

Edge Hill University

Report & Financial Statements For the Year Ended 31 July 2021

EDGE HILL UNIVERSITY

ANNUAL REPORT

Key Performance Indicators

<u>Year Ended 31 July</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Income in £'000 (1)	130,100	119,296	123,774	126,231	127,365
Surplus/(deficit) for the year in £'000 (1)	8,402	(1,119)	954	13,985	20,254
Cash Generated by Activities in £'000	22,946	10,481	18,497	24,931	31,711
Cash for Investment in £'000	68,056	48,356	48,265	45,177	49,803
Financial Worth of the University in £'000 (1)	193,128	177,581	214,026	228,655	194,749
Applications for University FT UG Programmes (2)	17,286	15,585	15,116	16,125	18,035
Total number of students of the University (3)	14,576	13,540	14,075	14,256	15,220
Percentage of Staff who rate the University as a good employer (4)	N/A	N/A	N/A	91%	N/A
Employee Turnover	6.7%	6.2%	6.6%	6.7%	6.8%
Level of University Staff Absence	3.0%	3.5%	3.2%	3.1%	2.9%

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 2021

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REPORT OF THE BOARD OF GOVERNORS

This is my fifth report as Chair of the Board and it is made in the context of a different set of challenges to those we faced in 2020. The nation is now adapting to living with the Coronavirus and the University has followed suit, entering the 2021/22 academic year with a beckoning sense of normality.

It is a credit to the whole Edge Hill community that the University has been able to navigate through the unavoidable disruptions of the past 18 months. Further, it is remarkable – and a testament to the University's excellent leadership and staff - that in the midst of these challenges the University has earned two important and high-profile accolades. The 2021 Educate North Awards named Edge Hill University of the Year, and the Times and Sunday Times Good University Guide 2022 awarded the University UK Modern University of the Year, describing Edge Hill as 'one of the shining stars of the university sector'. The University has also been shortlisted by the Times Higher Education for Outstanding Support for Students and Outstanding Contribution to the Local Community, and we look forward to the awards ceremony in November.

The success of the national vaccine programme and consequent lifting of restrictions means we can offer students the fullest university experience in 2021/22, with face-to-face learning as standard once again. Whilst we plan to operate on a broadly business as usual basis over the coming year, there is no doubt that there are significant challenges ahead. The fallout from the pandemic and strain on the public purse have implications for the whole of society. For Higher Education this may be deepened by the Government's policy ambitions to invest in Further Education and bolster technical routes. In this regard, the Board awaits the implications of the settlement for higher education following the recent Spending Review.

Given the precarious environment we are operating in, it is reassuring to see the University's strong financial performance in 2021. Overall income was £130.1m (2020: £119.3m), an increase of 9.1% on the previous year. Core operating surplus was £18.7m compared with £9.2m in 2020, with £8.4m after adjustments – compared with a deficit of £1.1m at year end in 2020. The Vice-Chancellor will comment in detail on the financial outcome in the Strategic Review, but as many in the Higher Education sector struggle financially due to the turbulent times which have already been experienced and are imminently expected, it is comforting that Edge Hill had the foresight to anticipate the difficulties, and take appropriate action to minimise their effects.

Tuition fee income is at the heart of institutional sustainability and the Board remains cognisant of the pressure on student recruitment. While the demographic challenges of previous years are now easing, competition in the sector has been intensified by the growing number of providers and a greater reliance on the domestic market given the implications of Brexit and the pandemic. Maintaining recruitment levels is increasingly challenging for many providers. As outlined in the University's Access and Participation Plan, we expend considerable resource and effort building purposeful relationships with schools and colleges across the nation. This enables us to reach out to underrepresented groups and widen access as part of our general recruitment strategy. The Board was therefore pleased to note that the University has had another strong year for recruitment in 2021, with figures amongst our best in recent history.

Given the heightened uncertainty caused by the pandemic, the University took a cautious approach to campus developments in 2021. Nevertheless, renovations to student accommodation in the Lady Margaret area of the Main Building West Wing went ahead, which the Board considers to be a wise investment given the excellent feedback from our students about an equivalent project in the East Wing. As we look to 2022, we will be considering

EDGE HILL UNIVERSITY

REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

development of the estate to ensure that our facilities accommodate growth areas and continue to meet student expectations. 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. Whilst noting that there remain priority areas to address in the National Student Survey, and this will continue to be a principal focus for the University in 2021/22, the Board was pleased to see the University has improved to fourth in the North West for students' overall satisfaction, and that we continue to perform well as second in the North West for Learning Resources. Moreover, the Board was proud to note that the University went above and beyond to ensure that students were well-supported in all aspects of their life during the pandemic, and pleased that Edge Hill's approach was recognised in the House of Commons by the Universities Minister.

In terms of the Research Excellence Framework (REF), our return in 2021 saw a substantial increase in the number of academic staff submitted for evaluation (268 compared with 151 in the last exercise) with outputs increasing by 48%, additional case studies and research income up 156%. We await the results in May 2022 with optimism that the University will yet again see significant improvement in its performance in an area which is key to enhancing the student learning experience and advancing the University's reputation.

After being required to postpone graduation ceremonies for 2020, we were thrilled to hold ceremonies for both the 2020 and 2021 cohorts of graduating students in July. This took incredible effort on the part of all staff involved and was a resounding success. I was delighted to see so many graduates, talented ambassadors for Edge Hill, celebrating with their families on campus.

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

As always, I am grateful to members of the governing body, who serve the University with such dedication. My appreciation and good wishes are extended to Callum Chambers and Rachel Cooper who completed their terms as student governors. In turn, I welcome Rhiannon Muise and Chloe Moran and look forward to their valuable contributions in supporting the Board's partnership approach with students. I also express the Board's gratitude to Margaret Williams and Fin McNicol who stepped down from the Board with our good wishes and, following a successful recruitment round, I am delighted to welcome two new Independent governors, Jo Nettleton and Mike Tate.

I introduced this report noting the challenging 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 another difficult year, but the University met the challenges head on and will continue to do so as the environment continues to change.

Edge Hill is fortunate in the vision and leadership afforded through the long-standing Vice-Chancellor, Dr John Cater CBE DL, and the Executive team. Their knowledge, skills and

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

experience have been vital in framing our organisational response to this extraordinary period, and throughout they have demonstrated outstanding leadership.

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.

Officers of the University

University Chancellor

Vacant

Pro-Chancellor (and Chair of Governors)

Professor C Edwards

Vice-Chancellor

Dr J Cater

Deputy Vice-Chancellor

Mr S J Igoe

Pro Vice-Chancellors

Mr M Allanson (External Relations)

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

Mrs L Brady (Student Experience and University Secretary)

Mr S Crofts (Dean of Health)

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) (2) (3)	
Ms J Flitcroft	(1)	
Ms L Greenhalgh	(1) (2) (3)	Deputy Chair of the Board. Also chairs Audit and Remuneration Committees

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REPORT OF THE BOARD OF GOVERNORS (CONTINUED)

Mr F McNicol	(4)	[to 12 July 2021]
Ms J Nettleton		[Appointed September 2021]
Mrs L Robinson	(1) (2) (4)	
Mr M Rush	(1)	
Mr M Tate	(1)	[Appointed September 2021]
Ms M Williams	(4)	[to 23 November 2020]

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 [to 23 November 2020]
Professor A Fulford [from 25 January 2021]
Mr N Dixon

Student Body members:

Mr C Chambers Finished 30 June 2021 (retiring Students' Union representative)
Ms R Cooper Finished 30 June 2021 (elected)
Ms R Muise Commenced 5 July 2021 (elected)
Ms C Moran Commenced 5 July 2021 (elected)

Academic Board member:

Professor G Talbot (3) Finished 23 November 2020
Dr J Moore (3) Commenced 10 May 2021

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

Professional Advisors

The University uses the following professional advisors:

External Auditor - KPMG LLP

Internal Auditor - RSM

Banker - Barclays Bank PLC

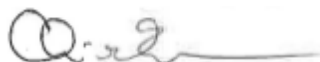
Insurance Broker - Aon Ltd

Solicitor - DLA Piper LLP, Eversheds LLP and SGH Martineau LLP

EDGE HILL UNIVERSITY**REPORT OF THE BOARD OF GOVERNORS (CONTINUED)****Attendance at Meetings 2020/21 cycle**

Name	Full Board	Audit	Resources	Gov & Noms	Remuneration
Total meetings	6	5	3	3	1
	Ex-Officio				
John Cater	6/6	5/5**	3/3	3/3	1/1**
	Independents				
Julian Bucknall	6/6		3/3		
Graeme Collinge	6/6		2/3		1/1
Christine Donnelly	6/6	5/5		3/3	
Clive Edwards	6/6		3/3	3/3	1/1
Clive Elliott	6/6	5/5		3/3	1/1****
Joanne Flitcroft	5/6	5/5			
Lisa Greenhalgh	5/6	5/5		3/3	1/1
Fin McNicol	4/6		1/3		
Louise Robinson	6/6	2/3	2/2		0/1
Mike Rush	5/6	4/5			
Margaret Williams*	0/1		0/1		
	Staff members				
Paul Aplin*	1/2				
Amanda Fulford*	4/4				
Neil Dixon***	6/6				
	Academic Board Representative				
George Talbot*	2/2			1/1	
Jane Moore*	1/2			1/1	
	Student members				
Callum Chambers*	4/5				
Rachel Cooper*	5/5				
Rhiannon Muise*	1/1				
Chloe Moran*	0/1				

* Partial terms of office
** Officer in attendance
*** 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
15 November 2021

EDGE HILL UNIVERSITY

STRATEGIC REVIEW

Mission, Objectives and Strategy

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

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

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

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

Our strategic aims centre around five key themes:

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

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

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

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

Charitable Status of the University

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

Financial Overview

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

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STRATEGIC REVIEW (CONTINUED)

Core Operating Surplus

	2021 £m	2020 £m
Core Operating surplus	18.7	9.2
Pension adjustments	(7.7)	(6.0)
Revaluation reserve	(1.2)	(1.2)
Impairment charge	(0.2)	-
Refurbishment of student accommodation	<u>(1.2)</u>	<u>(3.1)</u>
SOCI* Surplus	<u>8.4</u>	<u>(1.1)</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. These adjustments are considered necessary because the accounting treatment under FRS102 can lead to significant volatility, potentially distorting a reader's view of underlying financial performance. Adjustments are also made for transfers between revaluation and income and expenditure reserves and impairment charges.

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 and our focus has more recently begun to move more towards specific one-off projects designed to ensure the longevity of key capital assets. One such program approved was a business case to improve the quality of student accommodation in relation to which £1.2m of expenditure has been incurred this financial year. Given this was a major investment proposal separately agreed by Governors it is also not included in assessing core underlying performance.

After adjusting for such items, the core operating surplus for the year is £18.7m which compares with a core operating surplus in the previous year of £9.2m. Considering the effects of COVID 19 continued to impact on operations this is an excellent financial outcome helping to drive a cash generation from operations figure of £22.95m and a year-end cash balance of £68.1m. This compares with long term loans of £26.7m resulting in an excellent net cash position (cash and cash investments less long-term loans) of £41.4m. Such liquidity has never been more important given the uncertainty COVID 19 has brought to the sector and also the ever increasing threats to HE funding in an increasingly volatile external environment.

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

	2021	2020	Increase/ (Decrease)
	£m	£m	£m
Tuition fees	106.0	97.9	8.1
Residences, catering and conferences	9.1	8.5	0.6
Funding body grants	7.6	6.6	1.0
Research grants	1.3	1.5	(0.2)
Other	6.1	4.8	1.3
	<u>130.1</u>	<u>119.3</u>	<u>10.8</u>

Overall income lines are £10.8m or 9.1% higher than the previous year. Our main source of income is tuition fees which comprises 81% of total income. Tuition fee income is £8.1m or 8.3% higher than the previous year following a strong Year 1 intake bolstered by the roll through of previous years' student cohorts. 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 2020/21 we experienced continuing challenges in growing student numbers in areas such as Media, 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 engine for the University 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 increased by £0.6m or 7%. Ongoing lockdown restrictions throughout 2020/21 continued to have an adverse impact on residence, catering and conference income with halls of residence approximately two thirds full and catering and conference income significantly reduced due to closure. We are hopeful of a return to more normal operations next year which will significantly bolster this revenue stream.

Funding body grant income is £1m or 15% higher than the previous year which is primarily a reflection of the award of additional funds to support hardship agreed as part of a national package of measures to support students through the COVID 19 pandemic. Additional funds were also provided to help support an on-site COVID asymptomatic test centre.

Research grants and education contracts have decreased by £0.2m or 13% reflecting the impact of COVID on projects already in hand where progress has had to halt or slow down due to lockdown. COVID also had an impact upon the ability of academic staff to maintain and increase the flow of successful funding applications in-year during a time in which teaching had to be moved online.

Other income has increased by £1.3m or 27% with apprenticeship funding a significant factor having increased from £632k to £1.069m during the year. Aside from this, the release of capital grant funding was also significantly higher this year following the receipt of over £1.2m in grant funding to support the purchase of equipment and buildings. Significant increases in funding associated with ERDF grant income and the award of development funding from Research England also both contributed to the overall increase in other income.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Core Expenditure

	2021	2020	Increase/ (Decrease)
	£m	£m	£m
Staff costs	81.8	79.1	2.7
Pensions adjustments	(5.7)	(4.3)	(1.4)
Core staff costs	<u>76.1</u>	<u>74.8</u>	<u>1.3</u>
Other operating expenditure	<u>28.7</u>	<u>30.5</u>	<u>(1.8)</u>
Interest payable	3.3	3.4	(0.1)
Pension adjustments	(1.8)	(1.8)	-
Core interest payable	<u>1.5</u>	<u>1.6</u>	<u>(0.1)</u>
Total core expenditure	<u>106.3</u>	<u>106.9</u>	<u>(0.6)</u>

Total core expenditure is £0.6m 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 £2.7m or 3.4%. Whilst there was no pay award in 2020/21 the effects of incremental drift accounts for approximately 1% of this increase and the significant growth in income lines during the year led to investment in a number of areas most notably Health, Psychology, Policing and the Business School.

Other operating expenditure has decreased by £1.8m or 5.9%. A major contributor to this reduction is a £505k or 45% reduction in residence, catering and conference expenditure which is primarily a result of the prolonged closure of catering outlets as a result of ongoing lockdown restrictions. Ongoing lockdown restrictions also had a direct impact on other costs including school practice and educational visits which were £445k or 68% lower and travel and subsistence which was £588k or 52% lower. The prolonged lockdown restrictions also led to significant reductions in expenditure related to theatre and visiting groups which fell by £193k or 87%, utilities which fell by £323k or 11% and training and development which fell by £119k or 33%. However, the most significant reduction in expenditure relates to maintenance which fell by £1.333m or 20% and this was due to the significant levels of refurbishment work undertaken on student halls of residence in 2019/20 prior to the outbreak of COVID 19. In terms of cost increases, school-based payments increased by £702k or 71% as a result of a return to more normal levels of school activities in 2020/21 and hardship payments increased by £526k or 126% as a direct result of additional OfS hardship funding paid during the year. Temporary staff also rose significantly from £370k to £810k due partly to increased activity levels in Education but also as a result of resourcing the COVID 19 asymptomatic test centre.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Interest payable relates primarily to long terms loans. The capital amount outstanding in relation to long term loans is £26.7m 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 with a cash inflow from operations of £22.9m reported for the year. Year-end cash balances of £68.1m are strong driven partly by a limited cash outflow related to the acquisition of fixed assets of £1m as a result of the uncertainty created by COVID 19.

Year-end cash balances of £68.1m should be viewed within the context of the unheralded levels of uncertainty created by COVID 19. We took a cautious approach to capital investment following the outbreak of COVID 19 and are only now beginning to revisit master-planning work with the intention of investing in new areas of provision as well as, in the longer term, replacing residential property that is no longer deemed fit for purpose. There are also very clear threats to funding levels within the HE sector presently that make it vital to have built up an enhanced level of liquidity so as to safeguard the ongoing sustainability and viability of the University. Regardless of such threats, it is worth noting that even in an environment when future income is more assured, the University must always hold a minimum cash balance at each year-end of no less than £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. Furthermore, the University also carries £26.7m 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 this regard the University has begun to experience an increased level of challenge with regard to our overall student recruitment levels. Brexit and COVID have jointly had an adverse effect on the recruitment of international 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. In response to this, the University is rebalancing its provision, realigning resources towards key areas of growth such as Health and Engineering and away from areas where demand for places has weakened such as the Creative Arts. Measures being proposed by the Government such as the abolition of BTEC qualifications and creation of a Post-Qualifying Admissions system as well as the increasing focus on graduates finding highly skilled employment all carry a potential threat to Edge Hill unless we continually review our provision and re-align resources accordingly.

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STRATEGIC REVIEW (CONTINUED)

Taking a longer-term view, changes in our curriculum with a greater focus on Health and science-based 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.

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

Outlook for 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.

Looking ahead, the sheer scale of potential change facing the sector is unprecedented with huge changes to funding, admissions and regulation potentially on the horizon. The combined threats of post-qualification admissions, the abolition of BTECs, major regulatory changes and the response to Augar together pose significant challenges to the sector in the short to medium term. The Institute of Teaching as a potential partner institution for accredited providers in offering postgraduate awards leading to QTS also provides an alternative route to QTS which could result in the withdrawal of elements of University provision and the Comprehensive Spending Review has already been preceded by an early announcement of funding cuts for Government departments.

In response, Edge Hill recognizes the importance of re-shaping provision with health, engineering and computing all areas of potential future growth in the years ahead. There are inevitable areas of contraction but Edge Hill's strong financial position enables it to re-align resources in both a thoughtful and considered manner so as to cause minimal unrest and instability. It also provides the necessary up-front investment required for new areas of provision without recourse to external financing. In fact the University has an enviable track record for effective cost realignment and control and, we believe, sufficient financial flexibility to survive and adapt in even the most challenging of scenarios as it continues to build upon a reputation endorsed by being selected University of the Year in the Educate North 2021 Awards and shortlisted by the Times Higher for Outstanding Support to Students and the Local Community. In addition the University was recently recognised as the UK Modern University of the year by the Times and Sunday Times Good University guide 2022 .

Cash generated from operations has increased significantly this year from £10.5m in 2019/20 to £22.9m this financial year. The dual impact of a return to more normalized income levels and reduced costs having contributed to this improvement. Whilst we anticipate a slightly reduced student number intake in 2021/22 as we continue to re-align provision, our all-years student numbers remain healthy. We will continue to work to position Edge Hill University to be ideally placed to take full advantage of the future long-term opportunities that are likely to present themselves. We have a strong track record of managing change, and our diversified portfolio of business lines of Health, Education and Arts and Sciences programmes have long since provided protection against a fall in demand with, most recently, improved recruitment to Health and Science programmes offsetting reductions in the Arts and Education.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

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 the political environment continues to evolve.

Treasury Policy, Objectives and Liquidity

The University manages cashflow through its principal bankers, Barclays Bank PLC. Cash in excess of day-to-day requirements is invested in counterparty banks. We focus our investments on major national banks with a Standard & Poor's rating of BBB+, and the amounts are restricted to up to £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 £68.1m have been achieved in spite of significant challenges related to the COVID 19 pandemic with net cash inflow from operating activities of £22.9m helping to support a significant cash buffer as we enter a period of unprecedented uncertainty.

Total borrowings are £26.7m 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 13.8%. 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

A restructure and realignment of services within the University has created a number of positive changes to Student Services over the last 12 months.

The Accommodation function has moved from Student Services and into Facilities Management, together with the related student discipline activity. Tangible, strategic benefits have been gained from moving this activity, most importantly, the seamless management of the residential experience for students, from application, to letting, to maintenance. This has also enabled Student Services to have a greater focus on the core student support work undertaken within the department.

The work of Student Services provides essential support to the University in 3 key strategic areas:

1. Retention of students (continuation on their programmes of study)
2. Student Success (completion and achievement on programme)
3. Student Experience (satisfaction with the living and learning environment)

In order to support this agenda the Student Experience team, previously located within the Student Administrative function, has moved under the Student Services umbrella. This has also brought significant advantages to the department enabling closer working on key activities such as welcome and induction, student insights and student communications.

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

Student Services contributes significantly to the retention of students through the support provided for non-academic challenges. It is vitally important that Student Services remains high quality and fit for purpose so that the maximum number of students can receive a rich and fulfilling student experience and fulfil their potential. As part of the restructuring of resource, new posts have been created at the front line, with three additional full time advisor roles added to key services, providing direct support to students. This investment has, in turn, facilitated the expansion of both face to face and online support for students, meeting increasing demand in line with student preferences.

Student Services teams have also played a key role in supporting the University to operate during the pandemic taking responsibility for the monitoring and recording of student cases, self-isolations and any related Covid-19 issues. In fact, supporting students has been the primary focus throughout the ongoing pandemic. Adapting delivery from face to face to virtual services to support students, increasing on-campus availability and supporting further investment in external resources have all led to an improved “round the clock” level of service.

Working closely with colleagues in Learning Services, Student Services have also invested significantly in the use of a case management system to manage enquiries and record complex student information. The Engage2Serve platform has now been rolled out across both services with teams embracing and implementing the improvements to the student experience that have been secured as a result.

Equality, Diversity and Inclusion

This year, following extensive consultation, we have published our EDI Strategy which identifies Edge Hill's inclusion priorities over the next five years and will ensure everyone connected to Edge Hill understands the role they play in creating an inclusive culture.

Our strategy aims to provide a framework for the delivery of EDI beyond our statutory requirements, placing diversity and inclusion at the heart of our culture and supporting us in our endeavours to reflect the society we serve. It takes due cognisance of existing supporting strategies and is applied to and owned by all staff and students, irrespective of their individual characteristics.

Priorities arising from our EDI strategy will be used to inform and shape an Action Plan to support delivery as well as providing a structure for assessing effectiveness in addressing our key equality challenges and priorities. The EDI Steering Group will finalise the Action Plan in Autumn 2021.

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

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

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

- continued 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 and cultural significance;
- committed support of campaigns such as Transgender Awareness Week, Black History Month, World Menopause Day, Disability Awareness Day and Hate Crime Awareness Week;
- 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') and EDI facing frameworks such as Athena Swan and HR Excellence in Research;
- the ongoing development of staff inclusion and support networks;
- increased collaboration with the SU in community engagement projects

In all our work our focus will be on those areas of our community that, because of their protected characteristics and/or their under-representation in society, we have a moral obligation to work harder for in our community.

Health & Safety Management

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

During the reporting period, in addition to the work on corporate policies and procedures, a significant amount of work has been undertaken in the development of policies, procedures and guidance in relation to Covid-19. This saw the introduction of a suite of information that supported both staff and students.

Training

The development of our staff remains a priority in relation to Health and Safety. Given the impact of Covid-19 the University has introduced a number of health and safety e-learning modules which, as a result, has enabled accessibility of learning thereby meeting the operational needs of the University as well as ensuring it meets its legal obligations. During the reporting period 1049 staff successfully completed e-learning modules.

Compliance

Statutory compliance has remained a central driver and the University has looked to refine its Asset Management Strategy and develop a supplier framework in order to implement a robust completion of planned preventative maintenance. This has ensured a risk-based approach

EDGE HILL UNIVERSITY

STRATEGIC REVIEW (CONTINUED)

which gave due consideration and priority to compliance related activities. A procurement project has also been undertaken which includes requirements for contractors to meet increased assurance conditions providing a mechanism for tighter monitoring of the contractors. The use of the 'Invida' software system has also been expanded to include more compliance schedules and provide further assurance that all activities are being undertaken as required.

Audit/assurance

The University has continued with its risk-based approach to audit enabling the release of resources to provide a more practical and robust assessment for higher net risk areas. A full audit programme was undertaken during the year with key findings reported to 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.

Emergency planning

Each faculty and department has undertaken a business continuity assessment in relation to the implementation of varying Covid-19 restrictions, identifying the impact that different scenarios may have on their ability to deliver core operations. These assessments also identify measures that are required to ensure that business continuity is maintained. This process has been subject to internal audit through the University's internal auditors who concluded that the Board of Governors can have substantial assurance that business continuity planning arrangements are effective.

Covid-19

The requirements placed upon employers and employees under The Health and Safety at Work Act 1974 apply to the risk associated with Covid-19 as any other workplace risk. The University, under its duty of care, has needed to ensure that risks were kept as low as is reasonably practicable and that the health and wellbeing of staff, students and visitors were of primary consideration.

The University has sought to manage such risk via a number of controls that focused on implementation of social distancing plans, hygiene controls and administrative controls such as a blended learning approach so as to manage the number of people attending campus each day, as well as the provision of training and the raising awareness.

At every stage of the process, the University has ensured that its activities were in alignment with the current guidance from central government, adhering to restrictions set out. Activities were also in line with advice and guidance from the Health and Safety Executive (HSE), Public Health England (PHE), industry bodies such as Universities UK as were consulted upon with relevant Trade Unions.

Collaboration with Health and Safety Representatives

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

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STRATEGIC REVIEW (CONTINUED)

Environmental Sustainability

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

Great inroads have been made to the actions identified within the Environmental Sustainability Strategy 2017-2021 with 78% of the 54 identified actions completed. We've reduced the amount of actions that were deemed not practical by 8% down to 6%. Assessing the remaining 16% of actions, opportunities have been identified to further develop these areas and we've decided to continue progress into the next action plan. Particular successes include a move to 100% renewable electricity, comparatively high patronage of the Edge Link bus service (150k+ annually) with positive feedback from users for the new contract and improved virtual engagement across sustainability webinars.

Sustainable travel has continued to be promoted and although the pandemic has reduced staff and student travel overall, there has been consistent engagement with all mediums of transport at Edge Hill. Cycle 2 Work applications have held at around 20 annually with an improved offer of Q&A sessions within our staff benefits platform, Sodexo, linking to the new Halfords scheme. Although initially decreasing throughout the pandemic due to travel restrictions, Liftshare uptake has also begun increasing once more with a promising 140% increase in members over the last month.

Work continues to encourage further supplier engagement with the Net Positive Futures (NPF) HE Tool to ensure that ethical sustainability is addressed within our supply chain with an additional 86 suppliers added to the NPF system since the last financial year. In the top 100 suppliers we currently have 47 that have signed up to the NPF HE tool. Additional to this work, the University has contacted those suppliers not on the NPF HE tool and requested a copy of their MSA statement. We have had a further 16 suppliers where they have an MSA15 statement on their website or available on request. This now means that out of our top 100 suppliers, 63% can demonstrate awareness and actions linked to MSA15. This activity reduces the risk of a failure in the supply chain in relation to Modern Slavery, whilst also continuing to raise awareness in our supplier base.

Waste Management services have continued to deliver improved results in terms of cost, quality and environmental impact with a continued reduction in the volume of waste due to the site shutdown and an increase in on-site recycling. This has been recognised by the recent achievement of the Green Apple Award for our dedication to improving sustainability in our waste operations.

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). Working across faculties we've created an Education for Sustainability Conference as well as virtual working groups for different strands of SDGs. Efforts to virtually unite students, staff and communities have also continued with the establishment of Environmental Sustainability Groups, Sustainability Champions, Bicycle User Group (BUG) and SustainNET. SustainNET is an academics focussed group involved in the delivery of a host of webinars and conference-style

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STRATEGIC REVIEW (CONTINUED)

events. As part of this group's work sustainability has also been embedded into the curriculum, research and community. Edge Hill were also able to successfully introduce a Sustainability In The Region event that later evolved into a Sustainability Festival in celebration of COP26 to highlight Edge Hill's commitment to creating positive impact through the UN SDGs.

Fund Raising

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

Service to Society

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

Arts and Culture

Offering students an exceptional experience during their time at Edge Hill is The Arts Centre's main priority, and despite the challenges resulting from Covid-19 throughout 2020/21, the University presented an exciting programme of outdoor cinema screenings and opportunities for students to meet each other in a very safe and socially distanced way at the beginning and the end of what was a challenging year for them. Our outdoor film programme was really well received by students with lots of very appreciative feedback from our students.

Although we weren't able to present any live events during the year, planning went on behind the scenes to ensure that the programme continues to be relevant, exciting and engaging for all our students as well as prospective students, schools and college audiences when we are able to return to business as usual.

The University's partnerships with cultural organisations has developed, providing increased opportunities for students to both experience and be involved in a wide variety of arts and cultural opportunities. Throughout 2020/21 we continued to develop our partnership with Preston City Mela organisers to develop a day-long South Asian Arts multi-artform festival at the University, with the aim of engaging over 600 school and college students across the day, as well as providing a vibrant and diverse programme of events for our students to attend and to work on.

From February 2021 The Arts Centre developed a professional development mentoring programme for our 2020 and 2021 Creative Arts graduates, to work with them on setting up their own creative companies or becoming self-employed within the creative industries, and to mentor them through their creative processes toward developing new work. Online delivery of a series of talks and mentoring for graduates began in July 2021.

Audiences from schools and colleges had doubled during 2019/20, and there is no doubt that the quality of the arts and cultural programme here at Edge Hill would have continued to attract and impress prospective students throughout 2020/21. We're looking forward to resuming our

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STRATEGIC REVIEW (CONTINUED)

extensive plans to bring even more schools and college audiences to the campus with our programme of free performances and events in the coming year.

Sports and Fitness

2020-21 was again dominated by the Covid-19 pandemic which again saw indoor and external sports facilities close and reopen several times over the period with restrictions imposed, and the introduction of rigorous Covid safety measures. Many activities were severely restricted or could not run at all and booking systems were quickly needed to be created and introduced to help control the numbers attending with priority given to students. The Covid measures implemented were recognised as 'Excellent' by Sport England's 'Quest' assessor, with the assessor stating that these were some of the best he had seen in the sector.

During the government enforced closures, all the indoor and outdoor facilities remained available for teaching purposes only with a skeleton team of staff employed to facilitate this. From February 2021 until the end of the summer one of the Sports Halls was given over to the NHS mass-vaccination clinic operated by Aspire Pharmacy, proving to be one of the busiest and most successful in the region with over 45,000 vaccinations given. This was in addition to the PCR testing site that has been located on the Tennis Courts since October 2020.

Annual student memberships were reduced to £75 for all-years students from September 2020 (normally £200 for 2nd and 3rd years). This special offer was introduced to reflect the reduced time that students were expected to have on campus and to encourage them to maintain an active lifestyle and provide support for mental wellbeing during the pandemic. Despite the restrictions and limitations there was still good engagement with 1,425 students taking up the membership offer (up 6% compared to the previous year's 1,348). The success of this will see a similar lower single student membership price going forward for all students rather than having a differential between year groups. The significant loss of many community members over the various closure periods was somewhat mitigated by a successful "Summer 6" membership promotional offer of £25 for a 6-week membership that attracted 214 new members over the summer months.

The competitive sport season (Team Edge Hill) was limited as the main BUCS university programme for 2020-21 was cancelled with only a small number of competitive fixtures and events taking place after Easter 2021, including football and cricket.

However, additional staffing support was provided to ensure that Covid-safe training was offered, as well as some friendly fixtures for most clubs when restrictions allowed. Also, team training sessions were made available much later than normal up until the end of June 2021. During lockdown periods 'virtual' events and challenges were provided for the teams with good engagement. Unfortunately, due to the lockdown restrictions a small minority of clubs were unable to train due to either NGB guidance or lack of student members and these clubs will be supported, where possible, to ensure long-term sustainability of the clubs.

The Campus Sport social and recreational sport programme continued through in-person sessions when restrictions allowed and continued even during lockdown with the introduction of Kitchen Games, Lockdown Games and challenges available to any student that could be completed in halls or at home. Once restrictions were lifted after Easter 2021 several additional social activities were provided alongside the existing programme including Garden Games sessions (e.g. Giant Chess, Giant Connect 4) in communal areas on campus to provide

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STRATEGIC REVIEW (CONTINUED)

extended opportunities for students this year. This was in addition to a range of 'live streamed' and 'On-Demand' exercise classes via the Technogym 'Wellness' app which was opened up to all Edge Hill staff and students to stream live workout classes and access over 1,000 recorded classes.

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.

Our 5-Year Access and Participation Plan (2020-2021 to 2024-2025) is now underway. In this plan we have five targets and several strategic aims to support our widening participation students across access-activity to support underrepresented groups to enter higher education; success-activity to support underrepresented students to be retained on course and achieve a good degree; and progression-activity to support underrepresented students to progress to graduate level employment or postgraduate study.

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

For Edge Hill students we offer various packages of support, for example our Transitions Team support our students to stay on course and succeed, they are also a dedicated point of contact for Care Experienced and Estranged students To help our students progress into graduate level employment, Careers offer tailored support for widening participation students. Additionally, our innovative Student Opportunity Fund provides financial support to enable students to take employment-enhancing opportunities.

In 2020/21 we introduced a Black, Asian and Minority Ethnic Student Panel and conducted research with our estranged students to help inform our support. In line with Office for Students requirements, we are continuing to ensure that we have research informed practice that is effectively evaluated so we can demonstrate the impact of our access, success, and progression support initiatives.

Employability and Enterprise

The University has significantly increased its engagement with regional businesses through maintaining a multi-channel CRM-driven approach to outreach: direct e-campaigns, online media, PR, and events. These efforts consistently reach over 3,400 external organisations (a 70% increase on the previous year) with information on support available and student and SME success stories.

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STRATEGIC REVIEW (CONTINUED)

The successful launch of the Faculty of Arts and Sciences Employability and Enterprise website has also had a significant impact on external engagement with a 70% increase in unique visitor traffic (14,338 unique visits in 20/21) and engagement in the WRL content increasing by 243%.

The use of student e-portfolio's (piloted in 2019-20) alongside digitally blended placement projects has helped the University to minimise the effects of COVID 19 on placement activities in 2020-21. A continued focus on increasing engagement and improving the quality of student placement activities has led to the development of 10 new strategic partnerships and the recruitment of 70 new "curriculum placement partners" resulting in the creation of 146 new student placement opportunities and 55 new work-related learning projects. Also established in 2020/21 were a further 12 visualising success case studies that will be used to support student recruitment, marketing, work related learning and enterprise activities.

In terms of funding, the University has secured £923k of new funding for the Productivity and Innovation Centre (PIC), switching its focus from priority 1 (product, service, and process innovation) to priority 3 (enhancing SME competitiveness). A further funding proposal of £337k has also been approved, pending contractual agreement, for the expansion of University business support activities into the Liverpool City Region (LCR) and funding for a new 2-year Management KTP with the Business School has recently been secured to add to the 2 KTPs already active with the Computer Science Department of the University.

Since its launch in 2018, the PIC has now supported 138 Lancashire based SMEs and helped introduce 56 new products/services. The findings of an independent evaluation report, completed in Dec 2020, estimated the PIC had created 222 net additional jobs for the region. SME participants gave the PIC a Net Promoter Score of 67, a very high score indicative of a positive customer experience and wider reputational enhancement with 93% of SMEs reporting they would seek to work with the University again in the near future.

The University continues its successful delivery of the 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 687 learners from 318 businesses have been supported with 72% of learners from an under-represented group. Regionally, Edge Hill has maintained its involvement in the Lancashire HEI Innovation Forum with UCLan and Lancaster University and are also in discussion regarding participation in the 2021 Lancashire Innovation Festival.



Dr John Cater
Vice-Chancellor
15 November 2021

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 (the Board) in the period from 1 August 2020 to the signing of the accounts on 15 November 2021.

Transparency

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

The Board maintains a register of interests which is published on the University's website and provides a comprehensive picture of all relationships which could present a potential conflict.

Compliance

The University is registered with the OfS as a higher education provider with degree awarding powers. As such, it operates within the Regulatory Framework for Higher Education in England and complies with the public interest governance principles.

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 (also known as the 'Nolan Principles'): selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- In compliance with the guidance on corporate governance provided for the sector by the Committee of University Chairs (CUC), including the Higher Education Code of Governance published in September 2020. The Board adopted this latest revision of the Code in January 2021 and is working to align its procedures with its new elements.

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 Government 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 comprises independent members, students and employees under the University's Instrument of Government, 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 University's Vice-Chancellor, who is the Chief Executive of the institution and the Accountable Officer.

EDGE HILL UNIVERSITY

CORPORATE GOVERNANCE (CONTINUED)

All Board members are expected to adhere to the seven Nolan Principles of Public Life 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.

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

In line with the Articles of Government, the Board of Governors holds to itself responsibility for the University's:

- ongoing strategic direction
- educational character and mission
- 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. The Board is in receipt of regular reports from University managers on the day-to-day operation of its business and its subsidiary companies.

During the period to 31 July 2021, the Board met on six occasions, supported by a sub-committee structure comprising Audit, Governance & Nominations, Remuneration and Resources. All sub-committees operated with agreed terms of reference, with independent governors in the majority, of whom one is the designated Chair.

Audit Committee

The Audit Committee meets at least three times annually with the external and internal auditors of the University and is responsible for reviewing their work. The Committee approves the Internal Audit Plan and considers the subsequent reports together with recommendations, and management responses, for the improvement of the University's systems of internal control. 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 each meeting.

Governance & Nominations Committee

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.

Remuneration Committee

The Remuneration Committee, which operates in accordance with the CUC Remuneration Code 2018, determines the annual remuneration of designated senior staff and associated

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CORPORATE GOVERNANCE (CONTINUED)

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 Chair of Audit. Senior executives, namely the Head of Human Resources and the Vice-Chancellor, attend meetings of the Committee as required to provide advice.

Resources Committee

The role of the Resources Committee during the period to 31 July 2021 was to recommend to the Board of Governors the annual revenue and capital budgets, the annual Financial Statements and monitor the financial performance of capital projects. It also approved policies and received 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 were effective and sufficient to safeguard public and other funds (ensuring regularity and propriety), together with the long-term wellbeing of the University.

Following a detailed review, in July 2021 the Board of Governors resolved to disestablish the Resources Committee and reserve to itself those functions which had previously been delegated. This proposal was part of a wider set of reforms that were agreed following recommendations by a governor-led working party which was commissioned by the Board to ensure that the Board's approach to considering business is agile, dynamic and designed to:

- avoid duplication, ensuring that items are only considered by multiple groups when there is a clear rationale for doing so;
- reserve matters of wider strategic importance for the full Board – and conversely;
- delegate any items which do not require full Board attention or do require specialist detailed scrutiny;
- ensure minimum delay in decision-making, with timely updates from committees;
- allow time within meetings for considered debate about contemporary issues;
- support the University's advancement and achievement of its strategic aims;
- maintain compliance with statutory and regulatory requirements.

To facilitate this approach, the Board will increase its frequency of meetings – to at least nine formal sittings in 2021/22. The Board has also introduced a new 'Lead Governor' scheme to strengthen its arrangements for assurance across the major pillars set out in the University's strategic plan, alongside priority areas for the Board including Finance, the Board Assurance Framework and Legal & Compliance. A formal evaluation of the effectiveness of this new model will be undertaken in-year and after the first cycle of meetings.

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 academic governance framework.

EDGE HILL UNIVERSITY

CORPORATE GOVERNANCE (CONTINUED)

Statement of Internal Control

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

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

The following processes have been established by the Board and have been in place for the year ended 31 July 2021 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.
- The Audit Committee receives regular reports from the Head of Internal Audit, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- The Chair of Audit Committee is invited to attend facilitated workshops which are held for senior and other managers to identify and keep up to date 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.

EDGE HILL UNIVERSITY

CORPORATE GOVERNANCE (CONTINUED)

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

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 and for delivering value for money, with recommendations for improvement.

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

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT

1. Introduction

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

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

This annual report relates to business conducted by the Committee during the period 1 August 2020 to 31 July 2021.

2. Remuneration Committee: Remit

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

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

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

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

3. Remuneration Committee: Membership

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

Members of the Committee for the 2020/21 academic year were:

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

The Committee met once during the period, on 5 July 2021. All members were present aside from Louise Robinson. Clive Elliott attended as Louise's alternate.

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

Also attending that meeting were:

Vicki Bosward	Interim Head of HR	
John Cater	Vice-Chancellor	
Clerk to Committee: Helen Smallbone	Clerk to Governors	

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

4. University Context

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

Operating across a wide range of subjects in Arts and Sciences, the University also offers professional qualification programmes in Health and Education and was one of only three universities to be awarded a new, freestanding, Medical School in 2018. With a developing research base, acknowledged in the 2014 Research Excellence Framework (REF), the University is confident in its performance in REF 2021 and looks forward to the outcome in 2022.

Described by the Sunday Times as ‘one of the shining stars of the modern university sector’, in 2021 the University was announced as UK Modern University of the Year (Times and Sunday Times Good University Guide 2022) and University of the Year (Educate North 2021 Awards). Whilst the UK Modern University of the Year accolade postdates the Committee’s considerations in July 2021, the Committee has become familiar with the University being lauded for its delivery of excellent teaching in an outstanding learning and living environment. This is evident in the University’s longstanding Gold ranking in the Teaching Excellence Framework (TEF), and exemplified by the many awards Edge Hill has earned in recent years including being shortlisted for the University of the Year in the Times Higher Education Awards 2020 (having won this coveted award in 2014/15); voted top in the North West and in the top 10 in the UK for student support (WhatUni Student Choice Awards 2020) and in the top three in the North West for student satisfaction (Complete University Guide 2021).

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

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

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

5. Approach to Remuneration

5.1 Principles

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

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

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

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

5.2 Process

5.2.1 Remuneration for staff on the national pay spine

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

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

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

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

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

5.2.2 Remuneration for management and professorial staff

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

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

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

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

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

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

5.2.3 Remuneration for the Pro Vice-Chancellors

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

5.2.4 Remuneration for Designated Senior Postholders

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

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

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

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

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

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

6. Comparator Institutions

To inform its decisions, the Committee has regard to information provided by University and Colleges Employers' Association (UCEA) and the Committee of University Chairs (CUC). For 2021, this included a general report from the CUC on its analysis of trends across the sector, along with full details of the remuneration package for the head of provider at 10 regional competitor universities.

7. Vice-Chancellor: Remuneration 2021

The Vice-Chancellor's basic salary is set immediately before the start of the financial year. Any performance-related pay is determined at the end of the session when performance is evaluated. The basic salary reported in these accounts was set in July 2020, with the performance related aspect awarded in July 2021.

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 Committee. The Committee also considered Key Performance Indicators across recruitment, retention, student satisfaction, graduate outcomes, research, finance and people.

The Vice-Chancellor's performance for 2019/20 and 2020/21 was rated Outstanding. Further, the Committee agreed that in dealing with the challenges presented by the Coronavirus pandemic, the Vice-Chancellor's performance during the period had been truly exceptional. It was due to the Vice-Chancellor's overall leadership during the period, and in many years of careful management leading to 2020, that the University remained in a relatively secure position, without the immediate financial pressures experienced by others. Moreover, the University's support model for students during the period was exceptional, and indeed commended in the House of Commons by the Minister for Universities. This support ranged from decisions such as the immediate release of students from residential contracts and complementary care packages, through to ensuring that every student had a priority day on campus and received an appropriate amount of face to face teaching when permitted by national restrictions. At all stages the University put students and their experience at the heart of decision making and the Vice-Chancellor was commended for this.

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.

EDGE HILL UNIVERSITY

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

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

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

Emoluments of the Vice-Chancellor	2020/21	2019/20
Performance rating	Outstanding	Outstanding
Basic Salary	£244,000	£240,000
Performance related pay	£20,000	£20,000
Benefits in kind*	£3,000	£2,000
Pension costs	£58,000	£56,000
Total	£325,000	£318,000
Net Pay	£187,000	£184,000

*Corporate Healthcare

The Vice-Chancellor has not received any income associated with his role from external bodies. Any expenses claimed would be in line with the University's expenses policy – though during the last financial period no expenses were claimed.

In respect of 2021/22, the Vice-Chancellor was awarded a pay increase of 1.1% to the basic salary. This reflects the Vice-Chancellor's continuing Outstanding performance and stretching objectives for 2021/22, along with an alignment to arrangements for other staff on locally agreed pay scales.

7.1 Pay Multiple Data

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

Pay multiple against the median for all staff:

	31 July 2021	31 July 2020
Basic Pay	7.9	8.3
All emoluments	9.8	10

Pay multiple against the mean for all staff:

	31 July 2021	31 July 2020
Basic Pay	6.6	6.8
All emoluments	8.2	8

REMUNERATIONS COMMITTEE REPORT (CONTINUED)

8. Policy on Income Derived from External Activities

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

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

9. Equality considerations

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

The Committee noted in July 2021 that an equal pay audit of outcomes for staff on locally agreed contracts had been undertaken (using UCEA approved methodology) and no concerns relating to bias were identified.

EDGE HILL UNIVERSITY

STATEMENT OF PRIMARY RESPONSIBILITIES OF THE BOARD OF GOVERNORS

Key:

Code = CUC: The Higher Education Code of Governance 2020

AoG = Articles of Government

CoR = OfS: Conditions of Registration

PIGP = OfS: Public Interest Governance Principles

The Board of Governors shall be responsible for:

1. Strategy

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

2. Vice-Chancellor

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

3. Clerk to the Board of Governors

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

4. Senior postholders

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

5. Staff

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

6. Chancellor

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

EDGE HILL UNIVERSITY

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

7. Delegation of Authority

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

8. Stewardship and Sustainability

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

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

9. Regularity, Propriety and Value for Money

The governing body must ensure that:

- there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with 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 2.3]

11. Corporate governance

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

EDGE HILL UNIVERSITY

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

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

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

12. Academic Assurance

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

13. Audit

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

14. Students and the Students' Union

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

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

15. Health & Safety

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

EDGE HILL UNIVERSITY

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

16. Equality and diversity

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

17. Freedom of Speech and Academic Freedom

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

18. Legal Authority

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

19. Evaluation

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

Board's reserved powers [AoG 5.3]

The Board of Governors shall not delegate the following:

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

EDGE HILL UNIVERSITY

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

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

They are required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 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 directors 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 adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. 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 2021 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 2021.

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 2021, 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; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education*; and

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").

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

EDGE HILL UNIVERSITY

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of the Board of Governors, the Audit Committee, internal audit and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the University's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Governors, Audit Committee and Resources Committee minutes.
- Obtaining a copy of the University's fraud register.

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

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

We did not identify any additional fraud risks.

EDGE HILL UNIVERSITY

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

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unauthorized users and those relating to the posting of pension balances in month 12.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

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

Firstly, the University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

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

EDGE HILL UNIVERSITY

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

transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information

The Board of Governors is responsible for the other information, which comprises the Report of the Board of Governors, the Strategic Review, the Corporate Governance Statement, 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, except as explicitly stated below, 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; and
- in our opinion the information given in 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, is consistent with the financial statements.

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.

EDGE HILL UNIVERSITY

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

EDGE HILL UNIVERSITY

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

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

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



James Boyle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peters Square,
Manchester,
M2 3AE

1/12/21

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2021

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

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

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2021 **(CONTINUED)**

Basis of consolidation

The consolidated financial statements of the University for the year ended 31st July 2021 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 2021 **(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 2021 **(CONTINUED)**

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

Employment benefits

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

Fixed assets

Land and Buildings

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

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

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

	%
Leased land	1
Landscaping	5
Temporary buildings	10

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

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

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

Equipment

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

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

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2021 **(CONTINUED)**

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

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

Borrowing costs

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

Operating leases

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

Stock

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

Cash and cash equivalents

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

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

EDGE HILL UNIVERSITY

STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 JULY 2021 **(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 2020-21 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 2021 **(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 2021 the pension valuation was calculated using asset returns as at that date.

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

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

EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**
YEAR ENDED 31 JULY 2021

	Note	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated	University	Consolidated	University
Income		£'000	£'000	£'000	£'000
Grant and fee income	5	113,638	113,638	104,462	104,462
Research grants and contracts	3	1,265	1,265	1,506	1,506
Other income	4	15,047	17,041	13,026	14,878
Investment income		150	150	302	302
Total income		130,100	132,094	119,296	121,148
Expenditure					
Staff costs	6	81,813	81,813	79,074	79,074
Other operating expenses	7	28,700	30,664	30,543	32,351
Depreciation/Impairment		7,488	7,488	7,369	7,369
Interest and other finance costs	9	3,262	3,297	3,429	3,476
Total expenditure		121,263	123,262	120,415	122,270
Surplus/(Deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates.		8,837	8,832	(1,119)	(1,122)
Profit/(Loss) on disposal of fixed assets		(435)	(435)	10	10
Surplus/(Deficit) for the year		8,402	8,397	(1,109)	(1,112)
Loss on impairment of asset		(1,390)	(1,390)	-	-
Actuarial gain/(loss) in respect of LGPS pension scheme		9,094	9,094	(35,336)	(35,336)
Actuarial gain/(loss) in respect of enhanced pension		(559)	(559)	-	-
Other comprehensive income		7,145	7,145	(35,336)	(35,336)
Total comprehensive income		15,547	15,542	(36,445)	(36,448)

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 58 to 78 form an integral part of these financial statements.

EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2021**

<u>Consolidated</u>	Income and Expenditure Account £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2019	167,695	46,331	214,026
Deficit from Statement of Comprehensive Income	(1,109)	-	(1,109)
Other comprehensive income	(35,336)	-	(35,336)
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
Surplus from Statement of Comprehensive Income	8,402	-	8,402
Other comprehensive income	7,145	-	7,145
Release of revaluation reserve re loss on impairment	1,390	(1,390)	-
Transfers between revaluation and income and expenditure reserve	1,160	(1,160)	-
Total comprehensive income for the year	18,097	(2,550)	15,547
Balance at 1 August 2021	150,507	42,621	193,128
<u>University</u>			
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)
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
Surplus from the income and expenditure statement	8,397	-	8,397
Other comprehensive income	7,145	-	7,145
Release of revaluation reserve re loss on impairment	1,390	(1,390)	-
Transfers between revaluation and income and expenditure reserve	1,160	(1,160)	-
Total comprehensive income for the year	18,092	(2,550)	15,542
Balance at 1 August 2021	150,402	42,621	193,023

The notes on pages 58 to 78 form an integral part of these financial statements.

EDGE HILL UNIVERSITY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
YEAR ENDED 31 JULY 2021

		Year ended 31 July 2021		Year ended 31 July 2020	
	Note	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	10	282,494	282,494	290,811	290,811
Investments in subsidiaries	11	-	7,139	-	7,139
Other investments		2	2	2	2
		<u>282,496</u>	<u>289,635</u>	<u>290,813</u>	<u>297,952</u>
Current assets					
Stock	12	146	144	183	183
Trade and other receivables	13	9,872	10,431	9,256	9,977
Investments	14	28,000	28,000	12,000	12,000
Cash and cash equivalents		<u>40,056</u>	<u>39,061</u>	<u>36,356</u>	<u>35,384</u>
		78,074	77,636	57,795	57,544
Less: Creditors: amounts falling Due within one year	15	<u>(17,851)</u>	<u>(18,049)</u>	<u>(18,379)</u>	<u>(18,759)</u>
Net current assets		60,223	59,587	39,416	38,785
Total assets less current liabilities		<u>342,719</u>	<u>349,222</u>	<u>330,229</u>	<u>336,737</u>
Creditors: amounts falling due after more than one year	16	(45,617)	(52,225)	(47,688)	(54,296)
Provisions					
Pension provisions	17	(103,974)	(103,974)	(104,960)	(104,960)
Total net assets		<u>193,128</u>	<u>193,023</u>	<u>177,581</u>	<u>177,481</u>
Unrestricted Reserves					
Income and expenditure reserve		150,507	150,402	132,410	132,310
Revaluation reserve		<u>42,621</u>	<u>42,621</u>	<u>45,171</u>	<u>45,171</u>
Total Reserves		<u>193,128</u>	<u>193,023</u>	<u>177,581</u>	<u>177,481</u>

The financial statements on pages 47 to 78 were approved by the Board of Governors on 15 November 2021.



Professor Clive Edwards - Chair, Board of Governors



Dr John Cater – Vice-Chancellor

EDGE HILL UNIVERSITY**CONSOLIDATED CASH FLOW STATEMENT**
YEAR ENDED 31 JULY 2021

	31 July 2021 £'000	31 July 2020 £'000
Cash flow from operating activities		
Surplus/(Deficit) for the year	8,402	(1,109)
Adjustment for non-cash items		
Depreciation/impairment	7,488	7,369
Decrease/(increase) in stock	37	(11)
Increase in debtors	(624)	(2,334)
Decrease in creditors	(518)	(315)
Increase in pension provisions	7,549	6,047
Adjustment for investing or financing activities		
Investment income	(150)	(302)
Interest payable	1,485	1,627
Loss/(Gain) on the sale of fixed assets	435	(10)
Capital grant income release	(1,158)	(481)
Net cash inflow from operating activities	<u>22,946</u>	<u>10,481</u>
Cash flows from investing activities		
Capital grants receipts	1,214	579
Disposal proceeds on sale of fixed assets	-	10
Investment income	158	301
Payments made to acquire fixed assets	(1,019)	(7,527)
(Increase)/Decrease on deposits	(16,000)	5,000
Total cash flow from investing activities	<u>(15,647)</u>	<u>(1,637)</u>
Cash flows from financing activities		
Interest paid	(1,489)	(1,642)
Repayments of amounts borrowed	(2,110)	(2,111)
New debt acquired	-	-
Total cash flow from financing activities	<u>(3,599)</u>	<u>(3,753)</u>
Increase in cash and cash equivalents in the year	<u>3,700</u>	<u>5,091</u>
Cash and cash equivalents at the beginning of the year	<u>36,356</u>	<u>31,265</u>
Cash and cash equivalents at the end of the year	<u>40,056</u>	<u>36,356</u>

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
1. Tuition Fees and Education Contracts				
Full-time home and EU students	103,425	103,425	92,863	92,863
Full-time international students	584	584	1,289	1,289
Part-time students	983	983	877	877
Short course fees	1,011	1,011	2,869	2,869
	<u>106,003</u>	<u>106,003</u>	<u>97,898</u>	<u>97,898</u>
2. Funding Body Grants				
Recurrent grant				
Office for Students	4,550	4,550	4,457	4,457
Specific grant				
Office for Students	2,961	2,961	1,917	1,917
National College for Teaching and Leadership	124	124	190	190
	<u>7,635</u>	<u>7,635</u>	<u>6,564</u>	<u>6,564</u>
3. Research Grants and Contracts				
Research council	288	288	175	175
Research charities	202	202	156	156
Industry and commerce	36	36	33	33
Other	739	739	1,142	1,142
	<u>1,265</u>	<u>1,265</u>	<u>1,506</u>	<u>1,506</u>
4. Other Income				
Residences, catering and conferences	9,057	9,045	8,498	8,456
Other income	5,990	7,996	4,528	6,422
	<u>15,047</u>	<u>17,041</u>	<u>13,026</u>	<u>14,878</u>
5. Grant and Fee Income				
Grant income from the OfS	4,550	4,550	4,457	4,457
Grant income from other bodies	3,085	3,085	2,107	2,107
Fee income from taught awards	105,587	105,587	97,365	97,365
Fee income from research awards	90	90	100	100
Fee income from non-qualifying courses	326	326	433	433
	<u>113,638</u>	<u>113,638</u>	<u>104,462</u>	<u>104,462</u>
6. Staff Costs				
Salaries	59,080	59,080	58,372	58,372
Actuarial pension adjustment	5,915	5,915	5,298	5,298
Social security costs	5,744	5,744	5,618	5,618
Movement on USS provision	(43)	(43)	(969)	(969)
Other pension costs	11,117	11,117	10,755	10,755
	<u>81,813</u>	<u>81,813</u>	<u>79,074</u>	<u>79,074</u>

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

Emolument of the Vice-Chancellor

	2021	2020
	£'000	£'000
Basic Salary	244	240
Bonus	20	20
Payment in lieu of pension	58	56
	<hr/> 322	<hr/> 316
Benefits in kind	<hr/> 3	<hr/> 2
	<hr/> <hr/> 325	<hr/> <hr/> 318
Net Pay	<hr/> 187	<hr/> 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:	7.9	9.8
Expressed as a multiple of the mean salary in the University For the year to 31st July 21:	6.6	8.2

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

	2021	2020
	Number	Number
£100,000 - £104,999	1	-
£105,000 - £109,999	1	-
£110,000 - £114,999	-	1
£115,000 - £119,999	1	-
£125,000 - £129,999	2	-
£130,000 - £134,999	-	1
£135,000 - £139,999	-	2
£195,000 - £199,999	1	-
£225,000 - £229,999	-	1

Average Full Time Equivalent staff numbers by function

	2021	2020
	Number	Number
Academic Departments	786	792
Academic Support Services	149	125
Other Support Services	194	196
Administration and Central Services	145	152
Premises	134	133
Income Generating Activities	43	50
Catering and Residence	47	44
	<hr/> 1,498	<hr/> 1,492

Severance Payments

During the year the University paid £324k in compensation for loss of office to 33 employees (2019/20: £262k to 30 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)

	2021	2020
Number of Staff	7	4
Total compensation (£'000)	1,453	937

Governor Members

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

Trade Union Facilities Time – Statutory Report 01 April 2020 to 31 March 2021

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	15
Full-time equivalent employee number (weekly FTE)	12.82 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%	7
1-50%	8
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

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

Total cost of facility time	£19,750
Total pay bill	£73,367,411
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

Paid trade union activities

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

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: 33.81%
(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

7. Analysis of Other Operating Expenses

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residence, catering and conferences operating expenses	624	624	1,129	1,128
Books and periodicals	1,402	1,402	1,474	1,474
Heat, light, water, electricity, waste collection and rates	2,570	2,570	2,894	2,894
Maintenance materials	5,408	5,363	6,741	6,700
Office services and supplies	1,100	1,099	1,202	1,194
Consumables and supplies	2,008	1,973	1,918	1,894
Publicity and advertising	704	703	746	743
Staff training and development	247	246	366	361
Bursaries	1,241	1,241	1,162	1,162
School practice and educational visits	209	209	654	654
School based training payments	1,683	1,683	982	982
Temporary staff	810	810	370	370
Staff travel and subsistence	82	82	543	538
Grants to Student Union	629	629	695	695
Professional fees	1,484	1,481	1,387	1,371
Auditors' remuneration – external audit	72	67	58	53
Auditors' remuneration – internal audit	48	48	48	48
Auditors' remuneration in respect of non-audit services	53	43	57	47
Other operating expenses	8,326	10,391	8,117	10,043
	28,700	30,664	30,543	32,351

Other operating expenses include:

Operating lease rentals	112	112	157	157
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8. Access and Participation

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Access Investment (i)	914	914	763	763
Financial Support	560	560	923	923
Disability Support	1241	1241	978	978
Research and Evaluation (ii)	123	123	116	116
	2,838	2,838	2,782	2,782

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

(ii) £115k 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 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	1,473	1,508	1,583	1,630
LGPS pension finance adjustment	1,777	1,777	1,802	1,802
Movement on USS provision	12	12	44	44
	<u>3,262</u>	<u>3,297</u>	<u>3,429</u>	<u>3,476</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 2020	-	314,992	2,933	15,347	11	78	333,361
Additions	-	181	-	748	-	66	995
Disposals**	-	-	-	(2,385)	-	(29)	(2,414)
At 31 July 2020	<u>-</u>	<u>315,173</u>	<u>2,933</u>	<u>13,710</u>	<u>11</u>	<u>115</u>	<u>331,942</u>
Depreciation							
At 1 August 2020	-	30,618	613	11,292	11	16	42,550
Charge for the year	-	6,089	32	1,160	-	31	7,312
Impairment*	-	1,566	-	-	-	-	1,566
Disposals**	-	-	-	(1,975)	-	(5)	(1,980)
At 31 July 2021	<u>-</u>	<u>38,273</u>	<u>645</u>	<u>10,477</u>	<u>11</u>	<u>42</u>	<u>49,448</u>
Net book value							
At 31 July 2021	<u>-</u>	<u>276,900</u>	<u>2,288</u>	<u>3,233</u>	<u>-</u>	<u>73</u>	<u>282,494</u>
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>

As at 31st July 2021 Land and Buildings included £20.028m (2020: £20.028m) in respect of freehold land that is not depreciated.

*This charge is included in the Consolidated Statement of Comprehensive Income and Expenditure as a £176,500 charge to other operating expenditure and a £1.390m loss on impairment.

**Disposals relates to accelerated depreciation associated with a change in capitalization threshold during the year from £10k to £20k.

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 2020	-	312,556	5,371	15,346	11	78	333,362
Additions	-	181	-	748	-	66	995
Disposals**	-	-	-	(2,385)	-	(29)	(2,414)
At 31 July 2021	-	312,737	5,371	13,709	11	115	331,943
Depreciation							
At 1 August 2020	-	30,287	944	11,293	11	16	42,551
Charge for the year	-	6,034	87	1,160	-	31	7,312
Impairment*	-	1,566	-	-	-	-	1,566
Disposals**	-	-	-	(1,975)	-	(5)	(1,980)
At 31 July 2021	-	37,887	1,031	10,478	11	42	49,449
Net book value							
At 31 July 2021	-	274,850	4,340	3,231	-	73	282,494
At 31 July 2020	-	282,269	4,427	4,053	-	62	290,811

As at 31st July 2021 Land and Buildings included £20.028m (2020: £20.028m) in respect of freehold land that is not depreciated.

*This charge is included in the Consolidated Statement of Comprehensive Income and Expenditure as a £176,500 charge to other operating expenditure and a £1.390m loss on impairment.

**Disposals relates to accelerated depreciation associated with a change in capitalization threshold during the year from £10k to £20k.

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

11. Investments in subsidiaries

	University	
	2021	2020
	£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 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General Consumables	<u>146</u>	<u>144</u>	<u>183</u>	<u>183</u>

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

13. Trade and other receivables	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Payments in advance	2,635	2,622	2,563	2,550
Trade receivables	7,054	7,036	6,417	6,414
Other amounts owed by subsidiary undertakings	-	590	-	737
Amounts falling due after one year:				
Other	183	183	276	276
	<u>9,872</u>	<u>10,431</u>	<u>9,256</u>	<u>9,977</u>

14. Current Investments	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short term deposits	28,000	28,000	12,000	12,000
	<u>28,000</u>	<u>28,000</u>	<u>12,000</u>	<u>12,000</u>

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

At 31 July 2021, the weighted average interest rate of these fixed rate deposits was 0.52% per annum, and the remaining weighted average period for which the interest rate is fixed on these deposits was 345 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 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Unsecured bank loans	2,060	2,060	2,060	2,060
Other loans	51	51	51	51
VAT payable	126	123	254	252
Trade payables	1,844	1,838	3,493	3,484
Social security and other taxation payable	2,909	2,909	2,574	2,574
Accruals and deferred income	10,861	10,832	9,947	9,869
Amount owed to subsidiary undertakings	-	236	-	469
	17,851	18,049	18,379	18,759

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Deferred income	20,930	20,930	20,890	20,890
Obligations under finance lease	-	3,466	-	3,466
Unsecured bank loans	24,611	24,611	26,672	26,671
Other loans	76	76	126	127
Amounts owed to subsidiary undertakings	-	3,142	-	3,142
	45,617	52,225	47,688	54,296

Analysis of unsecured loans:

	2021	2020
	£'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	5,630	5,896
Due in five years or more	16,920	18,715
Total unsecured loans	26,671	28,732

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	675	4	5.2
Barclays Bank	2,200	11	5.515
Barclays Bank	3,520	11	5.775
Barclays Bank	19,800	16	5.23
Barclays Bank	476	3	5.30
Salix Finance	127	3	0
	26,798		

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 2020	1,250	802	102,908	104,960
Utilised in year	(57)	(122)	(4,594)	(4,773)
Increase/(decrease) in provision in year	26	569	3,192	3,787
As At 31 July 2021	1,219	1,249	101,506	103,974

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 1.5%, future headcount growth at 1.5% and applied a discount rate of 1.1%.

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.

The increase in provision related to pension enhancements consists of interest on the previous year's provision of £10k and an actuarial loss over the year that has been charged to Other Comprehensive Income of £559k.

Defined Benefit Obligation

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

18. Capital and other commitments

	Consolidated 2021 £000	and University 2020 £000
Contracted at 31 July	-	-
Authorised but not contracted at 31 July	-	-

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	
	2021	2020	2021	2020
	£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 2020/21 that amount was £383k. 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:

	2021	2020	2019
Inflation assumption CPI	2.6%	2.3%	2.2%
Rate of increase in salaries	4.1%	3.8%	3.7%*
Rate of increase in pensions	2.7%	2.4%	2.3%
Discount rate applied to scheme liabilities	1.6%	1.6%	2.2%

*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 2021	At 31 July 2020
Retiring today		
Males	22.4	22.3
Females	25.1	25.0
Retiring in 20 years		
Males	23.9	23.8
Females	26.9	26.8

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:

	2021 Value £'000	2020 Value £'000	2019 Value £'000
Equities	98,467	77,360	81,457
Government Bonds	-	-	-
Other Bonds	10,334	11,706	2,727
Property	19,498	23,073	14,996
Cash/Liquidity	4,095	3,054	3,067
Other	62,590	54,458	68,165
	<u>194,984</u>	<u>169,651</u>	<u>170,412</u>

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

The scheme's assets are not intended to be realised in the short term and maybe subject to significant change before they are realised. The following amounts at 31 July 2021 were measured in accordance with the requirements of FRS102:

	2021	2020	2019
University's estimated asset share	194,984	169,651	170,412
Present value of scheme liabilities	<u>(296,490)</u>	<u>(272,559)</u>	<u>(230,884)</u>
Deficit in the scheme	<u>(101,506)</u>	<u>(102,908)</u>	<u>(60,472)</u>

Asset and Liability Reconciliation

	2021 £000	2020 £000
Reconciliation of Liabilities		
Liabilities at start of period	272,559	230,884
Service cost	10,490	9,173
Past Service Cost and curtailments	-	754
Interest cost	4,338	5,052
Employee contributions	1,700	1,713
Remeasurements	11,997	29,173
Benefits paid	(4,594)	(4,190)
Curtailments and settlements	-	-
Liabilities at end of period	<u>296,490</u>	<u>272,559</u>

Reconciliation of Assets

Assets at start of period	169,651	170,412
Interest cost	2,728	3,773
Remeasurements	21,077	(6,531)
Administration expenses	(153)	(155)
Employer contributions	4,575	4,629
Employee contributions	1,700	1,713
Benefits paid	(4,594)	(4,190)
Assets at end of period	<u>194,984</u>	<u>169,651</u>

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

	2021	2020
	£000	£000
Employer service cost	(10,490)	(9,173)
Past service cost/curtailments	-	(754)
Employer contributions	4,575	4,629
Total operating charge	<u>(5,915)</u>	<u>(5,298)</u>

Analysis of pension finance costs

	2021	2020
	£000	£000
Interest on plan assets less administration expenses	2,575	3,618
Interest on pension liabilities	<u>(4,338)</u>	<u>(5,052)</u>
Net finance charge	<u>(1,763)</u>	<u>(1,434)</u>
Interest cost adjustment re discount rate	<u>(14)</u>	<u>(368)</u>
	<u>(1,777)</u>	<u>(1,802)</u>

Analysis of other comprehensive income

	2021	2020
	£000	£000
Remeasurements (assets)	21,077	(6,531)
Remeasurements (liabilities)	<u>(11,997)</u>	<u>(29,173)</u>
Net actuarial gain less recognised in SOCI	9,080	(35,704)
Interest cost adjustment re discount rate	<u>14</u>	<u>368</u>
	<u>9,094</u>	<u>(35,336)</u>

Movement in deficit during the year

	2021	2020
	£000	£000
Deficit in scheme at 1 August	(102,908)	(60,472)
Movement in year:		
Current service charge	(10,490)	(9,173)
Contributions	4,575	4,629
Part service cost/curtailments	-	(754)
Net finance charge	(1,763)	(1,434)
Loss recognised in other comprehensive income	9,080	(35,704)
Deficit in scheme at 31 July	<u>(101,506)</u>	<u>(102,908)</u>

History of experience gains and losses

	2021	2020	2019	2018	2017
Difference between the expected & actual return on assets amount	21,077	(6,531)	17,578	7,402	3,696
% of scheme assets	10.8%	(3.8%)	10.3%	5.1%	2.8%
Experience gains/(losses) on scheme liabilities:					
Amount	(11,997)	(29,173)	(33,431)	12,742	584
% of scheme liabilities	(4.0%)	(10.7%)	(14.5%)	6.9%	0%

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

Teachers Pension Scheme

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

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

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

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

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

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

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 £569,984 (2020: £(324,617)).

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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:

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

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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 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

Non-Adjusting Post Balance Sheet Event

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £3.471m, an increase of £2.252m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Whilst negotiations continue, an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

	2021	2020
Discount rate	1.1%	1.0%
Pensionable salary growth	1.5%	3.0%

21. Analysis of Changes in Net Funds	Cash at Bank & In hand £000	Short Term Deposits £000	Debt £000	Total £000
As at August 2020	36,356	12,000	(28,909)	19,447
Cash	3,700	16,000	2,111	21,811
As at 31 July 2021	40,056	28,000	(26,798)	41,258

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Foundation Bursaries				
Balance at 1 August	167	167	167	167
Grants	-	-	-	-
Balance written off	(167)	(167)	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	-	-	167	167
Paramedic Bursaries				
Balance at 1 August	25	25	25	25
Grants	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	25	25	25	25
HEFCE Further Education Bursaries				
Balance at 1 August	76	76	76	76
Grants	-	-	-	-
Write off	-	-	-	-
Disbursed to students	-	-	-	-
Balance at 31 July	76	76	76	76
Teacher Training Bursaries				
Balance at 1 August	265	265	421	421
Grants	4,745	4,745	4,745	4,745
Disbursed to students	(4,874)	(4,874)	(4,901)	(4,901)
Balance at 31 July	136	136	265	265

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

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

	Year ended 31 July 2021		Year ended 31 July 2020	
	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	(23)	(23)	-	-
Grants	67	67	44	44
Disbursed to students	(122)	(122)	(67)	(67)
Balance at 31 July*	(78)	(78)	(23)	(23)

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

23. Related Party Transactions

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

	Income	Expenditure	Balance at
	£'000	£'000	31 st July 2021
			£'000
Edge Hill Student Union	261	629	13

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

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

	Income	Expenditure	Balance at 31st July 2021
	£'000	£'000	£'000
Liverpool World Centre	-	1	-
Louise Robinson (Independent Governor) is a trustee of Liverpool World Centre			
Bretton Architectural Ltd	-	6	-
Steve Igoe is the Deputy Vice-Chancellor. His brother is a director at Bretton Architectural Ltd			

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	5	79	(74)	10

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

25. Financial Instruments

Risk Management

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

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

Credit Risk

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

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2021, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

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

EDGE HILL UNIVERSITY

NOTES TO THE ACCOUNTS (CONTINUED)

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

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

Liquidity Risk

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

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

Foreign Currency Risk

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