

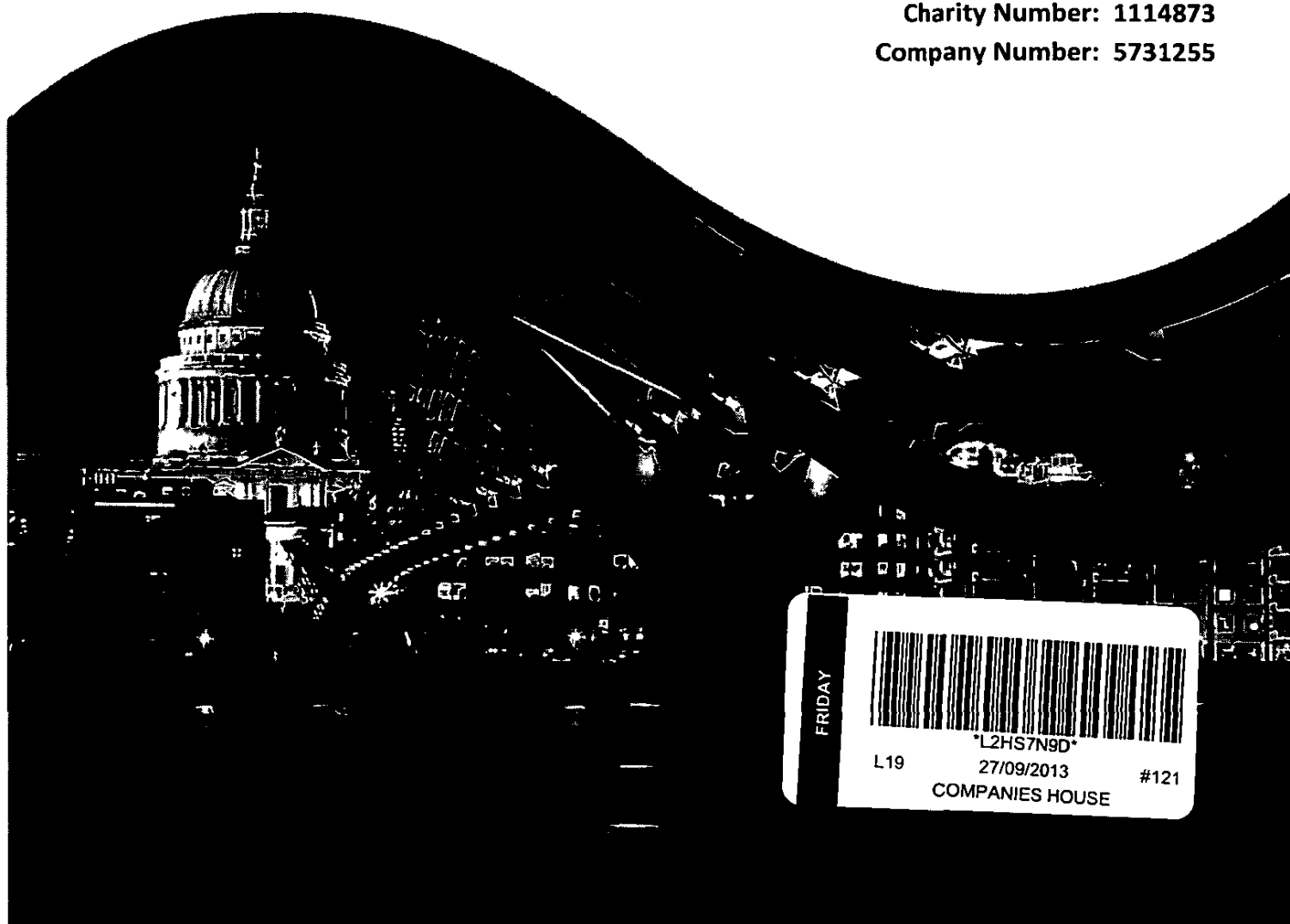
LONDON HIGHER Trustees' Report & Financial Statement 2012-2013

Report and Financial Statements for the Year Ended 31 March 2013

A company limited by guarantee

Charity Number: 1114873

Company Number: 5731255



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COMPANIES HOUSE

CONTENTS

Legal and Administrative Details	2
London Higher Senior Executive Team	3
Board of Trustees	4
Report of the Board of Trustees	5 - 13
Independent Auditors' Report	14
Statement of Financial Activities	15
Balance Sheet	16
Notes to the Financial Statements	17 - 24

London Higher

**REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2013**

LEGAL AND ADMINISTRATIVE DETAILS

Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

Royal Bank of Scotland Group (Education Sector)
Commercial Banking,
3rd Floor, Cavell House
21 Charing Cross Road
London
WC2H 0NN

Legal Advisors

Bates, Wells and Braithwaite
Scandinavian House
2-6 Cannon Street
London
EC4M 6YH

Registered Office

Tavistock House
Tavistock Square
London
WC1H 9JB

Company Registration Number

5731255

Charity Registration Number

1114873

Company Secretary

Michael Reynier

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

LONDON HIGHER SENIOR MANAGEMENT TEAM (to December 2012)

Jane Glanville	Chief Executive Officer
Michael Reynier	Deputy CEO & Head, Case for London HE & Head, London Medicine
Ralph Blunden	Head, London Workforce Development
Graeme Atherton	Head, AccessHE
Gareth Smith	Head, Podium
Kevin McCarthy	Head, Study London (London & Partners)

LONDON HIGHER SENIOR MANAGEMENT TEAM (from January 2013)

Jane Glanville	Chief Executive Officer
Michael Reynier	Deputy CEO & Head, Case for London HE
Neville Riley	Office Manager

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

BOARD OF TRUSTEES

Professor Anthony Bowne, Principal
Trinity Laban Conservatoire of Music and Dance

Professor Malcolm Gillies, Vice-Chancellor (Chair of London Higher)
London Metropolitan University

Professor David Maguire, Vice-Chancellor [Appointed November 2012]
University of Greenwich

Professor Geoffrey Petts, Vice-Chancellor
University of Westminster

Professor Paul Webley, Director and Principal
School of Oriental and African Studies

Professor Julius Weinberg, Vice-Chancellor
Kingston University London

CO-OPTED TRUSTEES

Professor Geoffrey Crossick, Vice-Chancellor [Resigned July 2012]
University of London

Professor Sir Adrian Smith, Vice-Chancellor [Appointed September 2012]
University of London

Professor Peter Kopelman, Principal (Vice Chair of London Higher)
St George's, University of London

Professor Fiona Ross, Dean of the Faculty of Health & Social Care Sciences
Kingston University London and St George's, University of London

Barbara M. Stephens OBE, Director of Special Projects
The Open University in London

OBSERVERS FROM STAKEHOLDER ORGANISATIONS

John Dickie, Director of Employment and Skills
London First

Mark Kleinman, Assistant Director, Economic & Business Policy
Greater London Authority

Kevin McCarthy
London & Partners

David Noyce (Region Director) / **Derek Hicks** (Consultant)
HEFCE

Richard Sumray MBE, Chair
London 2012 Forum

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2013

STRUCTURE, GOVERNANCE & MANAGEMENT

- 1 **Corporate Status.** London Higher is a company limited by guarantee with charitable status. The company was set up on 6 March 2006 and registered as a charity on 26 June 2006. The charitable activities of the company were transferred from the University of London on 1 April 2009.
- 2 **Governing Document.** The company was established under *Memorandum and Articles of Association* dated 6 March 2006 which establish the objects and powers of the charitable company. In addition it operates under a *Members' Agreement* with each member HEI that sets out the nature of the relationship between the company and each member.
- 3 **Trustees.** Trustees are elected by the members, save a number that are co-opted with regard to specific interests. At present London Higher has four co-opted Trustees. In addition London Higher Trustees invite observers from a limited number of key stakeholder organisations. At present London Higher has five observers.
- 4 **Trustee Induction & Training.** Member Trustees are familiar with the practical elements of the company as HEIs have charitable status as providers of education. Each new Trustee is given a copy of *The Essential Trustee* and all relevant Governance documents relating to the company. Trustees attend an annual Strategy Meeting that includes governance questions. Trustees are notified of training opportunities at quarterly meetings.
- 5 **Structure of the Executive.** The Executive is divided into six business divisions. These are listed below. Each division is a) a separate cost centre, b) overseen by an Advisory Group of members, and c) has its own Head of Division who reports directly to the Chief Executive. In addition the Chief Executive, Deputy Chief Executive and Office Manager meet as a Senior Management Team (SMT) every two weeks.
- 6 **Business Divisions of London Higher:**
 - *Case for HE* aims to create a robust evidence-base pertaining to, and in support of, HE in London;
 - *Podium*, the Further and Higher Education co-ordination Unit for the 2012 Games;
 - *London Workforce Development*, facilitating collaboration between businesses and universities to create workforce development solutions,
 - *London Medicine*, bringing together London's medical schools and clinical academic health institutions,
 - *AccessHE*, Pan-London organisation enabling provision of support for young people from disadvantaged backgrounds to enter Higher Education
 - NEON, a national organisation supporting professionals involved in widening access to HE

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

- 7 **Decision Making Protocols.** The overall strategic direction of London Higher is set out in a three-year **Business Plan** that is drawn up by the Executive, approved by the Board of Trustees and agreed by the company members. Each year an **Operational Plan** is drawn up with the same approvals. The annual Operational Plan sets out the specific initiatives for the year together with expected costs. Heads of Division are responsible for delivering these initiatives on a day to day basis. The SMT monitors progress bi-weekly and each Quarter Trustees are given a written **Progress Report**. In addition any expenditure over £10,000, whether agreed in the Operational Plan or not, must be approved by the Board.
- 8 **Higher Education Institutions (HEIs).** Publicly funded HEIs in London are our company members. In the *Members' Agreement* they devolve to the London Higher Board of Trustees the power to make decisions on their behalf in the collective interests of the group, or parts thereof. This authority is safeguarded by Advisory Groups for each of our operational divisions which comprise senior representatives from the membership group.
- 9 **Higher Education Partners.** In response to Government policies aimed at reducing the distinction between publicly funded and other forms of higher education, in 2011 London Higher began to work with other, quality assured providers of higher education in London. We now recognise two partnership categories (as distinct from members): publicly funded higher education providers based *outside* London who have opened centres in London, and independent providers (including private providers and not-for-profit providers).
- 10 **Related Parties.** The policy landscape for higher education is set by the Department for Business, Innovation and Skills, though the Minister for Higher Education, and implemented by the Higher Education Funding Council for England (HEFCE), a quasi-autonomous non-governmental organisation. London Higher does not seek to influence policy at the Government level; rather it aims to develop and run HE collaborations that reflect national policy but which are tailored to the London region and the unique nature of the London group of HEIs. HEFCE has a London regional team and London Higher works closely with HEFCE on a number of initiatives. The HEFCE London Regional Consultant is an observer on the London Higher Board of Trustees.
- 11 Additionally, the Mayor of London (GLA) and his executive, London and Partners (L&P), have interests in higher education as it pertains to the capital. London Higher maintains links with both. A representative of the GLA is an observer on the London Higher Board of Trustees. In April 2011 the Study London programme was transferred to London & Partners under a licence from London Higher which expired in March 2013.
- 12 **Risk Management.** The Board of Trustees' annual Strategy Meeting monitors and reviews risks to the organisation and, where appropriate, requires the Executive to take action in mitigation. London Higher has established a central *Risk Register* and we have been awarded the *Investors in People* mark. Our policies governing risks are included in our *Employee Handbook* and most are available on our website.

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

- 13 In June 2011 our current Business Strategy was approved by members. It defines our operating vision, mission and values
- **Our Vision.** Our vision defines the way we would like the London HE landscape to look in 2014. It is our aspiration for the future and gives the context for our work. For the period 2011-2014 our vision is
 - *Higher Education working together for excellence and efficiency*
- 14 **Our Mission** tells people how we intend to achieve our vision. It defines the fundamental purpose of London Higher and is intended to explain why we exist and what it is that we do. For the period 2011-2014 our mission is
- *To extend the reach, influence and capacity of members and partners by supporting HEIs to work together*
- 15 **Objectives.** We have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set
- 16 We fulfil our mission in the following ways:
- a) 'Reach' is used to capture the concept that collaboration often takes HEIs into new or perhaps unfamiliar territory, reflecting the feature that London Higher collaborations tend to be in areas peripheral to HEIs' core missions of teaching and research
 - b) 'Influence' is how we will action our continuing advocacy and promotional remit. We intend to promote our active collaborations as examples of how London HEIs are meeting the challenges of the sector
 - c) By 'capacity' we mean to expand the ability of any one HEI to achieve excellence and efficiency by working with other HEIs. In a diverse HE sector like London some HEIs may not possess all, or enough, capacity to meet their challenges. By working together, through London Higher, HEIs can make use of the collective footprint of London HE.
- 17 Our business model is described in detail in our *Business Strategy* (pages 7-10)
- 18 **Success Criteria** We have adopted the 'Balanced Scorecard' approach to measuring our performance against our objectives. The scorecard for London Higher is shown below

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

The London Higher Balanced Scorecard

Stakeholders (members, partners, agencies, clients)	Internal Business Process (Processes, management, impact measurement, comms)
Member & partners visits (R)	Dashboard Meetings (R)
Advisory Groups (R)	Conduct Benchmarking studies (R)
Membership engagement programme (R)	Agree annual outputs (C)
Recruit members and partners (C)	Monitor & report progress (C)
Briefing documents (I)	Deliver OP actions (C)
Plenary Meeting (I)	Develop marketing campaign (C)
Newsletter & E-zine (I)	Identify KPIs & usage data (I)
Financial (contributions, fees, rebates, sales, cost reduction)	Resources (IT, Skills, networks) People, systems & infrastructure
Secure project funding (C)	Conduct user evaluations (I)
Draw down/collect funding (C)	Store feedback uniformly (I)
Draft business case (C)	Collect case studies (I)
Calculate savings & value-added (I)	Conference presentations (I)
Annual Review & Accounts (I)	Websites (I)

R = 'Reach'

C = 'Capacity'

I = 'Influence'

- 19 *Balance of activities* We are satisfied that our activities across the organisation are balanced between the four perspectives of the scorecard
- 20 *Performance Indicators* Each of the activities outlined above has associated performance indicators attached to it. These have been agreed with the relevant project manager within London Higher and have been discussed by the London Higher SMT. Indicators we use include financial criteria but also usage statistics, public value statements, and traffic light systems
- 21 *Monitoring.* The scorecard is reviewed at each meeting of the SMT and a report is given to the Board of Trustees each quarter and to the members in the Annual Review. In addition we also report to the Charities Commission, via an annual *Trustees Report*. Financial data is also filed with Companies House.
- 22 *Adjustments and Action* It is our intention during this business cycle to adopt a more dynamic approach to acting on business performance. We expect to continually make adjustments to our programmes, offerings and services in order to achieve the maximum return and benefit for our members, partners and stakeholders. The mechanisms for these decisions will be the SMT (through dashboard meetings) and ultimately the Board, where such approval is required
- 23 *Evaluation of London Higher* As in previous *Business Strategies* we intend to conduct an evaluation of the organisation and its value to members during the current business cycle

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

- 24 **Outputs** Our outputs are diverse and include research reports, promotional material and activities, meetings and workshops, media management and receptions. We also run a wide range of advisory groups and networks.

SIGNIFICANT ACTIVITIES

- 25 In this section we give summaries of some of the main activities each of our divisions has undertaken during the past year.
- 26 **Case for HE.** During the year we: a) continued to advocate for research into the impact of fees on postgraduate (PG) provision, particularly in the area of professional qualifications where London's HEIs have strong links to the capital's business sectors, b) have been active in lobbying for a review of Open Access arrangements, submitting responses both to the Parliamentary enquiry and to RCUK; c) have also successfully campaigned for the exemption of VAT on research to be attuned to HE contracting arrangements, d) have been working to ensure London HEIs are well represented in discussions concerning the 2014-2020 EU budget, in particular on how the successor programmes to ERDF, ESF and FP7 are structured, e) have campaigned BIS to have London be a Managing Authority for structural funds which we believe will be beneficial for London HEIs wishing to engage in these social programmes, f) have been in discussions with London's European Office over the potential to support an HE post in Brussels to promote and facilitate London-EU communications across all programmes, g) have conducted a number of surveys for members e.g. on international undergraduate and postgraduate recruitment and on travel costs and council tax expenses for part-time postgraduates, f) have run a number of HE networks e.g. for IT directors, Planners and Finance Directors, h) held a briefing session in Brussels on *Erasmus for All* and *Creative Europe*.
- 27 **Podium.** During the Olympic Year we: a) produced a Breakfast Bulletin and a Games Experts bulletin every-day and a newsletter every other day including weekends – a total of 34 communications in 20 days, b) recruited more than 20,000 HE students and recent graduates to form the 70,000-strong team of official London 2012 *Games Maker* volunteers; c) worked with Adecco to register more than 100,000 students from across the UK with the *Summer Job of a Lifetime* website for paid roles at London 2012 venues; d) enabled c. 1,000 students to apply for jobs as London 2012 *Last Mile* team members, the people responsible for ensuring spectators arrive at and depart from each Games venue safely, e) recruited more than 1,000 volunteers from HEIs to work as cast and crew members at the Olympic and Paralympic Opening and Closing Ceremonies, f) worked with the Torch Relay team at LOCOG to recruit 100 torch bearers to take part in the Torch Relay Test Event, g) worked in partnership with the LOCOG Education team to expand the *Ticketshare* programme to the FE and HE sectors, h) facilitated approximately 1,000 free tickets for the FE and HE sectors to attend the dress rehearsals for the Olympic Opening Ceremony, i) published its third and final annual stakeholder survey report, j) delivered a *London 2012 Legacy Conference* in partnership with the British Council.
- 28 **London Workforce Development.** Following the closure of the HEFCE-funded project in June 2012 we conducted an extensive review of the project outputs and have consulted

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

with a wide range of stakeholders from our member HEIs, SMEs and industry bodies. As a result we have been developing a new suite of services which we intend to launch in June 2013. a) *Upskill London* is a new website aimed at businesses which will build upon the success of *LondonCourses* but also seeks to change the purchasing behaviour of employers, b) we have also been developing a parallel site called *LondonGrads*. This sister site aims to bring London's highly skilled graduates together with the businesses who want to employ them.

- 29 **London Medicine.** During the year we: a) arranged meetings between members and senior policy officials including Earl Howe, Parliamentary Under-Secretary of State (Lords), Department of Health, Dame Sally Davies, Chief Medical Officer & Chief Scientific Advisor, Department of Health, and Sir Keith Pearson, Chair, Health Education England, b) organised a breakfast briefing with the Director of Education and Quality, Health Education England to discuss NHS commissioning and the Local Education and Training Boards (LETBs); c) hosted a dinner with the Chair of the NHS Commissioning Board and Chief Executives of London teaching hospitals to discuss the potential impact of the Health and Social Care Bill, d) held discussions with the London Deanery concerning clinical academic training numbers in London, e) soft launched the *London Life Science* website at a premier healthcare and life science networking conference; e) hosted a seminar on '*Perspectives on access to healthcare higher education in London: progress, problems and prospects*'; f) convened a special meeting to discuss quality and healthcare education in the wake of the *Francis Report*, g) set-up The *London Healthcare Higher Education Access Forum* which aims to examine how to improve the access and success of healthcare students from backgrounds under-represented in HE.
- 30 **AccessHE:** During the year we: a) set-up and ran five Action Forums comprising *Working with looked after children*, *Working with those with disabilities*, *Evaluation and impact of access work*, *Student Ambassador Activity*, *Supporting Specialist Arts Access*, b) delivered the 10/10 project which offered additional support activities for learners from under-represented groups in Year 10 identified by their schools as having the potential to achieve ABB+ at Level 3, c) delivered three one-day 'Expo' events bringing together over 250 learners from 20 different schools with over 15 HEIs from inside and outside London. The Expos featured student finance support, studying humanities subjects and studying outside London, d) developed a constructive relationship with OFFA, representatives from which have attended nearly 10 different AccessHE meetings and asked AccessHE to submit evidence to shape the development of its *Access Agreement Guidance* for 2014-15, e) given active input into the development of the new *Student Opportunity and Success Strategy* being produced by HEFCE/OFFA in 2013, f) spoken about the work of AccessHE at 10 different national events, g) worked with members to develop the *London Access Target Project* in 2012-13.
- 31 **NEON.** NEON is a new Division of London Higher. In its first year NEON has: a) recruited over 40 HEIs from across England as well as a number of other organisations including HEFCE, the Royal Society of Chemistry, Nuffield Foundation and the NUS, b) begun delivering a programme of professional development activities including training, networking and a new qualification for access practitioners delivered in partnership with

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

the University of Greenwich, c) supported the national access community, working closely with HEFCE and OFFA, to build a bridge between policy and practice.

32. More details of these activities are presented in our *Annual Report* to members which can be downloaded from our website

http://www.londonhigher.ac.uk/fileadmin/documents/Publications_2013/LondonHigher_Review2013.pdf

FINANCIAL REVIEW

- 33 This has been our fourth Financial Year as a company limited by guarantee
- 34 **Audited Accounts.** Audited accounts for the year ended 31 March 2013 show that London Higher received income of £1.17m and expended £1.44m, leaving a deficit for the year of £272k. The majority of this deficit (£265k) relates to revenue expenditure associated with the zenith and ultimate closure of Podium (our Olympic and Paralympic unit) and the reconfiguration of London Workforce Development (LWD). In the case of Podium it was expected that expenditure would peak during the Games year (2012) and substantial surpluses had been built up in previous years with this in mind which was expended during the Games. In addition, as the programme came to end in December 2012, reserves were released. In the case of LWD early termination of the HEFCE-funded part of the programme in June 2012 triggered release of reserves as the funded project wound down. In establishing a London Higher-funded legacy programme the Board agreed to use London Higher reserves (£40k) which were brought into the accounts during the year. Trustees agreed to hold members' contributions at the same reduced rates as the previous year which resulted in a continued reduction of incoming resources of £94k compared to 2010 levels.
- 35 **Carry-over.** The charity continues to move away from restricted grant funding and towards income generating service provision to allow greater flexibility in the way in which the organisation operates. Restricted grant balances therefore reduced again this year. In June 2013 the Board agreed to begin to return member contributions to their 2010 level, beginning with a 75% uplift which was implemented in August 2013. It is proposed to uplift to the full level in the following year. This will see a further increase in unrestricted funds.
- 36 **Reserves Policy.** Our free Reserves (i.e. unrestricted funds excluding fixed assets) stood at £144k at 31 March 2013. This is c. £24k below three months current salary costs as required by our Financial Regulations. We require reserves of this order to meet unexpected delays and fluctuations in the income of London Higher. We expect the uplift in member contributions to allow us to meet this requirement next year.
- 37 **Financial Plan.** For the 2013-14 financial year we are forecasting income of c. £1.0m. In June 2013 we circulated a costed Operational Plan for 2013-14 to all members which indicates how this money will be disbursed.

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

PLANS FOR 2013-14

- 38 **Strategies for the year. Operational Plan.** Our Operational Plan details our planned activities for the coming year. We propose to deliver over £137,000 of top priority initiatives (excluding administration costs) across a range of areas, *circa* £107,000 of this sum pertains to new initiatives. These include
- 1) Organise a concerted advocacy campaign for HE in London, including a new website (*HigherWire*) promoting HE contributions to society, a publication, a high-profile stakeholder event and sustained lobbying meetings,
 - 2) Launch two new websites (*LondonGrads* and *Upskill London*) to promote members' business engagement activities and the employability of London graduates,
 - 3) Evaluate the impact of widening access work and develop a set of common principles and approaches,
 - 4) Reconfigure London Medicine to support pan-London co-ordination across the AHSC/N networks.
- 39 **Other goals.** We categorise work for which we do not at present have full funding as Priority 2 and 3. We are often able to raise Priority 2 work to priority 1 in-year. Some examples of the work we hope to carry out in the plan include
- 5) Establish London HE networks on key issues (e.g. Diversity in London HE leadership / London student experience)
 - 6) Pilot a PG certificate in Access and Widening Participation
 - 7) Create a website to promote Subjects allied to Medicine
 - 8) Run a major conference on student housing in London
- 40 The full Operational Plan is published on the London Higher website at http://www.londonhigher.ac.uk/fileadmin/documents/Publications/2013/LondonHigherOperationalPlan_2013-14.pdf

STATEMENT OF TRUSTEES' RESPONSIBILITIES

- 41 The Trustees (who are also Directors of London Higher for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)
- 42 Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to
- select suitable accounting policies and then apply them consistently,

London Higher

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2013

- observe the methods and principles in the Charities SORP,
 - 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;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business
- 43 The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities
- 44 In so far as the Trustees are aware
- there is no relevant audit information of which the charity's auditor is unaware,
 - the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
 - in all material respects income from HEFCE, grants and income for specific purposes and from other restricted funds administered by London Higher have been applied only for the purposes for which they were received

AUDITORS

Kingston Smith LLP are deemed reappointed for the forthcoming year in accordance with the provisions of the Companies Act 2006

APPROVAL

- 45 *Declaration* This report has been prepared in accordance with the Statement of Recommended Practice. Accounting and Reporting by Charities (SORP 2005) and in accordance with the special provisions of Part XV of the Companies Act 2006 relating to small entities
- 46 *Resolution* Approved by the London Higher Board of Trustees on **19 September 2013** and signed on its behalf by



Professor Malcolm Gillies
Chair, London Higher

London Higher

Independent Auditors' Report to the Members of London Higher

We have audited the financial statements of London Higher for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008), United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

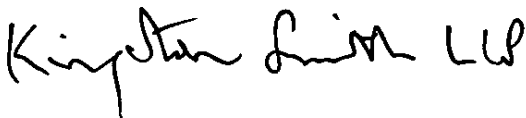
Opinion on other matters prescribed by the Companies Act

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



James Cross, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP
Statutory Auditor

Date 26 September 2013

Devonshire House
60 Goswell Road
London
EC1M 7AD

London Higher

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year ended 31 March 2013

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Membership contributions	3	367,050	285,167	652,217	489,650
<i>Charitable activities</i>					
Grants	4	37,500	247,500	285,000	879,874
Other incoming resources	4	14,999	223,002	238,001	382,519
Total Incoming Resources		419,549	755,669	1,175,218	1,752,043
Resources Expended					
Charitable activities	5	470,222	964,804	1,435,026	1,906,367
Governance costs	6	12,586	-	12,586	11,335
Total Resources Expended		482,808	964,804	1,447,612	1,917,702
Net Outgoing Resources before transfers	2	(63,259)	(209,135)	(272,394)	(165,659)
Transfers between funds	12	(70,507)	70,507	-	-
Net Expenditure for the Year		(133,766)	(138,628)	(272,394)	(165,659)
Reconciliation of Funds					
Total funds at 1 April 2012		320,519	401,211	721,730	887,389
Total Funds at 31 March 2013		186,753	262,583	449,336	721,730

The notes on pages 15 to 22 form part of these accounts

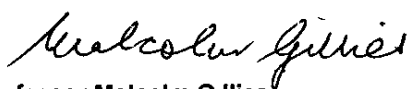
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Balance Sheet as at 31 March 2013

	Note	2013 £	2012 £
Fixed assets	8	<u>42,717</u>	<u>53,399</u>
Current Assets			
Debtors	9	85,660	196,746
Cash at bank and in hand		390,456	573,174
		<u>476,116</u>	<u>769,920</u>
Creditors amounts falling due within one year	10	<u>(69,497)</u>	<u>(101,589)</u>
Net Current Assets		406,619	668,331
Net Assets		<u><u>449,336</u></u>	<u><u>721,730</u></u>
Funds			
Unrestricted		186,753	320,519
Restricted	12	262,583	401,211
	12	<u><u>449,336</u></u>	<u><u>721,730</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Trustees and authorised for issue on *19 September 2013* and signed on their behalf by


Professor Malcolm Gillies
Trustee

Company number 5731255

The notes on pages 15 to 22 form part of these accounts

London Higher

Notes to the accounts for the year ended 31 March 2013

1 Accounting Policies

a) Accounting convention

The financial statements have been prepared under the historic cost convention, in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Financial Reporting Standards for Smaller Entities (effective April 2008) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) Cash flow statement

The charity qualifies as a small company within the meaning of the Companies Act 2006 and is therefore exempt from the preparation of a cash flow statement, under the Financial Reporting Standard No. 1.

c) Income

Income is derived from ordinary activities and is accounted for on an accruals basis.

Grants receivable are credited to the Statement of Financial Activities in the year for which they are received.

Deferred income represents amounts received for future periods where conditions are attached which must be fulfilled before unconditional entitlement, or grants which can only be spent in future periods. The deferred income is released when entitlement to the income is confirmed.

d) Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Membership and charitable activity costs include expenditure which is directly attributable to specific activities and has been included within those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs are costs incurred in connection with the strategic management of the charity and in compliance with constitutional and statutory requirements.

e) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets on a straight line basis to write off the cost, less estimated residual value, over their expected useful lives as follows:

IT equipment	4 years
Fixtures and fittings	4 years
Furniture	4 years

The charity's capitalisation policy is for any item over £1,000.

f) Operating Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

g) Fund Accounting

Funds held by the charity are either:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds - these are funds that can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

h) Pension scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 and therefore, as required by FRS 17 "Retirement benefits", 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.

London Higher

Notes to the accounts for the year ended 31 March 2013

2 Net incoming resources

This is stated after charging	2013 £	2012 £
Auditors Remuneration (including VAT)	9,480	9,180
Depreciation	14,222	-
Operating lease rentals	46,281	133,349

3 Incoming resources from generated funds

	Unrestricted £	Restricted £	2013 £	2012 £
London Higher member contributions	306,750	-	306,750	316,750
London Medicine contributions	-	113,000	113,000	100,500
London partners	60,300	-	60,300	72,400
Membership Contributions	-	172,167	172,167	-
	367,050	285,167	652,217	489,650

4 Incoming Resources from charitable activities

	Unrestricted £	Restricted £	2013 £	2012 £
Grants Received				
HEFCE	37,500	195,000	232,500	637,500
SFA	-	-	-	125,000
STEM-Wales	-	10,000	10,000	10,000
STEM-Bath	-	20,000	20,000	78,000
Other grants	-	22,500	22,500	29,374
	37,500	247,500	285,000	879,874
Other income				
Funds from University of Westminster(WECAN)	-	-	-	200,000
Advertising	-	-	-	2,200
Other income	14,999	223,002	238,001	180,319
	14,999	223,002	238,001	382,519
	52,499	470,502	523,001	1,262,393

5 Analysis of Charitable expenditure

	Direct Costs £	Support Costs £	2013 £	2012 £
London Higher	355,593	61,603	417,196	481,642
Study London	-	-	-	153,755
Podium	316,482	38,640	355,122	358,980
Business Development Unit	142,032	19,262	161,294	414,289
London Medicine	68,338	10,181	78,519	89,573
Schools and HE	-	-	-	53,698
Case for London	53,026	-	53,026	140,946
Access HE	337,112	32,757	369,869	-
<u>Exceptional items</u>				
Office relocation costs	-	-	-	68,283
Transfer of Study London funds to London Partners	-	-	-	145,201
	1,272,583	162,443	1,435,026	1,906,367

London Higher

Notes to the accounts for the year ended 31 March 2013

5 Analysis of Charitable expenditure (continued)

Support Costs	2013 £	2012 £
Travel & Subsistence	4,632	9,059
Catering & Hospitality	19,032	7,768
Postage & Courier	467	2,970
Telephone	10,652	11,396
IT Costs & Website Development	18,221	39,992
General Office Costs	11,081	9,619
Staff Costs	11,544	12,970
Accountancy and Professional fees	11,797	43,035
Rent	53,100	104,153
Bank Charges	1,278	1,315
Insurance	3,658	-
Conference Fees	2,759	-
Depreciation	14,222	-
	162,443	242,277

6 Governance costs

	2013 £	2012 £
Audit fees	12,586	9,180
Salaries	-	2,155
	12,586	11,335

7 Analysis of staff costs

	2013 £	2012 £
Wages and salaries	681,038	787,833
Social security costs	59,911	70,731
Pension costs	100,816	117,650
Recruitment expenses	-	2,155
	841,765	978,369

The average number of employees was

	2013 No.	2012 No.
London Higher	5	5
Podium	3	3
Business Development Unit	1	2
London Medicine	1	-
Schools and HE	-	1
Case for London	-	4
Access HE	4	-
	14	15

During the year there were two employees (2012: 4) who received emoluments exceeding £60,000 and to whom retirement benefits are accruing under a defined benefits scheme. Their remuneration falls into the following brackets:

	2013 No.	2012 No.
£60,000 - £70,000	-	1
£70,000 - £80,000	1	1
£80,000 - £90,000	-	-
£90,000 - £100,000	-	-
£100,000 - £110,000	1	2

No trustee received remuneration or reimbursement for expenses during the year.

London Higher

Notes to the accounts for the year ended 31 March 2013

8 Tangible Fixed Assets

	IT equipment	Fixtures & Fittings	Furniture	Total
Cost	£	£	£	
At 1st April 2012	8,947	29,735	14,717	53,399
Additions	3,540	-	-	3,540
At 31st March 2013	<u>12,487</u>	<u>29,735</u>	<u>14,717</u>	<u>56,939</u>
Depreciation				
At 1st April 2012	-	-	-	-
Charge for the year	3,109	7,434	3,679	14,222
At 31st March 2013	<u>3,109</u>	<u>7,434</u>	<u>3,679</u>	<u>14,222</u>
Net Book Value				
At 31st March 2013	<u>9,378</u>	<u>22,301</u>	<u>11,038</u>	<u>42,717</u>
At 31st March 2012	<u>8,947</u>	<u>29,735</u>	<u>14,717</u>	<u>53,399</u>

9 Debtors

	2013 £	2012 £
Trade debtors	45,674	39,050
Other debtors	39,986	157,696
	<u>85,660</u>	<u>196,746</u>

10 Liabilities Amounts falling due within one year

	2013 £	2012 £
Trade creditors	28,782	33,691
Accruals and deferred income	38,875	50,095
Other creditors	1,840	17,803
	<u>69,497</u>	<u>101,589</u>

11 Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	42,717	-	42,717
Debtors	65,660	20,000	85,660
Cash at bank and in hand	122,792	267,664	390,456
Creditors	<u>(44,416)</u>	<u>(25,081)</u>	<u>(69,497)</u>
Total Funds	<u>186,753</u>	<u>262,583</u>	<u>449,336</u>

London Higher

Notes to the accounts for the year ended 31 March 2013

12 Movement on Funds

	Brought forward at 01/04/2012 £	Incoming £	Outgoing £	Transfers £	Carried forward at 31/03/2013 £
Restricted Funds					
PODIUM	130,402	228,548	(355,122)	6,897	10,725
London Workforce Development	88,017	23,405	(161,294)	91,175	41,303
London Medicine	40,017	113,433	(78,519)	(19,200)	55,731
Schools and HE	3,602	-	-	-	3,602
Access HE	139,173	390,283	(369,869)	(75,602)	83,985
Reserve Funds	-	-	-	67,237	67,237
	<u>401,211</u>	<u>755,669</u>	<u>(964,804)</u>	<u>70,507</u>	<u>262,583</u>
Unrestricted funds					
London Higher	73,986	419,549	(429,782)	(14,866)	48,887
Case for HE	-	-	(53,026)	53,026	-
Reserve Funds	246,533	-	-	(108,667)	137,866
	<u>320,519</u>	<u>419,549</u>	<u>(482,808)</u>	<u>38,159</u>	<u>325,392</u>
Total Funds	<u>721,730</u>	<u>1,175,218</u>	<u>(1,447,612)</u>	<u>-</u>	<u>449,336</u>

Reserve Funds this balance of £205,103 are funds held on behalf of all divisions £67,237 of this is held in restricted funds to represent reserves held specifically in relation to restricted funds

Restricted Fund Transfers These include a re-allocation of certain brought forward reserves for specific purposes, together with recharges of the overhead costs incurred by London Higher in running each of the projects. The recharge includes consideration for staff time, rent, phone use and printing, and has been calculated on a time spent basis

PODIUM is the Further and Higher Education Unit for the 2012 Olympic and Paralympic Games. The Unit has a national remit and is funded by HEFCE, HEFCW and the LSC

London Workforce Development is tasked with the development of businesses engagement with HEIs (Higher Education Institutions) in London, and to influencing their capability and capacity to deliver the higher level skills programmes required ensure London remains competitive in a truly global economy. Its primary objective will be to increase the volume of revenue flowing from employers to HEIs in London

London Medicine is tasked with monitoring the healthcare policy environment as it applies to the membership of the Group and identify opportunities to promote the regional, national and international contributions made by London's Medical Schools

Schools and HE Working with schools and partners to make London a centre for world class education and to support London students' progression to higher education

Access HE is the new pan-London organisation enabling the provision of support for young people from disadvantaged backgrounds to enter Higher Education. AccessHE facilitates collaboration and activities that aim to increase social mobility in the capital

Case for HE is a core work stream of London Higher resourced primarily by member contributions. The programme aims to create an ongoing and robust evidence-base in support of HE in the capital

13 Operating Lease Commitments

	2013 £	2012 £
Land and buildings held under operating leases which expire in		
One to two years	-	10,397
Two to five years	36,143	36,143
Other equipment held under operating leases which expire in		
Two to five years	2,193	2,193
Total operating lease commitments	<u>38,336</u>	<u>48,733</u>

London Higher

Notes to the accounts for the year ended 31 March 2013

14 Taxation

London Higher is exempt from tax on income and gains falling within sections 466–493 of the Corporation Taxes Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to charitable objects. No tax charges have arisen in the Charity.

15 Pension Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK, three are appointed by the University and College Union, of whom at least one must be a USS pensioner member, and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

London Higher

Notes to the accounts for the year ended 31 March 2013

15 Pension Scheme (continued)

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded, on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 was estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The Normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

London Higher

Notes to the accounts for the year ended 31 March 2013

15 Pension Scheme (continued)

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below.

Assumption	Change in assumption	Impact on scheme liabilities
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set by the trustee are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that, putting the issue of the USS fund's size and scale to one side for a moment, it might be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the sponsoring employers would be willing and able to make, it is necessary and appropriate for the trustee to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities, and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Some short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together – in an integrated form – the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS had over 148,000 active members and the institution had 13 active members participating in the scheme.

The total pension cost for the institution was £100,816 (2012: £117,650). There are no prepaid or outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.