

Edge Hill University

Report & Financial Statements For the Year Ended 31 July 2020

EDGE HILL UNIVERSITY

ANNUAL REPORT

Key Performance Indicators

<u>Year Ended 31 July</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Income in £'000 (1)	119,296	123,774	126,231	127,365	128,127
Surplus/(deficit) for the year in £'000 (1)	(1,119)	954	13,985	20,254	21,637
Cash Generated by Activities in £'000	10,481	18,497	24,931	31,711	31,699
Cash for Investment in £'000	48,356	48,265	45,177	49,803	38,073
Financial Worth of the University in £'000 (1)	177,581	214,026	228,655	194,749	171,240
Applications for University FT UG Programmes (2)	15,585	15,116	16,125	18,035	19,767
Total number of students of the University (3)	13,540	14,075	14,256	15,220	15,543
Percentage of Staff who rate the University as a good employer (4)	N/A	N/A	91%	N/A	93%
Employee Turnover	6.2%	6.6%	6.7%	6.8%	6.6%
Level of University Staff Absence	3.5%	3.2%	3.1%	2.9%	3.6%

Notes

1) Total income and surplus for the year based on the 2015 SORP.

2) Based on UCAS statistics.

3) Based on HESA Student Record.

4) The University's independently scrutinised Staff Survey is normally undertaken bi-annually. The 2020 survey was, however, replaced by pulse surveys following the outbreak of COVID19.

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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

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REPORT OF THE BOARD OF GOVERNORS

This is my fourth report as Chair of the Board and it is made as we face unrivalled challenges in the sector, country and across our global community. The COVID-19 pandemic has profoundly impacted us all, and it is fitting that I begin by commending the University for dealing with a complex and ever-changing set of challenges in an exceptional way.

Despite this backdrop, I am pleased to report that the University stands in a position of relative strength. We are ranked Gold in the Teaching Excellence Framework, for delivering consistently outstanding teaching, learning and outcomes for our students. Edge Hill is also one of the few universities to have held the coveted UK University of the Year title, awarded by the Times Higher Education. It is gratifying to be shortlisted for this again in 2020, along with being shortlisted for Outstanding Support for Students and Outstanding Library Team.

From a financial perspective, the University continues to outperform much of the sector in comparative terms, maintaining enhanced cash balances which have enabled investment in the campus and academic infrastructure. This is despite operating with a largely fixed unit of resource for much of the past decade, while absorbing increased operating costs including a sharp and significant rise in employers' pension contributions. The financial implications of the national lockdown in March however were significant, with the enforced closure of the campus impacting on £8m of projected income. Of this, £3.5m can be accounted for by the University's decision to immediately release students from their residential contracts at the outset of lockdown – a decision which was wholeheartedly supported by the Board. Exceptional financial management, with tight central controls and excellent engagement from budget holders across the University, facilitated substantial cash savings of over £1m per month. This was bolstered by better than anticipated retention, meaning the University has outperformed the operating budget for 2020, despite generating £8m less from activities than in 2019. This is a remarkable achievement. However, despite a strong operating performance and enhanced cash levels, the core operating surplus is down by £3.2m on 2019, which is reflected in an overall deficit of £1.1m when referring to the Statement of Comprehensive Income and Expenditure. This is the first deficit recorded by the University in the recent past and, given the precarious environment the University is operating in, the Board will continue to closely monitor the deployment of resources and performance against budget in 2021.

Tuition fee income is at the heart of institutional sustainability and in recent years the Board has been conscious of the pressure on student recruitment given there continues to be a decline in the 18-year-old cohort, at a time when there are more providers of higher education in the UK system than ever before. Competition is intense and maintaining recruitment levels is increasingly challenging for many providers. As outlined in the University's Access and Participation Plan, the University expends considerable resource and effort building purposeful relationships with schools and colleges across the nation, enabling us to reach out to underrepresented groups and widen access as part of our general recruitment strategy. The Board was therefore delighted to note that, following an excellent year for recruitment, the University is scheduled to be comfortably within the budgeted number for our new intake.

In terms of campus developments, two projects were successfully completed earlier in the year. The fit-out of the former LINC building providing a clinical skills and simulation facility for the Faculty of Health, Social Care and Medicine. In addition, the reconfiguration of the East Wing Halls in the Main Building was completed, which now provides contemporary ensuite accommodation for students. For the first time in recent history, there are no new developments planned for this year, but we remain focussed on the next stage of the

EDGE HILL UNIVERSITY

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

campus masterplan. Meanwhile, our campus remains an outstanding environment, adding immeasurably to the quality of academic provision and student life.

The University places students and the quality of their experience here at the heart of its institutional strategy, and the Board takes a keen interest in the associated key performance indicators. In its immediate response to the pandemic, the University was required to close the campus and move teaching, learning and assessment online. Despite the immediacy of the actions required to maintain teaching, learning and student support, the University developed a detailed and considered framework for the assessment and progression of students, and the award of qualifications. This ensured that the impacts on students were reduced, though throughout we maintained our academic standards and the integrity of our qualifications. In the main, our students were able to continue engaging with their studies during the lockdown, and we recorded improved retention rates in 2020, along with the University's best ever degree outcomes. While the social distancing requirements of the pandemic forced the postponement of our usual graduation ceremonies, special congratulations must go to the class of 2020 for their resilience and excellent outcomes in challenging circumstances. The University looks forward to celebrating their success at our graduations in 2021.

As we enter 2020/21, we move into the next phase of dealing with the challenges presented by COVID-19. There is now a heightened requirement that delivery should enable students to access learning in the form that best suits their needs. This incorporates traditional place-based teaching, online delivery and 24/7 access to a technology-rich learning environment. The University has expended considerable time and effort to prepare for this, both in the rigorous process to validate our new blended delivery model, and in the preparation to ensure the quality of delivery. The investments we have made and continue to make place the University in an excellent position to adapt and prosper in our new environment. This has been reflected in the 2020 NSS, where Learning Resources gained a top six place nationally.

In other measures of the NSS there is work to do, and this will be a principal focus for the University in 2020/21. Irrespective of any imminent changes to the national survey, we recognise that student satisfaction across all spheres of their experience is central to the fulfilment of their potential and attainment of excellent outcomes. The Board was therefore delighted to note the University had been voted best in the North West in four categories in the WhatUni? Awards, including University of the Year, since these awards are based on student reviews.

Assessment for the next Research Excellence Framework (REF) takes place in March 2021, having been delayed due to COVID-19. The Census date has however remained the same (31 July 2020), and the University is in a position to confirm it will near double the number of staff Edge Hill entered in REF 2014. We also hope to see an improvement in the grade point average alongside this. The Board strongly supports the University's continued investment in this area and sees commitment to this aspect of the University's work as a key factor in enhancing the student learning experience and advancing the University's reputation.

The impacts of the national lockdown were not limited to academic provision and budgets and required the majority of the University's business operations to be moved online. Business continuity plans proved robust and, due to the commitment and resilience of all staff and students, together with additional IT resources, the University successfully completed the academic year. An inordinate amount of work has since been undertaken by the Campus Preparedness Group to enable the campus to reopen, with students and staff

EDGE HILL UNIVERSITY

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

able to return to study and work in a safe environment that is compliant with government and specialist advice.

The Board was regularly updated on the University's progress in this area, and was reassured by detailed management reports, along with a positive report from an external review of the University's arrangements.

There is no doubt however that there are significant challenges ahead, and Edge Hill is fortunate in the vision and leadership afforded through the long-standing Vice-Chancellor, Dr John Cater CBE, and the Executive team. Their knowledge, skills and experience have been vital in framing our organisational response to this extraordinary period, and throughout they have demonstrated outstanding leadership.

In terms of governance, as a University registered with the Office for Students (OfS) we operate within the Regulatory Framework for Higher Education in England and comply with the Public Interest Governance Principles on an ongoing basis. The Governing Body has also adopted the CUC HE Governance Code 2018, and with it a commitment to uphold the Nolan Principles of Public Life. The University complies with the CUC Remuneration Code 2018, and full details are given in the accompanying remuneration report. The Board is alert to its ongoing responsibilities for ensuring that there are appropriate governance and management arrangements in place to comply with the OfS' Ongoing Conditions of Registration and, along with executing its direct functions, has taken significant assurance from the evidence provided by the Executive, and internal auditors, in support of the University's ongoing compliance.

As always, I am grateful to the members of the governing body, who serve the University with such dedication. My appreciation and good wishes are extended to Will Adams and Kate Vickers who completed their terms as student governors. In turn, I welcome Callum Chambers and Rachel Cooper as student representatives and look forward to their valuable contributions in supporting the Board's partnership approach with students.

I introduced this report noting the extraordinary circumstances in which it is presented. I close it in the knowledge that the University adapted admirably to the difficulties those circumstances brought. It has been a very challenging year, but the University met the challenges head on and will continue to do so as the environment continues to change.

All members of the University contribute to the sense of community and shared endeavour which underpins our success. I am grateful to everyone for deploying their expertise with such energy, commitment and - especially this year – agility and flexibility. These attributes are needed and appreciated now, more than ever.

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Officers of the University

University Chancellor

Vacant

Pro-Chancellor (and Chair of Governors)

Professor C Edwards

Vice-Chancellor

Dr J Cater

Deputy Vice-Chancellor

Mr S J Igoe

Pro Vice-Chancellors

Mr M Allanson (External Relations)

Mrs L Brady (Student Experience and University Secretary)

Mr S Crofts (Dean of Health)

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	(4)	
Mr G Collinge	(2) (4)	Chair of Resources Committee
Ms C Donnelly	(1) (3)	
Professor C Edwards	(2) (3) (4)	Chair of the Board. Also chairs Governance & Nominations Committee
Mr C Elliott	(1) (3)	
Ms J Flitcroft	(1)	
Ms L Greenhalgh	(1) (2) (3)	Deputy Chair of the Board. Also chairs Audit and Remuneration Committees
Mr F McNicol	(4)	
Mrs L Robinson	(1) (2)	
Mr M Rush	(1)	
Ms M Williams	(4)	

EDGE HILL UNIVERSITY

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Ex-officio member:

Dr J Cater (3) (4)

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):

Mr P Aplin
Mr N Dixon

Student Body members:

Ms K Vickers	Finished 30 June 2020 (retiring Students' Union President)
Mr W Adams	Finished 30 June 2020 (elected)
Ms R Cooper	Commenced 1 July 2020 (elected)

Academic Board member:

Professor G Talbot (3)

Governors are also trustees of the University

Key to Committee membership

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

Clerk to the Governors:

Ms H Smallbone From 1 August 2019

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 2019/20 cycle**

Name	Full Board	Audit	Resources	Gov & Noms	Remuneration
Total meetings	5	5	3	1	1
Ex-Officio					
John Cater	5	4/4**	3	1	1**
Independents					
Julian Bucknall	4/5		2/3		
Graeme Collinge	4/5		3/3		0/1
Christine Donnelly	5/5	5/5		1/1	
Clive Edwards	5/5		3/3	1/1	1/1
Clive Elliott	4/5	4/5		1/1	1/1****
Joanne Flitcroft	5/5	4/5			
Lisa Greenhalgh	5/5	5/5		1/1	1/1
Fin McNicol	1/5		1/3		
Louise Robinson	4/5	3/5			0/1
Mike Rush	2/5	1/5			
Margaret Williams	2/5		1/3		
Staff members					
Paul Aplin	4/5				
Neil Dixon***	5/5				
Academic Board Representative					
George Talbot	4/5			1/1	
Student members					
Will Adams*	2/4				
Kate Vickers*	3/4				
Rachel Cooper*	1/1				

- * Partial terms of office
 ** Officer in attendance
 (attendance record reflects the number of meetings the VC was invited to)
 *** Co-opted
 **** Attended with full voting rights, as an alternate for Louise Robinson



Professor C Edwards
Pro Chancellor and Chair of the Board of Governors

23 November 2020

EDGE HILL UNIVERSITY

STRATEGIC REVIEW

Mission, Objectives and Strategy

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

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

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

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

Our strategic aims centre around five key themes:

- Enhancement of the student experience,
- Improving research capability and impact,
- Extending and strengthening external partnerships,
- Extending and strengthening international engagement,
- Developing the capacity and capability of our people.

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STRATEGIC REVIEW (CONTINUED)

In this regard our strategic plan for 2013-2020 envisages a University that will:

- Harness the creativity, knowledge and commitment of its staff to promote its values and enhance its activities,
- Provide an outstanding student experience, underpinned by high quality learning and teaching, and further develop its strong sense of community,
- Build its research capacity and, in particular, establish research centres in the areas of public policy and the creative industries in addition to a postgraduate medical institute,
- Strengthen its links to business and the region, and enhance student employability,
- Establish both national and international partnerships, which will enrich University life, deepen our understanding of the world, and benefit the region and, more broadly, the UK economy,
- Continue its investment in the campus and facilities to create an outstanding environment for these activities.

This can only be achieved by engaging all staff and all stakeholders in the development of the University, enhancing their understanding and freeing them to use their initiative whenever possible, sharing in and helping to shape the future direction of our University.

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

	2020 £m	2019 £m
Core Operating surplus	9.2	12.4
Pension adjustments	(6.0)	(7.5)
Revaluation reserve	(1.2)	(1.1)
OfS clawback	-	(0.4)
Impairment charge	-	(0.6)
Refurbishment of student accommodation	<u>(3.1)</u>	<u>(1.7)</u>
SOCI* Surplus	<u>(1.1)</u>	<u>1</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. Adjustments are also made for transfers between revaluation and income and expenditure reserves. 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.

Over the last ten years the University has invested over £200m in new buildings and equipment in preparation for and response to the challenges of an increasingly competitive environment. Having now reached a point of maturity in our estate, focus has begun to move more towards specific one-off projects designed to ensure the longevity of key capital assets. One such program approved was a £5m business case to improve the quality of student accommodation in relation to which £3.1m of expenditure has been incurred this financial year. Given this was a major investment proposal agreed last year it is also not included in assessing core underlying performance.

After adjusting for such items, the core operating surplus for the year is £9.2m which compares with a core operating surplus in the previous year of £12.4m. Considering the University effectively closed its campus following the outbreak of COVID 19 in the final term of the year this is a remarkable achievement and has helped drive a cash generation from operations figure of £10.5m and a year-end cash balance of £48.4m. This compares with long term loans of £28.7m resulting in an excellent net cash position (cash and cash investments less long-term loans) of £19.7m. Such liquidity has been never more important given the uncertainty COVID 19 has brought to the sector and will be important over the coming years as we continue to navigate these ongoing uncertainties in an increasingly volatile external environment.

EDGE HILL UNIVERSITY**STRATEGIC REVIEW (CONTINUED)****Income**

	2020	2019	Increase/ (Decrease)
	£m	£m	£m
Tuition fees	97.9	98.8	(0.9)
Residences, catering and conferences	8.5	12.4	(3.9)
Funding body grants	6.6	5.9	0.7
Research grants	1.5	1.4	0.1
Other	4.8	5.3	(0.5)
	<u>119.3</u>	<u>123.8</u>	<u>(4.5)</u>

Overall income lines are £4.5m or 3.6% lower than the previous year. Our main source of income is tuition fees which comprises 82% of total income. Tuition fee income is £0.9m or 1% lower than the previous year with this marginal decline being primarily due to the roll through of student numbers: In 2019/20 we lost the benefit of a particularly high student number intake from 2016 which has had a dampening impact on overall tuition fee income recognised in the year. This, however, has been largely mitigated by an increase in our Year 1 intake. As ever, across the University there are changes in demand for our courses and it remains vital that we respond to these changes by reviewing and realigning resources accordingly. In 2019/20 we experienced some challenges in growing student numbers in areas such as Media, Sport, Performing Arts. Social Sciences and English. Conversely we have seen growth in Psychology, Law and Criminology and the Business School. The Faculty of Health has also been a strong growth area with increased numbers of students accessing our direct entry MSc Nursing and Midwifery programmes, improved recruitment to paramedic programmes and a more buoyant Operating Department Practice programme. In the Faculty of Education, whilst the Education landscape remains unpredictable there are some signs of demand beginning to strengthen for University based Initial Teacher Training programmes.

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STRATEGIC REVIEW (CONTINUED)

Residences, catering and conferences income has reduced by £3.9m or 31% due to the closure of the campus following the outbreak of COVID 19 which led to a decision to waive the final term's hall fees and to close all catering outlets.

Funding body grant income is £0.7m or 12% higher than the previous year reflecting the bringing forward of research income from 2020/21 which was agreed as part of a national package of measures to support universities through the COVID 19 pandemic.

Research grants and education contracts has increased by £0.1m or 7% which reflects a trebling of research grant income in the last three years and is reflective of a significant level of investment in research during this period. Increasing the availability of internal research support funds and investing in graduate teaching assistants undertaking PhD programmes in recent years have all proven to be effective strategies for improving academic engagement and we anticipate a significantly improved position with regard to the 2021 Research Excellence Framework outcome.

Other income has decreased by £0.5m or 9%. This is due primarily to a reduction in facilities hire income linked to Edge Hill Sport which closed following the "lockdown" as a consequence of COVID 19. We also suffered an exchange rate loss on dollar balances held during the year and a reduction in Learning Facilitator income. Offsetting this was the Job Retention Scheme grant used to support furloughed staff.

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STRATEGIC REVIEW (CONTINUED)

Core Expenditure

	2020	2019	Increase/ (Decrease)
	£m	£m	£m
Staff costs	79.1	79.6	(0.5)
Pensions adjustments	(4.3)	(6)	1.7
Core staff costs	<u>74.8</u>	<u>73.6</u>	<u>1.2</u>
Other operating expenditure	<u>30.5</u>	<u>32</u>	<u>(1.5)</u>
Interest payable	3.4	3.2	0.2
Pension adjustments	(1.8)	(1.5)	(0.3)
Core interest payable	<u>1.6</u>	<u>1.7</u>	<u>(0.1)</u>
Total core expenditure	<u>106.9</u>	<u>107.3</u>	<u>(0.4)</u>

Total core expenditure is £0.4m lower than the previous year. This excludes actuarial gains and losses related to LGPS (Local Government Pension Scheme) and changes in USS liabilities arising from deficit recovery plans. These are non-cash items which are outside the University's direct control and are therefore not used to assess cost management performance internally. Included within total core expenditure are core staff costs which have increased by £1.2m or 1.6%. Given the combined effects of nationally negotiated pay awards and incremental drift amount to 3.5%, this amounts to a real-terms decrease in staff costs. It reflects the measures taken to control costs following the outbreak of COVID 19 with an effective freeze applied to all staffing posts across the University. There have also been a number of administration areas where staffing has been re-structured during the year.

Other operating expenditure has decreased by £1.5m or 4.7%. A major contributor to this reduction is a £531k or 32% reduction in residence, catering and conference expenditure following the closure of campus. However, the closure also had a direct impact on other costs including school practice and educational visits which were £372k or 36% lower, travel and subsistence which was £588k or 52% lower, staff training and development which was £185k or 34% lower and photocopying, printing and office supplies which were £422k or 26% lower. Reduced international operations activity contributed to a reduction in agency fees of £488k or 45% and closure of schools led to a reduction in school-based payments of £590k or 38%. We also significantly reduced expenditure on advertising and publicity resulting in a reduction in expenditure of £149k or 17%.

Conversely utilities expenditure is £403k or 16% higher than the previous year in spite of the campus closure and this is due to a significant increase in pricing as we exited from what were very favourable long term fixed rate contracts. We also significantly increased expenditure on maintenance which rose from £5.871m to £6.741m, a rise of £870k or 15% linked, to a significant extent, to works undertaken to student accommodation. Other increases in expenditure of note include licences and patents which increased by £488k or 26% linked to enhancements to existing and purchase of new software licences and equipment non capitalized which increased by £405k or 53% related primarily to purchase of laptops and associated IT equipment for students to support their online working.

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STRATEGIC REVIEW (CONTINUED)

Interest payable relates primarily to long terms loans. The capital amount outstanding in relation to long term loans is £28.7m and this reduces by £2m each year reducing the amount of interest payable annually by £100k.

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 given the challenges faced, with a cash inflow from operations of £10.5m reported for the year. Year-end cash balances of £48.4m are strong in spite of a cash outflow related to the acquisition of fixed assets of £7.5m which consists primarily of expenditure relating to the Medical School and a new long-term lease of premises located at Alder Hey Children's Hospital NHS Trust.

Year-end cash balances of £48.4m should be viewed within the context of the unheralded levels of uncertainty currently being contended with associated with COVID 19. It is vital we enhance liquidity levels to ensure the sustainability and viability of the University during this period. It is also important to note that even in an environment when future income is more assured, the University must always hold a minimum cash balance at each year-end of no less than £25m if it is to avoid running out of cash part way through the year. This arises because of the timing of cash receipts from the Student Loan Company (SLC) whereby the University must wait until May before it receives the final 50% of tuition fee funding. Aside from this, the University also carries £28.7m of long-term external debt which is repayable at £2m per year plus interest. Given the heightened focus on sustainability and viability across the HE sector in the aftermath of the COVID 19 outbreak it is pleasing to note that the University's net debt position (Cash and cash investments less long term loans) has never been stronger. Given Edge Hill University does not have endowments that can be called upon in emergency situations or significant assets of commercial value, it must ensure it maintains sufficient liquidity to cover its debts, manage its working capital and provide an adequate buffer to manage uncertainty and change so that it can restructure in a measured way so as to minimise 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 recent years the University has found student recruitment increasingly challenging, Brexit uncertainty has continued to adversely affect the recruitment of European students across the sector and whilst this poses little direct threat to Edge Hill, the ensuing competitive behaviour of those universities who rely more heavily on international recruitment does. However, whilst student intake numbers have fallen in recent years we are now beginning to see signs of a rebalancing of this position with both applications and student number intakes for September 2020 higher than the previous year. The challenge for the entire sector next year will be in providing an engaging and supportive student experience whilst we manage the risk of COVID 19 infection levels increasing. In this regard, our commitment to a safe, socially distanced campus environment and

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

to a blended online and face to face teaching and learning experience will, we feel, enable us to enhance the student experience when compared to an online only offer.

The transition from a bursary style funding arrangement to tuition fee loans administered through the SLC in the Faculty of Health is now complete and as this has been accompanied by the relaxation of restrictions on recruitment. This has created significant growth opportunities with new and expanding career routes opening up in the Health sector including nurse associate and apprenticeship programmes as attempts are made to address the ongoing shortfall in health practitioners operating in the NHS. In the Faculty of Education there continue to be recruitment challenges although we are at last beginning to see a strengthening of demand for University based Initial Teacher Training.

In overall terms, all-year student numbers are now beginning to increase. Taking a longer-term view, changes in our curriculum with a greater focus on Health and science subjects, allied to improving demographics, form part of a longer term strategy designed to enhance brand and reputation ensuring that our provision remains aligned to areas of demand and strategic importance to the nation. We will continue to avoid recruitment tactics that may in any way impinge on the academic progress and employability of our student population. In this regard it is important to recognise that there is a clear trade-off between entry requirements and student numbers and we continue to operate in an environment where a number of universities are increasingly sacrificing the former in favour of the latter. We remain convinced that our strategy is correct and in both the institutions' and students' long term interests.

The TEF continues to be an important barometer of University performance and whilst changes have been applied to the key metrics, it will continue to be perceived as a proxy measure for teaching excellence. In that regard, Edge Hill University's current Gold status helps to shape the perceptions of students and stakeholders. Our ongoing commitment to the student experience and increasing support to our student population in further improving their prospects of securing graduate employment will also continue to drive the University forward.

We were disappointed in the results of our NSS this year in spite of some notable areas of improvement and, regardless of what the future of the NSS might be, are committed to redressing the underlying factors that led to this position.

The likelihood of securing employment after graduation is a major influencing factor for any prospective student considering University. We feature strongly in the graduate outcomes survey with 95.8% of leavers either in work or further advanced study fifteen months after graduation.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Outlook for 2020/21 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 on page 44.

Looking ahead, all other risks have been overshadowed by the impact of COVID 19. What seems certain is that COVID 19 has not had any dampening impact upon the appetite for Higher Education. However, we are a campus based University with over 2400 bedspaces and with that, comes increasing footfall and therefore risk. We are confident that the measures we have applied have provided a safe campus environment for our staff and students and we have developed our curricula based on a blended approach to teaching and learning which, we feel, will provide an enhanced model for the delivery of teaching and learning. However, University life is likely to be different and the challenges all universities will face of engaging students in activities that are consistent with Public Health England guidelines are already evident across the country. However, COVID 19 aside, our underlying business model remains strong with applications and student numbers increasing and the University having an enviable track record for effective cost realignment and control. We believe the University should have the financial flexibility to survive and adapt in even the most challenging of scenarios as it continues to build upon a reputation recently endorsed by its shortlisting for Times Higher University of the Year 2020.

Cash generated from operations has reduced significantly over the last three financial years from a record high of £31.8m in 2016/17 to £10.5m this financial year. The dual impact of increasing pension costs and reducing student numbers having contributed to this reduction. However, we anticipate an increased student number intake in 2020/21 and a stabilisation of our all-years student numbers. As a result, we are confident that once we have navigated a safe passage through the uncertainties of COVID 19 our all-years student numbers will begin to grow again from 2021/22 onwards as demographics improve, the Medical School becomes established and new programmes build critical mass. During the next year however, it will remain important that we manage resources effectively reducing staff headcount in areas of the University that have become over-resourced as a result of reduced student numbers and supporting areas of growth. Administrative functions will also continue to be subject to review to improve efficiency and effectiveness.

During any period of change and uncertainty, both opportunities and threats are magnified. We will continue to work to position Edge Hill University to be ideally placed to take full advantage of the future long term opportunities that are likely to present themselves. We have a strong track record of managing change, and our diversified portfolio of business lines of Health, Education and Arts and Sciences programmes have long since provided protection against a fall in demand with, most recently, improved recruitment to Health and Science programmes offsetting previous reductions in the Arts and Education.

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

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

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 £8m per counterparty with the exception of Barclays Bank PLC. These credit limits are kept under continual review.

Year end cash balances, including investments, of £48.4m have been achieved in spite of significant challenges related to the COVID 19 pandemic. Net cash inflow from operating activities of £10.5m has enabled the completion of the Medical School building and residential works.

Total borrowings are £28.7m which is £2m less than the previous year. There is no intention in the medium term to service more debt and debt balances will continue to reduce at a similar rate going forward. In terms of gearing our total debt as a percentage of total reserves is 16.2%. We are expected to maintain annualized debt servicing costs within 4% of revenue and in this regard, as well as all other liquidity measures used to assess performance, we have fully achieved our targets.

Student Services

The Strategic Plan 2018-2021 for Student Services entitled 'Making a Positive Difference' seeks to build on the developments over the previous 3 years focussing attention on the opportunities available in Catalyst, developing partnerships with academic staff and seeking new and innovative ways to work with students to have a real and demonstrable impact.

The most significant development for Student Services over the past 12 months has been the delivery of services and support from Catalyst, the new home for the service co-located with Careers and Learning Services. The facilities within the new building have vastly improved the experience for both students and staff. The helpdesk provides a single point of contact for students accessing all the services and has become well known in the University as the first place for students to go and ask if they have any questions, concerns or problems that need to be resolved. The most significant physical space improvements in Catalyst include bright new office spaces, confidential appointment rooms, presentation areas and group rooms. This, coupled with the enhancement of software systems, has enabled the delivery of an enhanced service to students, both virtually and face to face.

Student Services, in collaboration with Human Resources have embarked on an incremental transformational change programme entitled Wellbeing for All. This programme aims to have a positive impact on the wellbeing of the entire University community including staff and students. In response to the growing demand by academic staff to receive more support in helping them to support students in a wide range of areas, a project strand focusing on "Supporting Staff to Support Students" has been launched. The objective is to provide and procure relevant staff training, and to develop online toolkits which will provide guidance and information for staff including how and when to refer. The training and online guidance will focus on supporting staff to support students with a range of issues including Mental Health, Disability and Inclusion, Students thinking of Leaving, and Sexual Violence disclosures.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

We have moved towards a bespoke model of Mental Health Awareness Training which is tailored to staff requirements and this is now available and being provided to academic staff and support staff across the University. The training covers professional boundaries, and guidance on how to support students and when to refer them for specialist support.

There has been a significant investment in building high quality student accommodation on campus over the last 10 years with the final phase of new townhouses in Woodlands Court completed in 2018. In the last 12 months the focus has moved from new buildings to refurbishment of existing accommodation. An ambitious and exciting programme of redevelopment on the East wing of the Main Building has delivered ensuite accommodation for 96 students. The rooms have been designed to maintain the original features and style of the iconic and historic main building but with all the modern fixtures and fittings of the new build accommodation elsewhere on campus. The large kitchens and social spaces are designed to provide a comfortable and relaxing living environment where students can make friends and socialise together. The high quality accommodation on campus was recognised yet again at a national level this year when the University was presented with the Best Value for Money award by the National Student Housing Survey 2019. The new refurbishment programme will further enhance this value for money, providing high quality ensuite rooms in a lower price bracket, further expanding the variety and choice of accommodation available to students.

With the number of students requiring support continuously on the rise, the developments and new initiatives within the Counselling and Wellbeing Services have proven invaluable in dealing with the increased demand this year. The introduction of a short initial appointment to assess a student's practical, wellbeing and therapeutic needs has allowed students to be prioritised and referred into services quickly and effectively. The successful pilots with both group therapy and workshops has enabled an improved programme to be developed and rolled out in the next academic year. This allows students to benefit from a different model of support where they meet other students as well as providing services on a one to many basis, increasing the capacity of the staff within the team.

The Thinking of Leaving Service provided by the Transitions team has delivered improved outcomes this year with over half of those engaging with the service still being registered at the University, demonstrating that the intervention is contributing to the retention and success of students. The team are also developing bespoke support and pilot projects targeted at widening participation groups to better enable access, success and progression. Edge Hill is one of just eight universities selected to take part in the pilot for the new National Network for the Education of Care Leavers (NNECL) Quality Mark.

Looking to the future, Student Services will be making further enhancements to services and developing pilot projects in recognition of the targets set for retention, success and progression of widening participation groups highlighted as part of the University Access and Participation Plan. The aim is to improve wellbeing for all by embedding support into the curriculum and this is being explored further with the introduction of modules on specific programmes from September 2019.

Equality, Diversity and Inclusion

Wide consultation with stakeholders during 2019-20 confirmed that our decisions, actions and behaviours should be led by clear principles, particularly in times of significant change. That policies and procedures provide useful boundaries but can never be sufficient in and of themselves. This is why our wellbeing and inclusion principles provide a pathway to good

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

decisions, regardless of the context in which those decisions are being made, so staff feel empowered to use their knowledge, skills and in the moment insights to innovate in real time.

These principles are that we will:

- work cohesively to strengthen the spirit of the Edge Hill Community
- value each individual and respecting the dignity of all
- make informed decisions based on factual evidence and meaningful consultation
- hold ourselves to open and honest dialogue, where we share experiences and expect to be constructively challenged
- support early and informal resolution of issues and concerns

We are committed to doing more to raise awareness of, and in tackling inequalities, ensure our principles of inclusion are evident to everyone. Through continued active listening to our students, staff and alumni, we will take positive and prompt action to continue to make our community one in which we all proudly belong.

We are building on a positive trajectory, with a newly established EDI Steering Group, creating and bringing together special interest working groups from across the University and a dedicated EDI Partner in place. We remain equipped and committed to go beyond our statutory obligations under the Public Sector Equality Duty Act alongside a holistic approach to inclusion.

In the immediate term, our staff and students can expect:

- a thorough review of policies and processes that support and ensure equality, diversity and inclusion principles and priorities
- the promotion of cultural awareness and understanding across Edge Hill through an interactive University Diversity Calendar and schedule of events, observing all religious, holy days and festivals together, and engaging with national and international days of importance
- committed support of campaigns such as Transgender Awareness Week, Black History Month, World Menopause Day, Disability Awareness Day and Hate Crime Awareness Week
- communication of the action plan arising from the Black Lives Matter consultation
- the provision of Active Bystander training to enhance confidence across the Edge Hill community around identifying and dealing with hate crime incidents and micro-aggressions as positive upstanders
- the roll out of revised, interactive e-Equality Impact Assessment training
- the introduction of dedicated EDI web and intranet pages which will house accessible resources (for example 'inclusive language guidance')
- diagnostic work around staff inclusion and support networks (via a series of internally facilitated focus groups and pulse surveys in year) which will also help to provide valuable information around the expansion of our staff inclusion network groups in 20-21
- the joining up of work streams connected to Student BAME Survey / APP work
- closer collaboration with the Student Union in community engagement projects

In all our work our focus will be on areas of our community that, because of their protected characteristics and/or their underrepresentation in society, we are morally obliged to work harder to ensure their inclusion and voices are heard in our community.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Health & Safety Management

Policy and procedure

A number of policies and procedures have been reviewed during the reporting period in order to ensure that these continue to be fit for purpose and meet the needs of the University. A review of a number of templates has also been undertaken including; Risk, COSHH and Workstation Assessments, the aim of which was to ensure a consistency of approach across the University. Consultation has also taken place with key stakeholders across the University before formal ratification by the IHSEC. To ensure ease of accessibility to all, health and safety information, policy, procedure and guidance is included on a dedicated section of the wiki that has been created and launched across the University.

Compliance

A key focus this year has been compliance with the objective of ensuring we meet our legal obligations around fire, gas, asbestos, electricity and legionella management. To help in supporting the monitoring of compliance and following a thorough procurement process, a system has been selected to be used to manage compliance. The system 'Invida' software's main benefits is its ability to provide a live picture of compliance, highlight where items of non-compliance have been raised and track to completion.

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, the audit process and specific health and safety initiatives taken forward by the University during the year. A survey was undertaken to determine the level of engagement and ensure that health and safety representatives felt that the priorities and focus of the group were appropriate to the needs of the business. The findings of the survey were extremely positive and reinforced that the group were fully engaged and felt that it was having a positive impact on the organisation.

Training

The development of our staff continues to be a priority in relation to Health and Safety. This year we have trained 174 staff in corporate Health and Safety modules, the feedback from which has been extremely positive.

Audit/assurance

The University continued with its risk-based approach to audit enabling the release of resources to provide a more practical robust assessment for higher net risk areas. The outcome of which allows a greater cognisance of the level of risk in decision making processes so ensuring they can be more effectively managed. During the reporting period a review of the University's external audit provision was undertaken considering value for money and quality of service. All supporting documentation has been reviewed with key stakeholders to ensure it remains fit for purpose. A full audit programme was undertaken with key findings reported into the Institutional Health, Safety and Environment Committee (IHSEC), with the overriding objective being to ensure the University provides a safe environment for our staff, students and visitors.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Emergency planning

Responsibility for co-ordinating emergency planning and business continuity now lies with the Operational Risk and Environment team. During the year, the overarching policy and procedure has been drafted and all faculty deans and departmental directors have been working on refreshing business continuity plans to reflect changes and incorporate local emergency response plans. Dedicated wiki pages have also been created to act as a central point for all plans. The next step is to run test emergency exercises. This will be done with the assistance of West Lancashire Borough Council's Emergency Planning office and involve external agencies.

Covid

As a result of Covid-19 the IHSEC meet on a three-weekly basis and provide the governance in relation to any actions and decisions made regarding Covid-19 arrangements. A Campus Readiness Group has been established, made up of key stakeholders that meet on a weekly basis with the objective of positioning the University for the safe return of staff and students to campus for the new academic year. An audit by SkW has been commissioned to review the University's Covid-19 arrangements and their practical application the findings of which will feed into the IHSEC. The Operational and Environment Team have been the central point for developing health and safety policy, procedure and guidance in relation to Covid-19. This has seen the introduction of a number of new policies and procedures which have included the Covid-19 Response Procedure, Covid-19 Outbreak Management Plan, and instruction on the Use of Face Coverings.

Environmental Sustainability

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

Great inroads have been made to the actions identified within the Environmental Sustainability Strategy 2017-2021 with 61% of the 54 identified actions completed within the first year. 14% have been assessed as not viable and work is ongoing on the remaining 25% of actions. Particular successes include a move to 100% renewable electricity, comparatively high patronage of the Edge Link bus with positive feedback from users for the new contract and improved engagement with car share scheme to demonstrate more sustainable travel to and from campus.

Promotion of sustainable travel has remained a priority and resulted in a 14% increase in lift share guaranteed parking for the first semester of 2018 compared to the previous year. 2019 saw the release of a new sustainable travel marketing campaign in partnership with student services, improving its physical presence on campus with pillar wraps, lamppost banners & bollard covers.

Work is ongoing in Facilities Management to encourage further supplier engagement with the Net Positive Futures (NPF) framework to ensure ethical sustainability is addressed within the supply chain. The NPF system has been cleansed of suppliers who no longer supply EHU and a further 247 genuine suppliers have been added to the database – this activity reduces the risk to EHU of a failure in the supply chain in relation to Modern Slavery, but also continues to raise awareness in the supplier base.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Waste Management services have continued to deliver improved results in terms of cost, quality and environmental impact, 19/20 saw a significant reduction in volume of waste due to the site shutdown – and demonstrated the effectiveness of the supplier relationship in being able to reflect the adjustment to the waste services during this period, reducing cost.

Various awareness-raising events were held throughout the year to engage with staff and students in all areas of the UN Sustainable Development Goals (SDG). Work with the Faculty of Education has resulted in a SDG 'go to' [portal](#) for use by teachers working on SDG activities. With increased engagement from staff and students, The Sanctuary (campus allotment) has developed significantly over the year.

Efforts to unite students, staff & communities have continued with the establishment of environmental sustainability groups: Sustainable champions, Bicycle User Group (BUG) and SustainNet. Supporting the BUG, FM were able to redistribute bike storage to improve accessibility across campus and increase participation through awareness-raising events. Helping introduce SustainNet, a group focused on academics but with others involved trying to get sustainability embedded in curriculum, research and the community, FM were able to successfully introduce a Sustainability In The Region event.

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

Arts and Culture play an increasingly important role in introducing young, new audiences from schools and colleges to the University, through The Arts Centre and public events programmes. Arts Centre audiences from schools and colleges increased during 2019/20 by 173% on the previous year, from 510 to 1410 individuals attending performances and events. There is no doubt that the quality of the cultural programme here at Edge Hill continues to attract and impress teachers and prospective students. The Arts Centre have developed collaborative projects and initiatives with Faculty of Education and continue to work alongside Student Recruitment and Widening Participation teams to ensure that we take a strategic and joined-up approach to schools and college engagement through the University's arts and cultural offer, which will be even more important as we navigate the current challenging context. The Arts Centre will continue to develop conversations with teachers, to find out how we can create a programme which is relevant and compelling for schools and college audiences.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Student experience is an absolute priority for the University, and ensuring that all students have regular, free access to a wide-range of high-quality art, culture and entertainment is at the centre of The Arts Centre's strategy. In 2019/20 we were well on track to increase our student audiences, as we have year on year since 2015. In terms of diversifying our student audiences, in 2019/20 32% of our student audience were from Performing Arts, with 68% from a wide-range of other courses across all three faculties, as compared with 2015/16 figures which indicated that 90% of Arts Centre audiences were from Performing Arts Courses. Our success in engaging students from across as many different courses as possible is as important as increasing the number of students who experience arts and culture during their time at Edge Hill.

As well as creating a vibrant cultural programme for students to attend as audience, we continue to develop and present professional development opportunities for both students and recent graduates. In 2019/20 we piloted an innovative and very successful employability and mentoring project, supporting nine recent EHU graduates in setting up as self-employed creatives.

The Arts Centre and Public Events programme continued to draw large numbers of people from the wider community, both locally and regionally, making for a vibrant environment in which students and prospective students can experience arts and culture, and we continue to diversify our programme often in partnership with other cultural organisations. The University's partnerships with arts and cultural organisations has developed, providing increased opportunities for students to both experience and be involved in an arts programme that has received significant national coverage.

Sports and Fitness

2019/20 was dominated by the Covid-19 pandemic which saw the closure of the Sports Centre and external sports facilities on 20th March until a phased re-opening on 17th August. Up until this point, there had been good student engagement in both membership and participation rates. The Campus Sport social and recreational sport programme saw increases of 6% in participants and 18% in visits year on year at the point of the closure of the Sports Centre. The Campus Sport programme is delivered mainly by a team of student volunteers, which increased in number by 26% and an increase of 14% for the total hours volunteered compared with 2018/19.

From September to March until the lockdown closure, student membership sales were also up 3% from the previous year. The eligibility for the free 4-week trial membership offer at the start of term was extended this year to include all 'new' students to Edge Hill, with 1,433 taking up the offer which was an increase of 7% on the previous year and 52% of these continuing into a discounted paid membership. The cost of an annual student membership is to be reduced to £75 for all year students for 2020-21 to reflect their reduced time on campus and encourage all students to maintain an active lifestyle and provide mental wellbeing and support during the Covid-19 issues.

Other fitness developments saw the streamlining of the existing student Active Wellbeing and Positive Steps Referral schemes, in turn achieving maximum capacity, and more users completing the programme. During the lockdown period, although all memberships were frozen, a basic service was still provided to members through a range of 'live streamed' exercise classes and mental health support via social media channels. New fitness challenges were introduced to keep people active during lockdown via the Technogym

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

wellness app including 'Every step counts' which had 59 University staff members from 10 different departments. 2020-21 will see the introduction of Technogym's 'on demand' service which will allow students to stream live workout classes and access over 1,000 classes to which they can watch/workout when it is suitable for them.

Competitive sport (Team Edge Hill) is now provided by the Sports Service with a 21% increase in students representing the University in a recognised sports competition compared to 2018/19.

Following a comprehensive tender process, the contract to deliver swimming lessons at Edge Hill Sport was outsourced to Total Swimming Academies. The contract started in January 2020 with the transition being so successful that TSA are to adopt the model for their future contracts. Despite the 6-month pause in the contract due to Covid-19 both parties remain happy with the partnership and are looking forward to seeing the benefits over coming years.

In collaboration with the Faculty of Arts and Science, Edge Hill Sport continues to offer work placements to students in administration, fitness and sports development, as well as increasing the recruitment of student volunteers to help deliver the Campus Sport programme.

Edge Hill Sport once again successfully achieved 'Quest', the Sport England quality assurance standard for sports facilities, with an improved outcome of 'Excellent' following the 2-day audit. Edge Hill is now only one of only a handful of universities to achieve this banding.

Widening Participation

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

Pre-entry we liaise closely with local schools and colleges, delivering tailored packages of access activity designed to inspire, raise aspirations and motivate young people.

Additionally, through our Fastrack Programme that bridges the gap between existing qualifications and those required to enter Higher Education, we provide a unique programme to support mature learners who wish to return to study. We are proud of our tradition in attracting and retaining students from non-traditional backgrounds and expect a significant proportion of our students to continue to come from widening access groups. Continuing our commitment to access, in 2019, we welcomed students to our new Medical School, which is designed to provide opportunities to those traditionally under-represented in Medicine.

For Edge Hill students we offer various packages of support, for example our Transitions Team support our students to stay on course and succeed, they are also a dedicated point of contact for Care Leaver student support providing a financial support package for this student group. To help our students progress into graduate level employment, we offer tailored support for widening participation students. This has included a targeted employability-focused trip to London where students attended a graduate jobs fair and met with successful Edge Hill Alumni. Additionally, our innovative Student Opportunity Fund provides financial support to enable students to take employment-enhancing opportunities.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

In 19/20 we conducted in-depth qualitative research with our Care Leaver students, and Black, Asian and Minority Ethnic Students to inform our support. We also conducted evaluations into our financial support packages. Our 5-Year Access and Participation Plan is now underway, and 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.

Employability and Enterprise

The University has significantly increased its engagement with regional businesses through a multi-channel approach to outreach: direct e-campaigns, online media, PR and events. These efforts consistently reach over 2000 external organisations a quarter with information on support available and success stories. The successful launch of the Faculty of Arts and Sciences Employability and Enterprise Website has also had an impact on external engagement. The website has increased traffic by 602% (8,385 unique visits in 19/20 vs 1,194 in 18/19) helping to increase engagement with the FAS Work Related Learning team by 348% (157 vs 35), professional learning and development from 0 to 2948 and the Productivity Innovation Centre by 202% (750 vs 248).

Our increased engagement and emphasis on improving the quality of student placement activities has led to development of 15 new strategic partnerships (LC Automation Ltd, Home Instead Senior Care, Blackpool Grand Theatre), the recruitment of 167 new “curriculum placement partners” which has resulted in the creation of 285 new student placement opportunities and 55 new work related learning projects for 2020-21. Short-term work placement experiences have also risen significantly.

The successful piloting in 2019-20 of student e-portfolio's and the development of digitally blended placement projects, aim to help the University to minimise the effects of COVID 19 on placement activities in 2020-21.

2019-20 established a further 19 visualising success case studies that will be used to support student recruitment, marketing, work related learning and enterprise activities.

The ERDF funded Productivity and Innovation Centre (PIC) built upon its successful launch during 2019-20. The Centre submitted £2.6m of new funding bids, switching the focus of the Centre from priority 1 (product, service and process innovation) to priority 3 (enhancing SME competitiveness) funding streams, to support the continuation of the Lancashire Productivity and Innovation Centre activities and the expansion of the University business support activities into Liverpool City Region (LCR). Since its launch in 2018, the PIC has supported over 98 Lancashire based SMEs and has helped introduce 35 new products/services. A new KTP was also launched with the Computer Science Dept. E3i's Upskilling Lancashire project is continuing to support Lancashire SME's work force development whilst generating valuable placement opportunities and projects for Edge Hill students.

The PIC did not just support SMEs in 2019-20. It successfully developed and introduced a new student residency scheme and hosted 6 Business students. It aims to relaunch the PIC residency scheme with the Business School in January 2021 with a new digital engagement model.

During lockdown the University launched the Crisis Recovery Programme, to support regional SMEs to react and respond to the impacts of COVID 19. The University engaged with over 107 SMEs over a five month period, supporting directly 15 SME's. The Crisis

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STRATEGIC REVIEW (CONTINUED)

Recovery Programme will be piloted in the Liverpool City Region (LCR) hospitality sector in 2020-21.

The University has also successfully launched a £1.2m Leading Lancashire programme, working in collaboration with UCLan and other FE providers in the region. This programme supports the employees (primarily women and those from under-represented groups) of Lancashire businesses in gaining CMI leadership and management qualifications. To date 302 learners from 159 businesses have been supported.

Regionally, Edge Hill has maintained its involvement in the Lancashire HEI Innovation Forum with UCLan and Lancaster University. We will be actively participating in the Lancashire Innovation Festival in October 2020. During 2019-20 the University contributed significantly to the Professional and Business Services Board of LCR Local Enterprise partnership building.

The University successfully lead a £385K Business Basics bid with Advanced Manufacturing Research Centre (AMRC) North West and Manchester Metropolitan University. The Manufacturing Connect Lancashire project, one of four nationally funded projects, is a 21 month enterprise based research study that will explore the impact of peer to peer interaction on the adoption of business technologies in North West manufacturing SMEs. It also works closely with academics connecting them with appropriate external organisations to facilitate the translation of research-based expertise into impact with support from the University's Impact and Knowledge Exchange Fund (IKEF).



Dr John Cater
Vice-Chancellor
23 November 2020

EDGE HILL UNIVERSITY

CORPORATE GOVERNANCE

The following statement is given to assist the readers of the financial statements to obtain an understanding of the Governance procedures applied by the University's Board of Governors in the period from 1 August 2019 to the signing of the accounts on 23 November 2020.

Transparency

The University's public web pages set out the University's corporate governance arrangements, including membership and the terms of reference for the Board and its Committees. The Board endeavours to be open and transparent in conducting its business and disseminating decisions. Minutes to all Board and Committee meetings are published, with only business that is highly confidential or commercially sensitive exempt from general viewing.

The University 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.

Compliance

The University is registered with the Office for Students (OfS) as a higher education provider with degree awarding powers. As such, the University operates within the Regulatory Framework for Higher Education in England and complies with the OfS's Public Interest Governance Principles on an ongoing basis.

The University is committed to best practice in all aspects of corporate governance and conducts its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- In compliance with the guidance on corporate governance which has been provided for the sector by the Committee of University Chairs (CUC), including the Higher Education Code of Governance first published in December 2014 and revised in June 2018. In September 2020 the CUC published an updated version of the Code, and work is in progress to assess the University's compliance with this.

The University is an exempt-charity under the terms of the Charities Act 2011, and is regulated by the OfS. Members of the Governing Body are the charitable trustees and are responsible for ensuring compliance with charity law.

Summary of the University's Structure of Corporate Governance

The Governance structure of the University is specified in the Articles of Governance approved by the Privy Council in May 2007 which sets out the responsibilities of the Board of Governors, the Academic Board and the Vice-Chancellor in managing and overseeing the University's activities.

The Board of Governors, which is the executive body of the University, comprises independent members, students and employees under the Instrument of Government of the University as approved by the Privy Council in May 2007. Independent members are in the majority. The role of Chair of the Board of Governors is separated from the role of the

EDGE HILL UNIVERSITY

CORPORATE GOVERNANCE (CONTINUED)

University's Vice-Chancellor, who is the Chief Executive of the institution and the Accountable Officer.

All Board members are expected to adhere to the seven Principles of Public Life as set out by Lord Nolan in 1995 and to meet the Fit and Proper Person requirements set out by the OfS. None of the independent members receive any payment, apart from the reimbursement of expenses for attendance at meetings.

In line with the Articles of Government, the Board of Governors holds to itself responsibility for the ongoing strategic direction, the educational character and mission, all financial and property matters and staffing policies of the University. Matters specially reserved to the Board of Governors for decision are set out in the University's Scheme of Delegation and incorporate the requirements of the OfS as the sector regulator. The Board is in receipt of regular reports from executive officers on the day-to-day operation of its business and its subsidiary companies.

With respect to structure, the Board normally meets formally six times during the year and operates a sub-committee structure comprising Audit, Governance & Nominations, Remuneration and Resources. All sub-committees operate with agreed terms of reference, with independent governors in the majority of whom one is the designated Chair. The major sub-committees meet formally three or four times a year, reporting to the Board.

The Audit Committee meets at least four times annually with the external auditors 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. Members also receive and consider specific review reports as they affect the University's business and monitor adherence with regulatory requirements. They review the University's annual Financial Statements and approve the Financial Regulations. The Committee 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 Higher Education Statistics Agency, the Student Loans Company, the Office for Students, Research England and any other 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. The Committee meets with the external and internal auditors in a private session at the commencement of each meeting.

The Governance & Nominations Committee considers nominations for vacancies in the Board of Governors' membership and has oversight of Governance procedures including the Board's periodic Effectiveness Review.

The Resources Committee, inter alia, recommends to the Board of Governors the annual revenue and capital budgets, the annual Financial Statements and monitors the financial performance of capital projects. It also approves policies and receives reports concerning Financial Management, Health and Safety and Human Resource matters relevant to the University's staffing establishment, ensuring that financial planning, budgetary control and all other management controls are effective and sufficient to safeguard public and other funds (ensuring regularity and propriety), together with the long-term wellbeing of the University.

EDGE HILL UNIVERSITY

CORPORATE GOVERNANCE (CONTINUED)

The Remuneration Committee, which operates in accordance with the CUC Remuneration Code 2018, determines the annual remuneration of designated senior staff and associated policies and procedures. It also agrees the total envelope available for the pay and reward of managerial and professorial staff who are employed on locally agreed pay scales. Membership of the Remuneration Committee is restricted to Independent Governors and is chaired by the Deputy Chair of the Board. Senior executives, namely the Director of Human Resources and the Vice-Chancellor, attend meetings of the Committee as required to provide advice.

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

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, for the development of academic activity and for advising on such other matters as the Board of Governors and Vice-Chancellor may refer to it. The Board of Governors regularly considers reports on the Academic Board's work in order to receive and test assurances 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.

Statement of Internal Control

As the Governing Body of Edge Hill University, the Board has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, as stated in the Strategic Plan, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the Governing Body in the Instrument and Articles of Government and OfS terms and conditions, which also includes charity regulation requirements.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. 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 2020 and up to the date of approval of the Financial Statements:

- The Board meets at regular intervals to consider the plans and strategic direction of the University.
- The Board receives regular reports on progress in relation to Key Performance Indicators which are referenced to the University's Strategic Plan and Risk Register.
- The Board has requested the Audit Committee to provide oversight of the University's management of risks.
- The Board has approved a comprehensive Scheme of Delegation.

EDGE HILL UNIVERSITY

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 is invited to attend facilitated workshops which are held for senior and other managers to identify and keep up to date the record of risks facing the organisation.
- The Internal Audit Plan is considered and approved by the Audit Committee.
- A system of reporting on risk management has operated throughout the year. The process incorporates a range of formal reports and an analysis of risk at each meeting. Risks are linked to the aims and objectives identified in the Strategic plan.
- 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.
- A robust risk prioritisation methodology is in use based on risk ranking and cost-benefit analysis.
- An organisation-wide risk register is maintained.
- Reports are regularly received from budget holders and/or other key members of staff on key risks.

The approach of the Governing Body 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.

The internal auditors submit regular reports, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, with recommendations for improvement.

The Board's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, 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.

Effectiveness

The Governing Body undertakes an annual self-evaluation of its effectiveness, which includes an assessment of the adequacy and effectiveness of arrangements for corporate governance, risk management and compliance with statutory and regulatory responsibilities. On at least an annual basis, the Board also undertakes a full assessment of the University's compliance with the OfS's conditions of registration (incorporating any terms and conditions of funding), with regular update reports provided on an ongoing basis.

Internal audits periodically assess aspects of the University's governance arrangements so that an annual opinion can be formed. An Independent Effectiveness Review is normally held every four years.

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT

Institutional Context

In the fourteen years since designation as a University in 2006, 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. Awarded the Times Higher Education 'University of the Year' in 2014/15 – and shortlisted again in 2020, the University's Gold ranking in the Teaching Excellence Framework (TEF) further recognises the University's commitment to delivering an outstanding student experience as set out in the Strategic Plan. Operating across a wide range of subjects in Arts and Sciences, the University also offers professional qualification programmes in Health and Education and was one of only three Universities to be awarded a new, freestanding, Medical School in 2018. With a developing research base, acknowledged in the 2014 Research Excellence Framework (REF), the University is seeking to significantly improve its position in the REF 2021.

For a large and complex institution, performance at this level requires vision and strong academic and organisational leadership from the Vice-Chancellor, supported by able and effective Executive and senior staff, so that all members of the University community, staff and students, are able to achieve at their full potential.

The University is an exempt charity and, as such, the Board of Governors has a responsibility to ensure a remuneration policy is developed and applied having due regard to the requirement to safeguard public funds as well as the need to recognise the efforts of staff in securing the University's continued success.

The Remunerations Committee

The purpose of the Remuneration Committee, as set out in the Terms of Reference approved by the Board, is to determine all matters pertaining to the salary and terms and conditions of employment of designated Senior Postholders within policy guidelines approved by the Board and to have oversight of the University's policy framework for the remuneration and reward of other senior staff on management contracts.

Membership of the Committee was revised following a review of the Committee's Terms of Reference in 2017/18, and now comprises the Chair of the Board, the Deputy Chair, the Chairs of Resources and Audit Committees and a further independent governor. The Vice-Chancellor attends in an advisory capacity as required whilst the Director of Human Resources attends as an officer. The Committee is chaired by the Chair of Audit Committee and serviced by the Clerk to the Board. Neither the Vice-Chancellor nor the Clerk are permitted to be present when matters concerning their own salaries are discussed.

In 2019/20 the Committee commissioned an external remuneration specialist to provide advice and guidance at Committee meetings. The individual appointed is Head of Pensions and Employment at a global law firm and has extensive experience of dealing with matters pertaining to senior staff remuneration.

The Committee met once during 2019/20, attendance details are given below. Reports of committee meetings are made to the Board.

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

Membership and Attendance

Name	Position	13 July 2020
L Greenhalgh	Committee Chair, Deputy Chair of the Board & Chair of Audit	√
C Edwards	Chair of the Board	√
G Collinge	Chair of Resources	X (written comments submitted)
L Robinson	Independent Member	X (Clive Elliott attended as an alternate)
H Smallbone	Committee Secretary and Clerk to the Board	√
S Clarkson	Director of Human Resources (officer in attendance)	√
D Gilhooley	External remuneration specialist	√

Note: The Vice-Chancellor attended for parts of the meeting held in July in order to provide advice as required.

The University's Approach to Remuneration

The University operates in a competitive market with respect to the employment of staff and market forces can affect the University's ability to recruit and retain staff in particular areas of acute shortage. The University offers an excellent working environment however and scores very highly in staff surveys, suggesting that remuneration is only one of a number of factors that impact individual employee decisions to work here.

1. Underlying Principles of Remuneration

a) The University has adopted the CUC Remuneration Code and with it a commitment to ensuring:

- A fair, appropriate and justifiable level of remuneration;
- Procedural fairness; and
- Transparency and accountability.

b) Commitment to annual Performance Review across the University and the opportunity for staff to develop.

c) Equal Pay for work of Equal Value.

2. Staff employed on the National Pay spine

The University appoints staff to specific roles. Roles are evaluated using the Higher Education Role Analysis (HERA) scheme with each role assigned to an identified grade boundary (which specifies the minimum and maximum salary for each grade and the incremental progression points) on the nationally agreed pay spine. The University also monitors any increase to the minimum wage level proposed by the Living Wage Foundation and will consider if it should adjust relevant salary points on the pay spine to meet or exceed

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

the minimum proposed. 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 there is an expectation of progression between grades for certain roles and that, in other cases, roles themselves will develop in response to business needs. The Progression Policy ensures that the process of managing progression through grades is operated fairly and consistently and follows the principles of Equal Pay.

3. Senior staff employed on Manager and Professorial Grades

Senior management and professorial staff are appointed on locally agreed pay scales. The point on the scale is determined having regard to benchmarking, experience, expertise and market forces. The annual pay award for staff on locally agreed pay scales is determined by the Vice-Chancellor operating within an overall sum agreed for staffing as set out through the University's budget process - this sum being guided where possible by the annual national pay award agreed for the main body of staff. Roles are reviewed annually in terms of benchmarking and reflect changes or development in role. There is no incremental progression for these staff but the Vice-Chancellor is further informed by detailed performance assessments by Directorate and a discretionary, performance driven non-consolidated bonus scheme is in operation for those staff whose performance review grade is judged to be in the top two grades of a five point scale. The Remuneration Committee agrees the total envelope available for the pay and reward of this group of staff on behalf of the Board and seeks to keep 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.

4. Designated Senior Postholders

Designated senior postholders are the Vice-Chancellor, Deputy Vice-Chancellor and Clerk to the Board. Further details on the Vice-Chancellor's remuneration are given in section 5 below.

In determining the individual salaries and any discretionary payments for which the Remuneration Committee has direct responsibility, account is taken of:

- The outcomes of performance review 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

Performance Review is carried out by the Chair and Deputy Chair of the Board and incorporates objective setting for the next year. The process is documented.

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

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

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

In line with the Board's policy, designated senior postholders must seek approval from the Remuneration 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 Remuneration Committee, guided by the principle that designated senior postholders will not retain significant sums.

5. The Vice-Chancellor (Head of Provider)

The Vice-Chancellor's total remuneration package is determined by the Remuneration Committee who have regard to:

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

Basic salary is set immediately prior to the commencement of the financial year, with any performance related pay determined at the end of the session when performance is evaluated. The basic salary reported in these accounts was set in July 2019, with the performance related aspect awarded in July 2020.

Performance review and setting objectives for both years was undertaken by the Chair and Deputy Chair of the Board. The process is documented, and reports were shared with the Remuneration Committee. The Vice-Chancellor's performance for 2018/19 and 2019/20 was rated 'outstanding', with all objectives met. A summary of institutional performance under the Vice-Chancellor's leadership is provided below.

In determining the Vice-Chancellor's total remuneration, account was taken of data from UCEA and CUC surveys. In particular, the Committee focused on detailed information relating to regional and competitor institutions. The Committee noted that, despite being the longest serving Vice-Chancellor amongst the group - by a significant measure, the Vice-Chancellor's basic salary was at the lower end of the scale. This reflects the voluntary reduction in basic salary instigated by the Vice-Chancellor in 2018/19. The University's pension contributions to the Vice-Chancellor are in-line with arrangements elsewhere and, when taking performance related payments into account (which have been held at the same level as 2018 and 2019, having been lowered through a calibration process in 2017), the Vice-Chancellor's total remuneration package is in line with sector norms.

Institutional Performance (Key indicators for Remuneration Committee decisions)

It is relevant for readers of the accounts to consider institutional performance for both 2018/19 and 2019/20 (up to 13 July 2020 when the Remuneration Committee last met).

The University has been rated a Gold status institution since the TEFs inception in 2017, this reflects the University consistently delivering outstanding teaching, learning and outcomes for students. Despite a fallback in the University's position in terms of the NSS, other key indicators for the University have been maintained or improved. Retention rates remain well ahead of benchmark and continue to improve. Graduate outcomes are strong, with very

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

high levels of employment or further study and low levels of unemployment. Despite the continued demographic downturn and increased competition; the University has managed to convert applications at a remarkable rate across both years, and pleasingly also achieved increased applications for 2020/21. Research indicators are positive, and - in light of the detail within our imminent submission - the University is optimistic about our prospects in the REF 2021. Financial indicators for the University continue to be very robust and are sector leading

In respect of other activity, the Committee noted the establishment of the University's Medical School. This represents a significant and important milestone in the development of the University under the Vice-Chancellor's leadership. The Committee was also mindful of the highly unusual and unforeseen nature of the challenges presented by the COVID-19 pandemic. This had required the University to close the campus in March 2020, move teaching, learning, assessment and professional support services online, and manage significant and unavoidable reductions in income. An inordinate amount of work followed to ensure the University was prepared to re-open the campus safely in September 2020, with a new blended approach to delivering the curriculum, established through a rigorous quality assurance process. To navigate the University through this period required outstanding strategic vision and leadership, and the Committee commended the Vice-Chancellor for this along with his resilience during the period.

Remuneration Data

The details of the salary and benefits paid to the Vice-Chancellor are disclosed in note 6 to the accounts.

EDGE HILL UNIVERSITY

STATEMENT OF PRIMARY RESPONSIBILITIES OF THE BOARD OF GOVERNORS

Key:

Code = CUC: The Higher Education Code of Governance 2018

AoG = Articles of Government

CoR = OfS: Conditions of Registration

PIGP = OfS: Public Interest Governance Principles

The Board of Governors shall be responsible for:

1. Strategy

Approving the mission and strategic vision of the University, including the determination of the educational character and mission of the University and for oversight of its activities, long-term academic and business plans and strategies, key performance indicators (KPIs) and annual budgets. Ensuring that these meet the interests of stakeholders and enable the institution to achieve and develop its primary objectives of teaching and research. This includes considering and approving the University's strategic plan which sets the academic aims and objectives of the institution. [AoG 3.1; Code 3.1 – 3.3; 4]

2. Vice-Chancellor

Appointing the Vice-Chancellor as chief executive of the University and putting in place suitable arrangements for monitoring his/her 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 his/her performance. [AoG 3.1 d; Code 7.9]

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]

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 3.6]

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 the Annual Accountability Return (AAR) to OfS and approving the annual budget and financial statements of the University. [AoG 3.1 b & c; Code 3.2;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 the 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 3.3]

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. [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. [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 2.1 – 2.4; 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 4.1; [PIGP iV]

13. Audit

Directing and overseeing the University's arrangements for internal and external audit.

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. [Code 2.5]

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

15. Health & Safety

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

EDGE HILL UNIVERSITY

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

16. Equality and diversity

Ensuring the University provides an inclusive environment for work and study through embedding diversity and equal opportunities into everything the University does, particularly in those core functions and activities that directly affect staff and students at work. [Code 6.1 – 6.5]

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 4.3; 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 7.10 – 7.12]

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 are 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.

They are required to prepare 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 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Board of Governors are 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 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 they either intend 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 proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

EDGE HILL UNIVERSITY

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

The Board of Governors are 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 and Research England 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 2020 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 Balance Sheet, the Group Cash Flow Statement and related notes, including the accounting policies in the Statement of Accounting Policies for the Year Ended 31 July 2020 disclosure.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and 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;
- 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, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

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 they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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 the University's financial resources or ability to

EDGE HILL UNIVERSITY

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

continue operations over the going concern period. We have nothing to report in these respects.

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

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, Remunerations Committee Report and the Statement of Primary Responsibilities of the Board of Governors. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Board of Governors responsibilities

As explained more fully in their statement set out on page 39, 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').

EDGE HILL UNIVERSITY

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

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;
- * income has been applied in accordance with the University's articles of government; and
- * 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.

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 6 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 6 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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.



Debra Chamberlain
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square,
Manchester,
M2 3AE

30 November 2020

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2020

Basis of preparation

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.

Going concern

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

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

The Board of Governors have prepared cash flow forecasts for a period of 16 months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 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 £10m of tuition fee income arising from a 15% reduction in year 1 intakes and a 10% reduction in returners and the loss of £4m of residential income arising from the closure of halls in the first term and the application of strict social distancing measures in the remaining terms. On this basis, liquidity levels are forecast to remain strong enabling the University to maintain a significant financial buffer for future years. Covenants in place are also not at risk with income levels having to fall by over £27m before the University became at risk of breaching its requirement to maintain debt servicing costs within 4% of total income. At the time of writing, our student numbers are actually higher than the previous year and our halls are full with a waiting list of students ready to occupy any halls that might later become available.

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 2020 **(CONTINUED)**

Basis of consolidation

The consolidated financial statements of the University for the year ended 31st July 2020 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 2020 **(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 2020 **(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 impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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 £10,000 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 2020 **(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 at the lower of cost and net realisable value.

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 2020 **(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 2019-20 has been updated to reflect the specific debts outstanding and the most up to date experience of collection rates. This has no material impact on the amount of provision recognised in the financial statements.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2020 **(CONTINUED)**

the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The Governors are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

Local Government Pension Scheme

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

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

Asset values are reported using estimated asset allocations prepared by the scheme actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed. However, for the year ended 31 July 2020 the pension valuation was calculated using asset returns as at that date. Details of the assumptions used, and associated sensitivities, are included in note 20.

In relation to LGPS, at 31 July 2020 and in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that include housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.1% at the prior year end to 0.6% at this year end. The impact of this change is expected to have resulted in a £21m increase in the fund's liabilities since the prior year end.

In relation to USS and LGPS, in preparing these financial statements a number of estimates and judgements have been made around provisions for pension liabilities. Further details are provided in note 18 to the accounts.

EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**
YEAR ENDED 31 JULY 2020

	Note	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated	University	Consolidated	University
Income		£'000	£'000	£'000	£'000
Grant and fee income	5	104,462	104,462	104,748	104,748
Research grants and contracts	3	1,506	1,506	1,435	1,435
Other income	4	13,026	14,878	17,251	18,958
Investment income		302	302	340	340
Total income		119,296	121,148	123,774	125,481
Expenditure					
Staff costs	6	79,074	79,074	79,644	79,644
Other operating expenses	7	30,543	32,351	31,960	33,606
Depreciation/Impairment		7,369	7,369	8,064	8,064
Interest and other finance costs	9	3,429	3,476	3,175	3,230
Total expenditure		120,415	122,270	122,843	124,544
(Deficit)/Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates.		(1,119)	(1,122)	931	937
Gain on disposal of fixed assets		10	10	23	23
(Deficit)/Surplus for the year		(1,109)	(1,112)	954	960
Actuarial gain/(loss) in respect of pension schemes		(35,336)	(35,336)	(15,583)	(15,583)
Total comprehensive income		(36,445)	(36,448)	(14,629)	(14,623)

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 55 to 75 form an integral part of these financial statements.

EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**
YEAR ENDED 31 JULY 2020

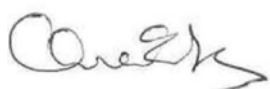
<u>Consolidated</u>	Income and Expenditure Account £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2018	181,241	47,414	228,655
Surplus from the income and expenditure statement	954	-	954
Other comprehensive income	(15,583)	-	(15,583)
Transfers between revaluation and income and expenditure reserve	1,083	(1,083)	-
Total comprehensive income for the year	(13,546)	(1,083)	(14,629)
Balance at 1 August 2019	167,695	46,331	214,026
Deficit from the income and expenditure statement	(1,109)	-	(1,109)
Other comprehensive income	(35,336)	-	(35,336)
Addition to reserve			
Transfers between revaluation and income and expenditure reserve	1,160	(1,160)	-
Total comprehensive income for the year	(35,285)	(1,160)	(36,445)
Balance at 1 August 2020	132,410	45,171	177,581
<u>University</u>			
Balance at 1 August 2018	181,138	47,414	228,552
Surplus from the income and expenditure statement	960	-	960
Other comprehensive income	(15,583)	-	(15,583)
Transfers between revaluation and income and expenditure reserve	1,083	(1,083)	-
Total comprehensive income for the year	(13,540)	(1,083)	(14,623)
Balance at 1 August 2019	167,598	46,331	213,929
Deficit from the income and expenditure statement	(1,112)	-	(1,112)
Other comprehensive income	(35,336)	-	(35,336)
Addition to reserve			
Transfers between revaluation and income and expenditure reserve	1,160	(1,160)	-
Total comprehensive income for the year	(35,288)	(1,160)	(36,448)
Balance at 1 August 2020	132,310	45,171	177,481

The notes on pages 55 to 75 form an integral part of these financial statements.

EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
YEAR ENDED 31 JULY 2020

		Year ended 31 July 2020		Year ended 31 July 2019	
	Note	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	10	290,811	290,811	291,760	291,760
Investments in subsidiaries	11	-	7,139	-	7,139
Other investments		2	2	2	2
		<u>290,813</u>	<u>297,952</u>	<u>291,762</u>	<u>298,901</u>
Current assets					
Stock	12	183	183	172	172
Trade and other receivables	13	9,256	9,977	6,921	7,828
Investments	14	12,000	12,000	17,000	17,000
Cash and cash equivalents		<u>36,356</u>	<u>35,384</u>	<u>31,265</u>	<u>30,273</u>
		57,795	57,544	55,358	55,273
Less: Creditors: amounts falling Due within one year	15	<u>(18,379)</u>	<u>(18,759)</u>	<u>(19,805)</u>	<u>(20,348)</u>
Net current assets		39,416	38,785	35,553	34,925
Total assets less current liabilities		<u>330,229</u>	<u>336,737</u>	<u>327,315</u>	<u>333,826</u>
Creditors: amounts falling due after more than one year	16	(47,688)	(54,296)	(49,712)	(56,320)
Provisions					
Pension provisions	17	(104,960)	(104,960)	(63,577)	(63,577)
Total net assets		<u>177,581</u>	<u>177,481</u>	<u>214,026</u>	<u>213,929</u>
Unrestricted Reserves					
Income and expenditure reserve		132,410	132,310	167,695	167,598
Revaluation reserve		<u>45,171</u>	<u>45,171</u>	<u>46,331</u>	<u>46,331</u>
Total Reserves		<u>177,581</u>	<u>177,481</u>	<u>214,026</u>	<u>213,929</u>

The financial statements on pages 44 to 75 were approved by the Board of Governors on 23 November 2020.



Professor Clive Edwards - Chair, Board of Governors



Dr John Cater – Vice-Chancellor

EDGE HILL UNIVERSITY**CONSOLIDATED CASH FLOW STATEMENT**
YEAR ENDED 31 JULY 2020

	31 July 2020 £'000	31 July 2019 £'000
Cash flow from operating activities		
(Deficit)/Surplus for the year	(1,109)	954
Adjustment for non-cash items		
Depreciation	7,369	8,064
Increase in stock	(11)	(71)
Increase in debtors	(2,334)	(1,432)
(Decrease)/Increase in creditors	(315)	2,669
Increase in pension provision	6,047	7,427
Adjustment for investing or financing activities		
Investment income	(302)	(341)
Interest payable	1,627	1,719
Gain on the sale of fixed assets	(10)	(22)
Capital grant income release	(481)	(470)
Net cash inflow from operating activities	<u>10,481</u>	<u>18,497</u>
Cash flows from investing activities		
Capital grants receipts	579	919
Disposal proceeds on sale of fixed assets	10	28
Investment income	301	347
Payments made to acquire fixed assets	(7,527)	(13,136)
Decrease/(Increase) on deposits	5,000	(1,000)
Total cash flow from investing activities	<u>(1,637)</u>	<u>(12,842)</u>
Cash flows from financing activities		
Interest paid	(1,642)	(1,735)
Repayments of amounts borrowed	(2,111)	(2,085)
New debt acquired	-	253
Total cash flow from financing activities	<u>(3,753)</u>	<u>(3,567)</u>
Increase in cash and cash equivalents in the year	<u>5,091</u>	<u>2,088</u>
Cash and cash equivalents at the beginning of the year	<u>31,265</u>	<u>29,177</u>
Cash and cash equivalents at the end of the year	<u>36,356</u>	<u>31,265</u>

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
1. Tuition Fees and Education Contracts				
Full-time home and EU students	92,863	92,863	90,249	90,249
Full-time international students	1,289	1,289	1,579	1,579
Part-time students	877	877	379	379
Short course fees	2,869	2,869	6,602	6,602
	<u>97,898</u>	<u>97,898</u>	<u>98,809</u>	<u>98,809</u>
2. Funding Body Grants				
Recurrent grant				
Office for Students	4,457	4,457	1,105	1,105
Specific grant				
Office for Students	1,917	1,917	4,545	4,545
National College for Teaching and Leadership	190	190	289	289
	<u>6,564</u>	<u>6,564</u>	<u>5,939</u>	<u>5,939</u>
3. Research Grants and Contracts				
Research contracts	175	175	51	51
Research charities	156	156	188	188
Industry and commerce	33	33	15	15
Other	1,142	1,142	1,181	1,181
	<u>1,506</u>	<u>1,506</u>	<u>1,435</u>	<u>1,435</u>
4. Other Income				
Residences, catering and conferences	8,498	8,456	12,398	12,318
Other income	4,528	6,422	4,853	6,640
	<u>13,026</u>	<u>14,878</u>	<u>17,251</u>	<u>18,958</u>
5. Grant and Fee Income				
Grant income from the OfS	4,457	4,457	3,981	3,981
Grant income from other bodies	2,107	2,107	1,958	1,958
Fee income from taught awards	97,365	97,365	98,312	98,312
Fee income from research awards	100	100	72	72
Fee income from non-qualifying courses	433	433	425	425
	<u>104,462</u>	<u>104,462</u>	<u>104,748</u>	<u>104,748</u>
6. Staff Costs				
Salaries	58,372	58,372	58,977	58,977
Actuarial pension adjustment	5,298	5,298	4,611	4,611
Social security costs	5,618	5,618	5,633	5,633
Movement on USS provision	(969)	(969)	1,428	1,428
Other pension costs	10,755	10,755	8,995	8,995
	<u>79,074</u>	<u>79,074</u>	<u>79,644</u>	<u>79,644</u>

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

Emolument of the Vice-Chancellor

	2020	2019
	£'000	£'000
Basic Salary	240	225
Bonus (reflective of 17/18)	-	20
Bonus (reflective of 18/19)	-	20
Bonus (reflective of 19/20)	20	-
Payment in lieu of pension	56	37
	<hr/>	<hr/>
	316	302
Benefits in kind	<hr/>	<hr/>
	2	12
	<hr/>	<hr/>
	318	314
Net Pay	<hr/>	<hr/>
	184	184

	Basic Pay	All Emoluments
The Vice-Chancellor's salary and emoluments set out in pay multiples In accordance with OfS Accounts directive 2018.26:	8.3	10.0
Expressed as a multiple of the mean salary in the University For the year to 31st July 20:	6.8	8.0

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

	2020	2019
	Number	Number
£105,000 - £109,999	-	1
£110,000 - £114,999	1	-
£115,000 - £119,999	-	1
£120,000 - £124,999	-	1
£130,000 - £134,999	1	1
£135,000 - £139,999	2	-
£225,000 - £229,999	1	1

Average Full Time Equivalent staff numbers by function

	2020	2019
	Number	Number
Academic Departments	792	817
Academic Support Services	125	114
Other Support Services	196	185
Administration and Central Services	152	163
Premises	133	121
Income Generating Activities	50	53
Catering and Residence	44	39
	<hr/>	<hr/>
	1,492	1,492

Severance Payments

During the year the University paid £262k in compensation for loss of office to 30 employees (2018/19: £366k to 38 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)

	2020	2019
Number of Staff	4	4
Total compensation (£'000)	937	832

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 inevitable that transactions can take place with organisations in which a member of the Board of Governors may have an interest. No such payments involving organisations in which a member of the Board of Governors has an interest were, however, made this year. Where payments are made, they are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures. In their capacity as trustees of the University, total expenses paid to or on behalf of the 11 independent members of the Board of Governors was nil. Expenses paid in the previous year were £45. These expenses represent travel and subsistence incurred attending governors and committee meetings and courses and conferences in their official capacity.

Trade Union Facilities Time – Statutory Report 01 April 2019 to 31 March 2020

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	18
Full-time equivalent employee number (weekly FTE)	16.7 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%	15
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	£33,372
Total pay bill	£74,040,301
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.05%

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.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	24.02%
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EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

7. Analysis of Other Operating Expenses

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residence, catering and conferences operating expenses	1,129	1,128	1,660	1,657
Books and periodicals	1,474	1,474	1,511	1,510
Heat, light, water, electricity, waste collection and rates	2,894	2,894	2,491	2,491
Maintenance materials	6,741	6,700	5,872	5,839
Office services and supplies	1,202	1,194	1,624	1,617
Consumables and supplies	1,918	1,894	1,892	1,844
Publicity and advertising	746	743	894	890
Staff training and development	366	361	551	545
Bursaries	1,162	1,162	1,132	1,132
School practice and educational visits	654	654	1,026	1,030
School based training payments	982	982	1,572	1,572
Temporary staff	370	370	343	343
Staff travel and subsistence	543	538	1,131	1,126
Grants to Student Union	695	695	604	604
Professional fees	1,387	1,371	1,387	1,380
Auditors' remuneration – external audit	58	53	63	58
Auditors' remuneration – internal audit	48	48	48	48
Auditors' remuneration in respect of non-audit services	57	47	42	33
Other operating expenses	8,117	10,043	8,117	9,887
	30,543	32,351	31,960	33,606
Other operating expenses include:				
Operating lease rentals	157	157	157	157

8. Access and Participation

	Year ended 31 July 2020	
	Consolidated	University
	£'000	£'000
Access Investment (i)	763	763
Financial Support	923	923
Disability Support	978	978
Research and Evaluation (ii)	116	116
	2,782	2,782

(i) As a very significant proportion of the student population have one or more widening participation characteristics, 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 characteristics compared to the total number of students supported.

(ii) £116k 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 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	1,583	1,630	1,701	1,756
LGPS pension finance adjustment	1,802	1,802	1,456	1,456
Movement on USS provision	44	44	18	18
	<u>3,429</u>	<u>3,476</u>	<u>3,175</u>	<u>3,230</u>

10. Fixed Assets

Consolidated

	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 2019	2,215	309,355	1,040	14,343	11	52	327,016
Additions	3,315	107	1,893	1,060	-	45	6,420
Disposals	-	-	-	(56)	-	(19)	(75)
Inter category transfer	(5,530)	5,530	-	-	-	-	-
At 31 July 2020	<u>-</u>	<u>314,992</u>	<u>2,933</u>	<u>15,347</u>	<u>11</u>	<u>78</u>	<u>333,361</u>
Depreciation							
At 1 August 2019	-	24,542	587	10,093	11	23	35,256
Charge for the year	-	6,076	26	1,255	-	12	7,369
Disposals	-	-	-	(56)	-	(19)	(75)
At 31 July 2020	<u>-</u>	<u>30,618</u>	<u>613</u>	<u>11,292</u>	<u>11</u>	<u>16</u>	<u>42,550</u>
Net book value							
At 31 July 2020	<u>-</u>	<u>284,374</u>	<u>2,320</u>	<u>4,055</u>	<u>-</u>	<u>62</u>	<u>290,811</u>
At 31 July 2019	<u>2,215</u>	<u>284,813</u>	<u>453</u>	<u>4,250</u>	<u>-</u>	<u>29</u>	<u>291,760</u>

As at 31st July 2020 Land and Buildings included £20.028m (2019: £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 2019	2,215	306,919	3,478	14,342	11	52	327,017
Additions	3,315	107	1,893	1,060	-	45	6,420
Disposals	-	-	-	(56)	-	(19)	(75)
Inter Category transfer	(5,530)	5,530	-	-	-	-	-
At 31 July 2020	-	312,556	5,371	15,346	11	78	333,362
Depreciation							
At 1 August 2019	-	24,267	862	10,094	11	23	35,257
Charge for the year	-	6,020	82	1,255	-	12	7,369
Disposals	-	-	-	(56)	-	(19)	(75)
At 31 July 2020	-	30,287	944	11,293	11	16	42,551
Net book value							
At 31 July 2020	-	282,269	4,427	4,053	-	62	290,811
At 31 July 2019	2,215	282,652	2,616	4,248	-	29	291,760

As at 31st July 2020 Land and Buildings included £20.028m (2019: £20.028m) in respect of freehold land that is not depreciated.

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

11. Investments in subsidiaries

	University	
	2020	2019
	£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 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General Consumables	<u>183</u>	<u>183</u>	<u>172</u>	<u>172</u>

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

13. Trade and other receivables	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Payments in advance	2,563	2,550	2,021	2,005
Trade receivables	6,417	6,414	4,865	4,859
Other amounts owed by subsidiary undertakings	-	737	-	929
Amounts falling due after one year:				
Other	276	276	35	35
	9,256	9,977	6,921	7,828

14. Current Investments	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short term deposits	12,000	12,000	17,000	17,000
	12,000	12,000	17,000	17,000

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 2020, the weighted average interest rate of these fixed rate deposits was 0.85% per annum, and the remaining weighted average period for which the interest rate is fixed on these deposits was 331 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 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Secured bank loans	2,060	2,060	2,060	2,060
Other loans	51	51	51	51
VAT payable	254	252	164	160
Trade payables	3,493	3,484	3,186	3,171
Social security and other taxation payable	2,574	2,574	2,594	2,594
Accruals and deferred income	9,947	9,869	11,750	11,721
Amount owed to subsidiary undertakings	-	469	-	591
	18,379	18,759	19,805	20,348

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

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Deferred income	20,890	20,890	20,803	20,803
Obligations under finance lease	-	3,466	-	3,466
Secured bank loans	26,672	26,671	28,732	28,732
Other loans	126	127	177	177
Amounts owed to subsidiary undertakings	-	3,142	-	3,142
	47,688	54,296	49,712	56,320

Analysis of unsecured loans:

	2020	2019
	£'000	£'000
Due within one year or on demand	2,060	2,060
Due between one and two years	2,061	2,061
Due between two and five years	5,896	6,086
Due in five years or more	18,715	20,585
Total unsecured loans	28,732	30,792

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	825	5	5.2
Barclays Bank	2,400	12	5.515
Barclays Bank	3,840	12	5.775
Barclays Bank	21,000	17	5.23
Barclays Bank	667	4	5.30
Salix Finance	177	4	0
	28,909		

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 2019	2,176	929	60,472	63,577
Utilised in year	(48)	(124)	(4,190)	(4,362)
Increase/(decrease) in provision in year	(878)	(3)	46,626	45,745
As At 31 July 2020	1,250	802	102,908	104,960

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% and applied a discount rate of 1%.

The adoption of the revised deficit recovery plan following the 2018 actuarial valuation has given rise to a significant decrease in the deficit provision which has decreased from £2,176k to £1,250k. More details on the 2018 actuarial valuation are set out in Note 18.

Pension enhancements on termination

This relates to a provision for enhanced pensions agreed on termination of employment. A discount rate of 3.5% is assumed in calculating the provision for pension enhancements on termination.

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 18 below.

18. Capital and other commitments

	Consolidated 2020 £000	and University 2019 £000
Contracted at 31 July	-	11,472
Authorised but not contracted at 31 July	-	2,478

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	
	2020	2019	2020	2019
	£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 2019. The major assumptions used in this valuation were:

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

In addition to the employer contribution rate of 17.4%, the employer also pays an annual amount which is based on an assessment of the University's share of the deficit in the scheme. In 2019/20 that amount was £685,833. This figure is reassessed in detail as part of each detailed actuarial review. Employee contribution rates vary according to salary level bandings.

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.

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.

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 2020 by a qualified independent actuary as follows:

	2020	2019	2018
		2.2%	2.1%
Inflation assumption CPI	2.3%		
Rate of increase in salaries	3.8%	3.7%*	3.6%*
Rate of increase in pensions	2.4%	2.3%	2.2%
Discount rate applied to scheme liabilities	1.6%	2.2%	2.9%

*Note, an adjustment has been made for short term pay restraint in line with the 2016 actuarial valuation.

Assumed life expectation on retirement age of 65 are:	At 31 July 2020	At 31 July 2019
Retiring today		
Males	22.3	22.8
Females	25.0	25.5
Retiring in 20 years		
Males	23.8	25.1
Females	26.8	28.2

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:

	2020 Value £'000	2019 Value £'000	2018 Value £'000
Equities	77,360	81,457	64,136
Government Bonds	-	-	4,967
Other Bonds	11,706	2,727	877
Property	23,073	14,996	13,441
Cash/Liquidity	3,054	3,067	1,315
Other	54,458	68,165	61,361
	169,651	170,412	146,097

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 2020 were measured in accordance with the requirements of FRS102:

	2020	2019	2018
University's estimated asset share	169,651	170,412	146,097
Present value of scheme liabilities	<u>(272,559)</u>	<u>(230,884)</u>	<u>(184,919)</u>
Deficit in the scheme	<u><u>(102,908)</u></u>	<u><u>(60,472)</u></u>	<u><u>(38,822)</u></u>

Asset and Liability Reconciliation

	2020 £000	2019 £000
Reconciliation of Liabilities		
Liabilities at start of period	230,884	184,919
Service cost	9,173	7,210
Past Service Cost and curtailments	754	1,862
Interest cost	5,052	5,334
Employee contributions	1,713	1,690
Remeasurements	29,173	33,431
Benefits paid	(4,190)	(3,562)
Curtailments and settlements	-	-
Liabilities at end of period	<u><u>272,559</u></u>	<u><u>230,884</u></u>

Reconciliation of Assets

Assets at start of period	170,412	146,097
Interest cost	3,773	4,274
Remeasurements	(6,531)	17,578
Administration expenses	(155)	(126)
Employer contributions	4,629	4,461
Employee contributions	1,713	1,690
Benefits paid	(4,190)	(3,562)
Assets at end of period	<u><u>169,651</u></u>	<u><u>170,412</u></u>

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

	2020	2019
	£000	£000
Employer service cost	(9,173)	(7,210)
Past service cost/curtailments	(754)	(1,862)
Employer contributions	4,629	4,461
Total operating charge	<u>(5,298)</u>	<u>(4,611)</u>

Analysis of pension finance costs

	2020	2019
	£000	£000
Interest on plan assets less administration expenses	3,618	4,148
Interest on pension liabilities	<u>(5,052)</u>	<u>(5,334)</u>
Net finance charge	<u>(1,434)</u>	<u>(1,186)</u>
Interest cost adjustment re discount rate	<u>(368)</u>	<u>(270)</u>
	<u>(1,802)</u>	<u>(1,456)</u>

Analysis of other comprehensive income

	2020	2019
	£000	£000
Remeasurements (assets)	(6,531)	17,578
Remeasurements (liabilities)	<u>(29,173)</u>	<u>(33,431)</u>
Net actuarial gain less recognised in SOCI	<u>(35,704)</u>	<u>(15,853)</u>
Interest cost adjustment re discount rate	368	270
	<u>(35,336)</u>	<u>(15,583)</u>

Movement in deficit during the year

	2020	2019
	£000	£000
Deficit in scheme at 1 August	(60,472)	(38,822)
Movement in year:		
Current service charge	(9,173)	(7,210)
Contributions	4,629	4,461
Part service cost/curtailments	(754)	(1,862)
Net finance charge	(1,434)	(1,186)
Loss recognised in other comprehensive income	<u>(35,704)</u>	<u>(15,853)</u>
Deficit in scheme at 31 July	<u>(102,908)</u>	<u>(60,472)</u>

History of experience gains and losses

	2020	2019	2018	2017	2016
Difference between the expected & actual					
return on assets amount	(6,531)	17,578	7,402	3,696	16,080
% of scheme assets	(3.8%)	10.3%	5.1%	2.8%	13%
Experience gains/(losses) on scheme liabilities:					
Amount	(29,173)	(33,431)	12,742	584	(29,153)
% of scheme liabilities	(10.7%)	(14.5%)	6.9%	0%	16.4%

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 will increase from 16.48% to 23.68% with effect from 1st September 2019.

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.

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 £(324,617) (2019: £1,966,703).

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2020 was underway but not yet complete.

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

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pensions increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount Rate (forward rates)	Years 1-10: CPI – 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

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

Mortality base table	2018 Valuation
	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	<u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

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

	2020	2019
Discount rate	1.0%	2.0%
Pensionable salary growth	3.0%	3.0%

Non-Adjusting Post Balance Sheet Event

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. Based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from £9.8bn to £17.9bn. This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation. At this stage, an outcome has not yet been agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. Thus, for the 2019-20 financial year, this is considered a non-adjusting event.

21. Analysis of Changes in Net Funds	Cash at Bank & In hand £000	Short Term Deposits £000	Debt £000	Total £000
As at August 2019	31,265	17,000	(31,020)	17,245
Cash	5,091	(5,000)	2,111	2,202
As at 31 July 2020	36,356	12,000	(28,909)	19,447

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

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000

Foundation Bursaries

Balance at 1 August	167	167	167	167
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	167	167	167	167

Paramedic Bursaries

Balance at 1 August	25	25	25	25
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	25	25	25	25

NCTL Early Years Gem Bursary

Balance at 1 August	-	-	8	8
Grants	-	-	(8)	(8)
Funds returned	-	-	-	-
Claw back	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	0	0	0	0

HEFCE Further Education Bursaries

Balance at 1 August	76	76	76	76
Grants	-	-	-	-
Write off	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	76	76	76	76

Teacher Training Bursaries

Balance at 1 August	421	421	(576)	(576)
Grants	4,745	4,745	6,126	6,126
Disbursed to students	(4,901)	(4,901)	(5,129)	(5,129)
Balance at 31 July*	265	265	421	421

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

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.

	Year ended 31 July 2020		Year ended 31 July 2019	
	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	-	-	-	-
Grants	44	44	-	-
Disbursed to students	(67)	(67)	-	-
Balance at 31 July*	(23)	(23)	14	14

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

23. Related Party Transactions

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

	Income	Expenditure	Balance at
	£'000	£'000	31st July 2020
			£'000
Edge Hill Student Union	261	761	32

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)

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 £'000	Income £'000	Expenditure £'000	Carry Forward £'000
Edge Hill Maintenance Services Limited	2	121	(118)	5

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 Resources Committee 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 2020, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

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

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

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 principal foreign currency exposure is to the dollar.

The University maintains a dollar account which is converted into sterling for financial reporting at the prevailing year end rate.

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.