/23.

22/23 saw a major change to our approach to sustainability at Edge Hill University with a new Corporate Sustainability service area being developed and our Corporate Sustainability Manager being joined by a new Sustainability Officer. This has allowed for an improved focus on sustainability to be embedded across the University.

The promotion of sustainable travel methods remains important to Edge Hill University and is reflected in our new Travel Plan as well as the inclusion of key objectives in the ESDP aimed at improving sustainable travel including the planned introduction of new, secure bicycle storage facilities on campus and the introduction of EV charging points on campus for staff and students to use. Work will also be undertaken during the 2023/24 academic year to promote sustainable travel with a 'Car Share Campaign' being launched in September 2023 to further engage staff and students in alternatives to single occupancy car journeys onto campus. Bike marking will be offered to staff and students and there are plans to introduce "Bike Doctor" sessions.

Waste management services continue to perform well with consistent recycling rates reported. Our campus has benefitted from a range of training and engagement activities from our waste contract provider and new recycling targets have been set for 2025.

A variety of events were run throughout the year to engage staff, students and the wider community with sustainability. This has included the continuation of the Sustainability Champions network. A local litter pick up was run to clean up roads near the University campus, and more are planned for 2023/24. Engagement sessions around waste and biodiversity were also run, and students have been involved in developing a Biodiversity Management Strategy for the University as part of a Masters programme.

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. We have

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STRATEGIC REVIEW (CONTINUED)

now contacted over 4000 suppliers to sign up to NPF through email, with over 560 suppliers registered on the tool. We have also reviewed NPF as well as the websites of our top 100 suppliers not registered with NPF with regards to Modern Slavery Act 2015 (MSA15). 57% of the top 100 suppliers are signed up to NPF, with a further 24% demonstrating that they have a MSA15 statement on their website and out of our top 100 suppliers, 81% are aware of and working towards ensuring Modern Slavery is not present within their supply chain. 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.

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 2022/23, 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 Arts Centre established working partnerships with other departments across the University to develop collaborative programmes, including Student Experience and Corporate Communications, in order to further develop and diversify audiences.

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 2022/23 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 2021/22 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 in 2024.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Sports and Fitness

Student memberships have once again been very popular with 2,299 students taking advantage of our 4-week free 'try before you buy' trial period and then subsequently taking out membership at the discounted rate of £99 for the year. The overall number of visits to our Fitness Suite and Exercise Class also increased by 2.5% and our revamped Personal Training offer has increased significantly in popularity.

Following feedback, and to address the poor engagement from Edge Hill staff, the staff membership price was significantly reduced to only £20 per month or £200 per year which resulted in an 111% increase in staff memberships. To further engage staff and community during the quieter summer 2023 period a successful 'Summer membership' promotional offer of £50 for a 10-week membership attracted 585 new members (an increase of 77% compared to the previous year).

Collaborative work has once again been high on our agenda, with strong partnerships being forged and developed with the Faculties, Careers, Student Life, the Students Union, Student Recruitment and Corporate Communications. To support the work of the Faculty of Education, several sporting events were also hosted on campus which engaged 41 different private, primary and high schools with over 1,350 pupils attending. Community engagement saw 26 events hosted with over 6,600 participants, including 2 high profile British triathlon events which saw over 1,000 people attend each event.

Placements were provided to enhance student employability, including football coordinators to support pay and play sessions and events and campaigns assistants. Further support was also provided to student societies including the introduction of a new medical society netball weekly session specifically aimed at nursing and doctoring cohorts, and the "Uni Boob Team" society which are one of the most proactive societies within the SU helped to raise awareness of breast cancer and fundraise at various events throughout the year. 2022/23 also saw an increase of 12.5% in the number of students representing the University in competitive sport helping us to achieve our highest BUCS ranking in over a decade. Notable league success was achieved in the Men's Rugby Union 1st team, Men's Badminton 2nd team, Men's Football 2nd team and Women's Volleyball 1st team and our Cheerleading team were also successful in winning their National Championships.

Our Campus Sport programme continued to provide a wide variety of social sport sessions including Badminton, Basketball, Trampolining and Cheerleading, engaging over 1,600 individual student participants and 12,000 visits. In addition, over 5,000 hours of student volunteering were supported to help the delivery of our sports programmes.

Finally, following several mystery visits and an unannounced audit visit, Edge Hill Sport secured the highest possible category of 'Excellent' in Sport England's quality assurance scheme for the 4th consecutive year demonstrating that our Sports Service continues to operate in line with and exceeding best practice.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Widening Participation

Edge Hill University was founded in 1885 as the first non-denominational teacher training college for women. Our roots are in widening access, providing opportunities in education and social advancement for those who would otherwise be denied it. Throughout our long history, we have sought to deliver this, being at the forefront of widening access, leading the sector both nationally and regionally including hosting AimHigher (NW), the Lifelong Learning Network and National Action on Access.

Edge Hill University provides a key opportunity to overcome the educational, economic and social disadvantages our students have faced: we seek to empower them to mirror our values of authenticity, confidence and aspiration and to recognise the difference they can make. Most of our students have at least one widening participation characteristic (77%), and it is our privilege to support them into our University, to succeed whilst on course and to excel beyond graduation.

We have made good progress against the five targets articulated in our Access and Participation Plan (APP) 2020-21 to 2023-24 and have recently submitted our APP 2024-25 to 2027-28 for approval to the Director of Fair Access. This new APP contains 9 targets 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 offer bespoke information and guidance to students who may need additional support to access HE. We deliver programmes of activity to specific student groups to support with attainment raising work in schools or colleges, as well as initiatives to address and explore misconceptions of HE to ensure that students can make informed choices about their progression into HE. We also work with students 1:1 or in small groups, both on campus and in external settings, to provide bespoke support offers. As well as offer dedicated support to groups of students such as those who are care-experienced and estranged. This includes meeting with students, their supporters and Local Authority staff to support students' research into HE, and their transition into University level study and life.

Additionally, we support students via our *Fastrack Programme* which bridges the gap between existing qualifications and those required to enter Higher Education. This programme provides a unique programme to support mature learners who wish to return to study.

We want all our students to achieve their full potential and have a positive experience at Edge Hill University. We offer a range of services to support our students throughout their journey, from admission to graduation and beyond. We support students in their academic, personal and professional development. We also support emotional and physical health and wellbeing in a variety of ways, with bespoke or tailored support offered to our widening participation students.

The Wellbeing Team can provide access to specialist counselling, therapeutic work or involve the Campus Life team where appropriate – finding the right intervention for each student is the team's focus. Students can make an appointment to meet the team or drop in for a confidential, non-judgemental discussion.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Our Money Advice team provide advice and guidance on a range of financial issues. This includes budgeting, difficulties accessing student loans and dealing with unexpected financial emergencies. The team offer expert, non-judgmental advice to help solve financial issues and allow students to stay focused on their studies.

Our Student Support team support all students, but in particular those underrepresented within HE. The team are the designated contact for Care Leaver, Care Experienced and Estranged Students. They support with applications for the Care Leaver bursary in addition to helping students navigate the support package available. The team also offer bespoke support to our Transgender students.

The Inclusion team support students to achieve their potential, working in partnership with students on course and pre-entry to ensure the right support is in place. They help students navigate DSA eligibility and the application process, they produce Student Support Plans and support students with reasonable adjustments.

The SpLD Support Team supports students to explore any challenges related to Specific Learning Difficulties (SpLD) such as dyslexia, dyspraxia, dyscalculia and ADHD. The team support SpLD students to access support and technologies that may be helpful in developing study skills strategies, and/or support in mitigating the impact of any challenges.

Additionally, our innovative *Student Opportunity Fund* provides financial support to enable students to take employment-enhancing opportunities which may otherwise be cost prohibitive. It funds study enhancement activity for all students at academic department level to ensure consistency of experience (eg field trips for biologists or visits to Parliament for politics students).

Careers guidance is available throughout a students' studies and up to three years after graduation. We have a dedicated member of careers staff who works with widening participation students, providing enhanced 1:1 support in sourcing part-time work, preparing for interview and career preparations. They also organise events with a particular widening participation focus such as our Diverse Voice Alumni Panels.

Edge Hill have 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 activity within our curriculum and providing high quality placement opportunities for our students. In 2022-23 the Work-Related Learning (WRL) team successfully generated 742 high quality placement opportunities, with 459 of those being advertised to students within the academic year. This saw a marked improvement in conversion rate from advert to successful matching of 56.6%, an increase of over 30% on the previous year. The team also supported 664 placement organisations including the validation of 446 student-initiated placements.

ESIF funded projects including Upskilling Lancashire have continued to support the upskilling of SMEs across Lancashire through workforce development. These projects have exceeded our targets for engagement and completion resulting in 45 organisations having developed detailed organisational and training needs analysis action plans. Since its inception in 2017 our SME Productivity and Innovation Centre (PIC) has supported over 750 unique SMEs across all programmes. The High Growth Innovation Sprint in particular has supported 240 SMEs, leading to 523 new jobs being created, 113 new to firm products/services; and 32 new to market products/services. Our Leading Lancashire programme provides access to training for CMI certificates and has also supported 924 leaders and managers from 392 SMEs, with 69% of participants from under-represented groups.

This year we received external recognition by winning The Educate North award for Community Engagement and we also received further recognition as runner up in the EDI Community Engagement Initiative of the Year award at the European ACEEU Triple E Awards.

We have also been actively involved in collaborative projects securing funding related to the UK Shared Prosperity Fund (UKSPF) with the Liverpool City Region Combined Authority (LCRCA). This funding is to deliver 3 distinct projects through two separate funding strands: the LCRCA Innovation Strand (in collaboration with The University of Liverpool, Liverpool John Moores University, and the wider LCR innovation ecosystem) supporting SMEs to develop new products/services and secondly and the LCRCA Leadership and Management Strand, supporting SMEs to optimise and develop their business model, to innovate and grow. A third new project 'Leadership for Growth' will also target high growth potential SMEs in the region, with a focus on the development of management and leadership capabilities.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Finally, this year we have increasingly focussed on Knowledge Transfer Partnership (KTP) activity with an active KTP portfolio value of £1.3m. Whilst our strengths have traditionally lay in Computer Science and Management disciplines, we have also sought to build our capabilities in other areas such as STEM, humanities and the arts. In this regard we will continue to leverage the success of initial capacity building activity as we seek to establish an annual cycle of KTP engagement events in 2023/24.



Dr John Cater
Vice-Chancellor
20 November 2023

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 2022 to the signing of the accounts on 20 November 2023.

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
- University is compliant with relevant charity legislation
- 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, including the Instrument and Articles of Government.
- The University's Ethical Policy Framework.
- The Board of Governors' Culture Framework, which was developed in 2023 to articulate the Board's values and the related behaviours governors should demonstrate collectively and individually.
- The requirements of the 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 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

EDGE HILL UNIVERSITY

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

- the appointment or dismissal of the Vice-Chancellor.

The Board has adopted and applies the CUC HE Code of Governance, which provides guidance on best practice for the sector.

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 ongoing review of its effectiveness, 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 that are relevant for HE Governors.

The role of Chair of the Board of Governors is separated from the rôle 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.

During the period from 1 August 2022 to 31 July 2023, the Board met on eight 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 presentations on particular areas of the University's activities, for example Research, and the Student Experience in the Faculty of Health, Social Care and Medicine, to ensure that governors remain alert to contemporary challenges and opportunities. The Governing Body also met informally throughout the year to consider special project work such as the development of the Board of Governors' Culture Framework.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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.

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 monitors 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, prior to each meeting the Committee holds private sessions as follows:

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

The Audit Committee's full terms of reference are available on the University's website.

EDGE HILL UNIVERSITY

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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 (see below)
- 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.

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 Vice 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.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

To support the Board in its endeavours, a Lead Governor has been assigned to focus on each pillar of the Strategic Plan and the areas of direct concern to the Board listed above. 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.

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.

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 scheduled to take place every three years.
- Regular effectiveness surveys issued to all governors, with whole Board discussion about effectiveness on, at least, an annual basis.
- Following each meeting of the Board, a designated governor will provide feedback to the Chair about how well members have met the standards set out in the 'Board of Governors Culture Framework'.
- Annual review meetings between individual governors and the Chair.

The Board commissioned a scheduled review of its effectiveness during 2022-23, which was undertaken by an external third party. The scope of the review included the Audit Committee. Reporting in October 2023, the review concluded with a positive opinion on the Board's effectiveness. An action plan for enhancement has been agreed and will be progressed in 2023-24.

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

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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. 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 staff 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.

EDGE HILL UNIVERSITY

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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 the relevant 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.

The following processes have been established by the Board and have been in place for the year ended 31 July 2023 and up to the date of approval of the Financial Statements on 20 November 2023:

- 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.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

- 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 and briefing sessions which are held for senior managers and/or governors to identify and keep up to date with the risks facing the organisation. These workshops may be bespoke for Edge Hill or general for the sector.
- Members of the Audit Committee regularly commission briefings on specific issues of relevance from the Internal or External Audit Representatives, which take place immediately before scheduled meetings.
- 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.
- 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

EDGE HILL UNIVERSITY

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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
- Guidance on the Procurement of Consultancy and Business Services
- Hospitality & Gifts Policy
- Purchase Ledger Procedures
- Risk Management Policy
- Scheme of Delegation
- Staff Advances Policy
- Supplier Terms and Conditions

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 2022 to 31 July 2023.

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 2022/23 academic year were:

Chair: Louise Robinson	Vice Chair of Governors
Graeme Collinge	Independent Governor
Clive Elliott	Chair of Governors
Antony Lockley	Independent Governor

EDGE HILL UNIVERSITY

REMUNERATION COMMITTEE REPORT (CONTINUED)

The Committee met three times during the period, on 4 April, 17 May and 20 June 2023. There was full membership attendance at all meetings.

Also attending meetings to provide support as required were:

		April	May	June
Vicky Bosward	Director of Human Resources	x	✓	✓
John Cater	Vice-Chancellor	x	✓	✓
Rhona Morris	Governance, Projects & Policy Manager (Secretariat representative)	✓	✓	✓

The Vice-Chancellor was not present for any discussion that concerned his own remuneration.

4. University Context

In the seventeen 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. Further, in 2023 Edge Hill was one of just five medical schools to benefit from government support to expand medical provision. With a developing research base, acknowledged in the 2022 Research Excellence Framework, the University's 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. Our place in the Guardian's top 35 UK providers 2024, and designation as Best University Housing (Global Student Living Awards 2023) give a flavour of the University's performance and reputation, which is evident in the many awards and accolades received in recent years.

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

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REMUNERATION COMMITTEE REPORT (CONTINUED)

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.

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 the University's remuneration policy 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. To ensure that this approach remains adequate and effective, it is periodically reviewed. The next such review will take place in October 2023.

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

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REMUNERATION COMMITTEE REPORT (CONTINUED)

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.

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.

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REMUNERATION COMMITTEE REPORT (CONTINUED)

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 Vice Chair of the Board and incorporate objective setting for the next year. The process is documented and this information is shared with the Committee. Following a review by the Committee, an enhanced approach to Senior Postholder appraisals was introduced in 2023. This new process ensures that all Board members have the opportunity to input to objective setting and defining success criteria, and that the Board's expectations of 'normal' and 'exceptional' performance are made clear. The appraisal and remuneration process is informed by the Senior Pay Review Moderation Panel Guidance applied to all senior staff.

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

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 the University and Colleges Employers' Association (UCEA) and the Committee of University Chairs (CUC).

EDGE HILL UNIVERSITY

REMUNERATION COMMITTEE REPORT (CONTINUED)

7. Vice-Chancellor: Remuneration 2023

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 2022, with the performance related aspect awarded in July 2023.

Performance review was undertaken by the Chair and Vice Chair of the Board, informed by the broader Board's input to objectives for 2023/24. 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 2022/23 was rated Outstanding. In particular the Committee noted strong student recruitment, excellent student retention which exceeds sector performance, and major improvement in graduate outcome measures. The University continues to have a strong financial position – where cash generation exceeds sector norms, borrowing is low and reserves are greater. The University's excellent performance in national league tables 2023 is testament to the Vice-Chancellor's performance.

In determining the Vice-Chancellor's total remuneration, account was taken of data from UCEA and CUC surveys.

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 average 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

	2022/23	2021/22
Performance rating	Outstanding	Outstanding
Basic Salary	£259,000	£247,000
Performance related pay	£20,000	£20,000
Benefits in kind¹	£4,000	£3,000
Pension costs	£61,000	£58,000
Total	£344,000	£328,000
Net Pay	£195,000	£189,000

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 2022 – 31 July 2023, £2010.14 was reimbursed for travel expenses relating to business meetings.

In 2023 the Vice-Chancellor was awarded a pay increase comprised of a 2% award in February and 4.5% following the Senior Pay Review in July. 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 2023/24.

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 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:

	31 July 2023	31 July 2022
Basic Pay	8.7	7.9
All emoluments	11.3	9.9

8. Policy on Income Derived from External Activities

¹ Corporate Healthcare

EDGE HILL UNIVERSITY

REMUNERATION COMMITTEE REPORT (CONTINUED)

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.

A separate policy applies to designated Senior Postholders and was reviewed by the Committee in 2023 to ensure that it upholds the values set out in the latest iteration of the CUC Remuneration Code. 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 2023 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 = The Higher Education Code of Governance 2020 (Committee of University Chairs)

AoG = Articles of Government

CoR = Conditions of Registration (Office for Students)

PIGP = Public Interest Governance Principles (Office for Students)

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]

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]

EDGE HILL UNIVERSITY

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

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.

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.

EDGE HILL UNIVERSITY

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

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.

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 2023 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 2023.

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 2023, 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.

EDGE HILL UNIVERSITY

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

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

Firstly, the Group and University 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 and University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. 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 and University'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 fraud 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.

EDGE HILL UNIVERSITY

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

Board of Governors responsibilities

As explained more fully in its statement set out on page 49, 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 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.

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.

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
28 November 2023

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2023

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 14 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 fees, the loss of 10% of catering and commercial income, an additional increase in revenue expenditure of 7% above that already assumed in our budgetary forecasts and an additional increase in staff costs of 4% above that already assumed in our budgetary forecasts. On this basis cash balances never fall below £25m during the going concern assessment period and the University also has the capacity to defer £25m of capital not yet authorised or committed. 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.

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 2023 **(CONTINUED)**

Basis of consolidation

The consolidated financial statements of the University for the year ended 31st July 2023 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 2023 **(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 2023 **(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 2023 **(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 2023 **(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 2022-23 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 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

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2023 **(CONTINUED)**

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.

The mortality rate assumption is based on two distinct parts: the baseline assumption and the future improvements assumption. The baseline assumption takes account of the profile of the Scheme's membership as there is significant evidence that the amount of pension, where they live and the nature of their work are significant predictors of mortality rates. For the baseline assumption, the results of the most recent scheme-specific mortality analysis carried out are used to determine appropriate assumptions for funding purposes based on the UK Self-Administered Pension Scheme mortality tables. The future improvements assumption takes account of recent studies by the UK Actuarial Profession that have shown significant variation around the rate of mortality improvements. Following discussions with auditors, this year our actuaries have moved to the latest CMI improvement model whereas previously they adopted the improvements at the most recent actuarial valuation. Zero weighting has been lent to 2020 and 2021 experience as the long-term impacts of COVID 19 on mortality improvements are largely unknown.

On 11th March 2020 the Government and UKSA launched a consultation with a view to changing the RPI formula to make it consistent with the calculation of CPIH and on the 25th November they responded to the consultation confirming that RPI will increase in line with CPIH from 2030. Because CPIH construction generally gives lower inflation figures than RPI this means RPI inflation will be lower from 2030. Historically there has been no reliable indicator for market expectations of CPI inflation. Hence the assumption for CPI has typically been derived by making an adjustment for the expected long term gap between RPI and CPI which is generally viewed as more credible than fixing the assumption based on the Bank of England CPI inflation target. This may change going forward, especially from 2030, when RPI is moved to CPIH.

In relation to both 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.

EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2023**

	Note	Year ended 31 July 2023		Year ended 31 July 2022	
		Consolidated	University	Consolidated	University
Income		£'000	£'000	£'000	£'000
Tuition Fees and Education contracts	1	108,125	108,125	104,965	104,965
Funding Body contracts	2	8,995	8,995	6,983	6,983
Research grants and contracts	3	2,157	2,157	1,666	1,666
Other income	4	21,993	23,702	19,080	20,668
Investment income		2,609	2,609	294	294
Total income		143,879	145,588	132,988	134,576
Expenditure					
Staff costs	6	89,834	89,834	89,206	89,206
Other operating expenses	7	39,481	41,046	37,404	38,953
Depreciation/Impairment		6,918	6,918	6,921	6,921
Interest and other finance costs	9	1,993	2,134	3,143	3,191
Total expenditure		138,226	139,932	136,674	138,271
Surplus/(Deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates.		5,653	5,656	(3,686)	(3,695)
Loss on disposal of fixed assets		(1,848)	(1,848)	-	-
Surplus/(Deficit) for the year		3,805	3,808	(3,686)	(3,695)
Actuarial gain in respect of LGPS pension scheme		59,724	59,724	95,065	95,065
Actuarial gain in respect of enhanced pension		45	45	134	134
Other comprehensive income		59,769	59,769	95,199	95,199
Total comprehensive income		63,574	63,577	91,513	91,504

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 67 to 89 form an integral part of these financial statements.

EDGE HILL UNIVERSITY

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2023

<u>Consolidated</u>	Income and Expenditure Account £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2021	150,507	42,621	193,128
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)	-
Total comprehensive income for the year	92,573	(1,060)	91,513
Balance at 1 August 2022	243,080	41,561	284,641
Surplus from Statement of Comprehensive Income	3,805	-	3,805
Other comprehensive income	59,769	-	59,769
Release of revaluation reserve re loss on disposal	1,278	(1,278)	-
Transfers between revaluation and income and expenditure reserve	1,060	(1,060)	-
Total comprehensive income for the year	65,912	(2,338)	63,574
Balance at 1 August 2023	308,992	39,223	348,215
<u>University</u>			
Balance at 1 August 2021	150,402	42,621	193,023
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)	-
Total comprehensive income for the year	92,564	(1,060)	91,504
Balance at 1 August 2022	242,966	41,561	284,527
Surplus from the income and expenditure statement	3,808	-	3,808
Other comprehensive income	59,769	-	59,769
Release of revaluation reserve re loss on disposal	1,278	(1,278)	-
Transfers between revaluation and income and expenditure reserve	1,060	(1,060)	-
Total comprehensive income for the year	65,915	(2,338)	63,577
Balance at 1 August 2023	308,881	39,223	348,104

The notes on pages 67 to 89 form an integral part of these financial statements.

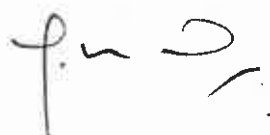
EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 JULY 2023**

		Year ended 31 July 2023		Year ended 31 July 2022	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	10	274,040	274,040	276,653	276,653
Investments in subsidiaries	11	-	7,139	-	7,139
Pensions	17	41,747	41,747	-	-
Other investments		2	2	2	2
		315,789	322,928	276,655	283,794
Current assets					
Stock	12	131	122	194	188
Trade and other receivables	13	13,378	14,014	11,535	12,141
Investments	14	62,000	62,000	36,000	36,000
Cash and cash equivalents		30,120	29,037	44,535	43,375
		105,629	105,173	92,264	91,704
Less: Creditors: amounts falling Due within one year	15	(26,048)	(26,234)	(21,275)	(21,360)
Net current assets		79,581	78,939	70,989	70,344
Total assets less current liabilities		395,370	401,867	347,644	354,138
Creditors: amounts falling due after more than one year	16	(43,480)	(50,088)	(43,689)	(50,297)
Provisions					
Pension provisions	17	(3,675)	(3,675)	(19,314)	(19,314)
Total net assets		348,215	348,104	284,641	284,527
Unrestricted Reserves					
Income and expenditure reserve		308,992	308,881	243,080	242,966
Revaluation reserve		39,223	39,223	41,561	41,561
Total Reserves		348,215	348,104	284,641	284,527

The financial statements on pages 56 to 89 were approved by the Board of Governors on 20 November 2023.



Clive Elliott - Chair, Board of Governors



Dr John Cater – Vice-Chancellor

EDGE HILL UNIVERSITY**CONSOLIDATED CASH FLOW STATEMENT**
YEAR ENDED 31 JULY 2023

	31 July 2023 £'000	31 July 2022 £'000
Cash flow from operating activities		
Surplus/(Deficit) for the year	3,805	(3,686)
Adjustment for non-cash items		
Depreciation/impairment	6,918	6,921
Decrease/(Increase) in stock	63	(48)
Increase in debtors	(978)	(1,647)
Increase in creditors	2,750	3,349
(Decrease)/Increase in pension provisions	2,383	10,539
Adjustment for investing or financing activities		
Investment income	(2,609)	(294)
Interest payable	1,350	1,379
Loss on the sale of fixed assets	1,848	-
Capital grant income release	(878)	(665)
Net cash inflow from operating activities	14,652	15,848
Cash flows from investing activities		
Capital grants receipts	2,735	897
Investment income	1,744	278
Payments made to acquire fixed assets	(4,113)	(1,104)
Increase on deposits	(26,000)	(8,000)
Total cash flow from investing activities	(25,634)	(7,929)
Cash flows from financing activities		
Interest paid	(1,274)	(1,376)
Repayments of amounts borrowed	(2,159)	(2,064)
New debt acquired	-	-
Total cash flow from financing activities	(3,433)	(3,440)
(Decrease)/Increase in cash and cash equivalents in the year	(14,415)	4,479
Cash and cash equivalents at the beginning of the year	44,535	40,056
Cash and cash equivalents at the end of the year	30,120	44,535

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
1. Tuition Fees and Education Contracts				
Full-time home and EU students	101,876	101,876	101,390	101,390
Full-time international students	3,275	3,275	1,342	1,342
Part-time students	1,156	1,156	1,007	1,007
Short course fees	1,818	1,818	1,226	1,226
	108,125	108,125	104,965	104,965
2. Funding Body Grants				
Recurrent grant				
Office for Students	5,489	5,489	4,848	4,848
Specific grant				
Research England	3,078	3,078	1,953	1,953
Higher Education Innovation Fund	278	278	-	-
Office for Students	135	135	87	87
Department for Education	15	15	95	95
	8,995	8,995	6,983	6,983
3. Research Grants and Contracts				
Research council	927	927	373	373
Research charities	330	330	264	264
Industry and commerce	55	55	69	69
Other	845	845	960	960
	2,157	2,157	1,666	1,666
4. Other Income				
Residences, catering and conferences	12,898	12,758	11,958	11,943
Other income	9,095	10,944	7,122	8,725
	21,993	23,702	19,080	20,668
5. Grant and Fee Income				
Grant income from the OfS	5,624	5,624	4,935	4,935
Grant income from other bodies	5,528	5,528	3,714	3,714
Fee income from taught awards	107,380	107,380	104,447	104,447
Fee income from research awards	278	278	134	134
Fee income from non-qualifying courses	467	467	384	384
	119,277	119,277	113,614	113,614
6. Staff Costs				
Salaries	68,275	68,275	62,286	62,286
Actuarial pension adjustment	2,278	2,278	6,904	6,904
Social security costs	6,848	6,848	6,220	6,220
Movement on USS provision	(521)	(521)	1,976	1,976
Other pension costs	12,954	12,954	11,820	11,820
	89,834	89,834	89,206	89,206

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

Emolument of the Vice-Chancellor

	2023	2022
	£'000	£'000
Basic Salary	259	247
Bonus	20	20
Payment in lieu of pension	61	58
	<hr/>	<hr/>
	340	325
Benefits in kind	4	3
	<hr/>	<hr/>
	344	328
Net Pay	<hr/>	<hr/>
	195	189

The Vice-Chancellor's basic salary is 8.7 times the median pay of staff (2022: 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 11.3 times the median total remuneration of staff (2022: 9.9), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

The Vice Chancellor's basic salary is 6.5 times the mean pay of staff (2022: 6.6) where the mean 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 8.4 times the mean pay of staff (2022: 8.4) where the mean total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

The number of staff with a basic salary of over £100,000 per annum has been included below.

	2023	2022
	Number	Number
£100,000 - £104,999	2	1
£105,000 - £109,999	1	1
£110,000 - £114,999	1	-
£115,000 - £119,999	1	-
£130,000 - £134,999	-	2
£135,000 - £139,999	2	-
£195,000 - £199,999	-	1
£205,000 - £209,999	1	-
£245,000 - £250,000	-	1
£255,000 - £260,000	1	-

Average Full Time Equivalent staff numbers by function

	2023	2022
	Number	Number
Academic Departments	902	865
Academic Support Services	126	132
Other Support Services	211	201
Administration and Central Services	147	140
Premises	133	122
Income Generating Activities	46	42
Catering and Residence	42	40
	<hr/>	<hr/>
	1,607	1,542

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

Severance Payments

During the year the University paid £147k in compensation for loss of office to 21 employees (2021/22: £197k to 22 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)

	2023	2022
Number of Staff	7	7
Total compensation (£'000)	1,514	1,441

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 12 independent members of the Board of Governors was £147. Expenses paid in the previous year was £138.

Trade Union Facilities Time – Statutory Report 01 April 2022 to 31 March 2023

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	9
Full-time equivalent employee number (weekly FTE)	7.11 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

Percentage of time	Number of employees
0%	3
1-50%	6
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	£13,982
Total pay bill	£83,693,689
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: 12.35%
 (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

7. Analysis of Other Operating Expenses

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residence, catering and conferences operating expenses	1,650	1,643	1,270	1,255
Books and periodicals	1,510	1,510	1,488	1,488
Heat, light, water, electricity, waste collection and rates	3,290	3,290	2,885	2,885
Maintenance materials	6,321	6,277	9,035	8,997
Office services and supplies	1,297	1,287	1,329	1,323
Consumables and supplies	3,298	3,247	2,519	2,463
Publicity and advertising	925	923	1,152	1,148
Staff training and development	540	535	440	431
Bursaries	893	893	1,485	1,485
School practice and educational visits	1,161	1,161	924	924
School based training payments	1,639	1,639	1,504	1,504
Temporary staff	556	556	884	884
Staff travel and subsistence	1,115	1,096	662	646
Grants to Student Union	753	753	797	797
Professional fees	2,467	2,438	1,981	1,957
Auditors' remuneration – external audit	110	96	69	63
Auditors' remuneration – internal audit	54	54	57	57
Auditors' remuneration in respect of non-audit services	73	62	46	37
Other operating expenses	11,829	13,586	8,877	10,609
	39,481	41,046	37,404	38,953

Other operating expenses include:
 Operating lease rentals

	144	144	125	125
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8. Access and Participation

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Access Investment (i)	1,254	1,254	1,348	1,348
Financial Support	807	807	537	537
Disability Support	1,434	1,434	850	850
Research and Evaluation (ii)	144	144	242	242
	3,639	3,639	2,977	2,977

(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) £110K 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 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	1,253	1,394	1,366	1,414
LGPS pension finance adjustment	610	610	1,744	1,744
Movement on USS provision	96	96	13	13
Enhanced Pension Interest	34	34	20	20
	<u>1,993</u>	<u>2,134</u>	<u>3,143</u>	<u>3,191</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
Cost							
At 1 August 2022	126	312,824	2,933	14,313	11	136	330,343
Additions	5,187	(5)	-	534	-	437	6,153
Disposals	-	(2,736)	-	(21)	-	-	(2,757)
At 31 July 2023	<u>5,313</u>	<u>310,083</u>	<u>2,933</u>	<u>14,826</u>	<u>11</u>	<u>573</u>	<u>333,739</u>
Depreciation							
At 1 August 2022	-	41,903	676	11,021	11	79	53,690
Charge for the year	-	5,969	32	861	-	56	6,918
Disposals	-	(888)	-	(21)	-	-	(909)
At 31 July 2023	<u>-</u>	<u>46,984</u>	<u>708</u>	<u>11,861</u>	<u>11</u>	<u>135</u>	<u>59,699</u>
Net book value							
At 31 July 2023	<u>5,313</u>	<u>263,099</u>	<u>2,225</u>	<u>2,965</u>	<u>-</u>	<u>438</u>	<u>274,040</u>
At 31 July 2022	<u>126</u>	<u>270,921</u>	<u>2,257</u>	<u>3,292</u>	<u>-</u>	<u>57</u>	<u>276,653</u>

As at 31st July 2023 Land and Buildings included £20.028m (2022: £20.028m) in respect of freehold land that is not depreciated.

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

University	Buildings Under Construction	Land and Buildings	Long Term Leased Land and Buildings	Equipment	Leased Equipment	Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 August 2022	126	310,388	5,371	14,312	11	136	330,344
Additions	5,187	(5)	-	534	-	437	6,153
Disposals	-	(2,736)	-	(21)	-	-	(2,757)
At 31 July 2023	5,313	307,647	5,371	14,825	11	573	333,740
Depreciation							
At 1 August 2022	-	41,461	1,118	11,022	11	79	53,691
Charge for the year	-	5,914	87	861	-	56	6,918
Disposals	-	(888)	-	(21)	-	-	(909)
At 31 July 2023	-	46,487	1,205	11,862	11	135	59,700
Net book value							
At 31 July 2023	5,313	261,160	4,166	2,963	-	438	274,040
At 31 July 2022	126	268,927	4,253	3,290	-	57	276,653

As at 31st July 2023 Land and Buildings included £20.028m (2022: £20.028m) in respect of freehold land that is not depreciated.

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

11. Investments in subsidiaries

	University	
	2023	2022
	£000	£000
Non-current investments consist of:		
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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General Consumables	<u>131</u>	<u>122</u>	<u>194</u>	<u>188</u>

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

13. Trade and other receivables	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Payments in advance	2,872	2,857	2,854	2,841
Trade receivables	10,493	10,459	8,588	8,519
Other amounts owed by subsidiary undertakings	-	685	-	688
Amounts falling due after one year:				
Other	13	13	93	93
	<u>13,378</u>	<u>14,014</u>	<u>11,535</u>	<u>12,141</u>

14. Current Investments	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short term deposits	62,000	62,000	36,000	36,000
	<u>62,000</u>	<u>62,000</u>	<u>36,000</u>	<u>36,000</u>

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 2023, the weighted average interest rate of these fixed rate deposits was 4.54% per annum, and the remaining weighted average period for which the interest rate is fixed on these deposits was 296 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 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Unsecured bank loans	1,966	1,966	2,108	2,108
Other loans	25	25	51	51
VAT payable	183	180	208	204
Trade payables	2,819	2,806	1,678	1,659
Social security and other taxation payable	3,459	3,459	3,088	3,088
Accruals and deferred income	17,596	17,565	14,142	14,108
Amount owed to subsidiary undertakings	-	233	-	142
	26,048	26,234	21,275	21,360

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Deferred income	22,895	22,895	21,113	21,113
Obligations under finance lease	-	3,466	-	3,466
Unsecured bank loans	20,585	20,585	22,551	22,551
Other loans	-	-	25	25
Amounts owed to subsidiary undertakings	-	3,142	-	3,142
	43,480	50,088	43,689	50,297

Analysis of unsecured loans:

	2023	2022
	£'000	£'000
Due within one year or on demand	1,966	2,108
Due between one and two years	1,870	1,966
Due between two and five years	5,235	5,385
Due in five years or more	13,480	15,200
Total unsecured loans	22,551	24,659

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	375	2	5.2
Barclays Bank	1,800	9	5.515
Barclays Bank	2,880	9	5.775
Barclays Bank	17,400	14	5.23
Barclays Bank	96	1	5.3
Salix Finance	25	1	0
	22,576		

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

17. Provisions for liabilities

Consolidated and University	Obligation to fund deficit on USS Pension	Pension enhancements on termination	Defined Benefit Obligations	Total pensions Provisions
At 1 August 2022	3,208	1,017	15,089	19,314
Utilised in year	(181)	(114)	(5,042)	(5,337)
Increase/(decrease) in provision in year	(243)	(12)	(51,794)	(52,049)
As At 31 July 2023	2,784	891	(41,747)	(38,072)

As a result of the significant gains arising from the change in financial assumptions, the net balance of Edge Hill University's funded defined benefit obligation has changed from a deficit to a surplus position at the reporting date. A limit on the maximum amount of surplus which can be recognised has been calculated based on reduced future contributions measured as the present value of the future service costs in respect of active members benefit accrual. The recognisable surplus has been recognised as an asset on the Statement of Financial Position.

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 3.75%, future headcount growth at 1.5% and applied a discount rate of 5.25%.

Pension enhancements on termination

This relates to a provision for enhanced pensions agreed on termination of employment. A discount rate of 5% 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 £34k and an actuarial gain over the year that has been charged to Other Comprehensive Income of £45k.

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

	Consolidated 2023 £000	and University 2022 £000
Contracted at 31 July	<u>4,393</u>	<u>334</u>
Authorised but not contracted at 31 July	<u>49,440</u>	<u>18,066</u>

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

19. Finance Leases

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

	Consolidated		University	
	2023	2022	2023	2022
	£000	£000	£000	£000
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 2022. The major assumptions used in this valuation were:

Actuarial method	Projected Unit
Rate of Discount	4.5% per annum
Pension increases per annum	3.1% per annum
Pensionable pay increases per annum	4.6% per annum
Market value of assets at date of last valuation	£10,712 million

The employer contribution rate agreed from 1st April 2023 is 17.8%. This has been agreed following a satisfactory covenant assessment by the LGPS. This is expected to remain unchanged in the next reporting period. Following the outcome of the LGPS triennial actuarial review there is no longer a need to pay additional amounts to fund a deficit. 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 £5.62m.

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. It should be noted, however that in due course there may be a further cost to the LGPS and its employers in connection with equalisation indexation when the government confirm the overall approach which it wishes to adopt in this area following consultation.

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.

There has been substantial volatility in financial markets since the start of the Covid-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in Ukraine. This has consequences for asset values, and any changes in markets will be reflected in the accounting figures. Over the same period, volatility has extended to bonds. As the assumptions for accounting purposes are based on bond yields, this will also impact an accounting liabilities.

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 2023 by a qualified independent actuary as follows:

	2023	2022	2021
Inflation assumption CPI	2.7%	2.7%	2.6%
Rate of increase in salaries	4.2%	4.2%	4.1%
Rate of increase in pensions	2.8%	2.8%	2.7%
Discount rate applied to scheme liabilities	5.1%	3.5%	1.6%

Assumed life expectation on retirement age of 65 are:	At 31 July 2023	At 31 July 2022
Retiring today		
Males	21	22.3
Females	23.4	25
Retiring in 20 years		
Males	22.2	23.7
Females	25.2	26.8

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:

	2023 Value £'000	2022 Value £'000	2021 Value £'000
Equities	108,274	101,534	98,467
Government Bonds	895	-	-
Other Bonds	-	9,465	10,334
Property	21,252	23,448	19,498
Cash/Liquidity	1,342	3,442	4,095
Other	91,943	77,227	62,590
	<u>223,706</u>	<u>215,116</u>	<u>194,984</u>

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 2023 were measured in accordance with the requirements of FRS102:

	2023	2022	2021
University's estimated asset share	223,706	215,116	194,984
Present value of scheme liabilities	(181,959)	(230,205)	(296,490)
Surplus/(Deficit) in the scheme	<u>41,747</u>	<u>(15,089)</u>	<u>(101,506)</u>

Asset and Liability Reconciliation

	2023 £000	2022 £000
Reconciliation of Liabilities		
Liabilities at start of period	230,205	296,490
Service cost	7,450	11,587
Past Service Cost and curtailments	-	-
Interest cost	8,001	4,723
Employee contributions	1,899	1,737
Remeasurements	(60,554)	(80,107)
Benefits paid	(5,042)	(4,313)
Curtailments and settlements	-	88
Liabilities at end of period	<u>181,959</u>	<u>230,205</u>

Reconciliation of Assets

Assets at start of period	215,116	194,984
Interest cost	7,565	3,137
Remeasurements	(830)	14,958
Administration expenses	(174)	(158)
Employer contributions	5,172	4,771
Employee contributions	1,899	1,737
Benefits paid	(5,042)	(4,313)
Assets at end of period	<u>223,706</u>	<u>215,116</u>

EDGE HILL UNIVERSITY**NOTES TO THE ACCOUNTS (CONTINUED)****Local Government Pension Scheme (Continued)****Analysis of the amount charged to comprehensive income and expenditure**

	2023	2022
	£000	£000
Employer service cost	(7,450)	(11,587)
Past service cost/curtailments	-	(88)
Employer contributions	5,172	4,771
Total operating charge	<u>(2,278)</u>	<u>(6,904)</u>

Analysis of pension finance costs

	2023	2022
	£000	£000
Interest on plan assets less administration expenses	7,391	2,979
Interest on pension liabilities	<u>(8,001)</u>	<u>(4,723)</u>
Net finance charge	<u>(610)</u>	<u>(1,744)</u>

Analysis of other comprehensive income

	2023	2022
	£000	£000
Remeasurements (assets)	(830)	14,958
Remeasurements (liabilities)	60,554	80,107
Net actuarial gain less recognised in SOCI	<u>59,724</u>	<u>95,065</u>

Movement in deficit/surplus during the year

	2023	2022
	£000	£000
Deficit in scheme at 1 August	(15,089)	(101,506)
Movement in year:		
Current service charge	(7,450)	(11,587)
Contributions	5,172	4,771
Part service cost/curtailments	-	(88)
Net finance charge	(610)	(1,744)
Gain/Loss recognised in other comprehensive income	59,724	95,065
Surplus/(Deficit) in scheme at 31 July	<u>41,747</u>	<u>(15,089)</u>

History of experience gains and losses

	2023	2022	2021	2020	2019
Remeasurement gains/(losses) on scheme liabilities:					
Amount	60,554	80,107	(11,997)	(29,173)	(33,431)
% of scheme liabilities	33.3%	34.8%	(4.0%)	(10.7%)	(14.5%)

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 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 to provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS. This has, in turn, led to reforms to the Cost Control Mechanism that were set out in the government's response to the consultation which will be implemented ahead of the 2020 valuation process.

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 £632,536 (2022: £620,913).

Deficit recovery contributions due within one year are £196,000 (2022: £184,855).

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-principles).

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 0.05%
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:

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

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26	25.9
Females currently aged 45 (years)	27.4	27.3

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

	2023	2022
Discount rate	5.25%	3.0%
Pensionable salary growth	3.75%	3.0%

21. Analysis of Changes in Net Funds	Cash at Bank & In hand £000	Short Term Deposits £000	Debt £000	Total £000
As at August 2022	44,535	36,000	(24,735)	55,800
Cash	(14,415)	26,000	2,159	13,744
As at 31 July 2023	30,120	62,000	(22,576)	69,544

EDGE HILL UNIVERSITY**NOTES TO THE ACCOUNTS (CONTINUED)****22. Bursary and Hardship Funds**

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Paramedic Bursaries				
Balance at 1 August	25	25	25	25
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	25	25	25	25
HEFCE Further Education Bursaries				
Balance at 1 August	-	-	76	76
Grants	-	-	-	-
Write off	-	-	(76)	(76)
Disbursed to students	-	-	-	-
Balance at 31 July	-	-	-	-
Teacher Training Bursaries				
Balance at 1 August	(38)	(38)	136	136
Grants	1,529	1,529	2,026	2,026
Balance written off	3	3	2	2
Disbursed to students	(1,528)	(1,528)	(2,202)	(2,202)
Balance at 31 July	(34)	(34)	(38)	(38)

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 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Early Years Bursaries				
Balance at 1 August	4	4	4	4
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	4	4	4	4
SKE Hardship Funds				
Balance at 1 August	14	14	14	14
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	14	14	14	14
Physicians Associates				
Balance at 1 August	(18)	(18)	(78)	(78)
Grants	-	-	179	179
Transferred	92	92	-	-
Disbursed to students	(74)	(74)	(119)	(119)
Balance at 31 July*	-	-	(18)	(18)

*The balance on Physicians Associates has been reassessed as not a bursary and transferred to the comprehensive income and expenditure account.

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 st July 2023
	£'000	£'000	£'000
Edge Hill Student Union	191	775	187

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 2023
Wirral University Teaching Hospital	125	3	118
St John Rigby College	-	1	-

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

Michael Tate (Independent Governor) has a family interest link to St John Rigby Sixth Form College. Michael's wife is Chair of the Audit Committee at the college.

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	19	214	(217)	16

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 2023, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

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 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.