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# LONDON HIGHER
(A company Limited by Guarantee)

## REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 JULY 2015

**Charity Number: 1114873**
**Company Number: 5731255**

LONDON HIGHER

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

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| | |
|---|---|
| **Auditors** | haysmacintyre<br>26 Red Lion Square<br>London<br>WC1R 4AG |
| **Bankers** | Royal Bank of Scotland Group (Education Sector)<br>Commercial Banking<br>3rd Floor, Cavell House<br>21 Charing Cross Road<br>London<br>WC2H ONN |
| **Legal Advisors** | Bates, Wells and Braithwaite<br>Scandinavian House<br>2-6 Cannon Street<br>London<br>EC4M 6YH |
| **Registered office** | London Higher<br>Tavistock House<br>Tavistock Square<br>London<br>WC1H 9JB |
| **Company Registration Number** | 5731255 |
| **Charity Registration Number** | 1114873 |
| **Company Secretary** | Michael Reynier |

**LONDON HIGHER SENIOR MANAGEMENT TEAM**

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

## BOARD OF TRUSTEES

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

Professor Peter John, **Vice Chancellor**
***University of West London***

Professor Veronica Lewis MBE, **Principal**
***The Conservatoire for Dance and Drama***

Professor Paul Layzell, **Principal** – From June 2015
***Royal Holloway University of London***

Patrick Loughfrey, **Warden**
***Goldsmiths***

Professor David Maguire, **Vice-Chancellor**
***University of Greenwich***

Professor Geoffrey Petts, **Vice-Chancellor** (Chair of London Higher)
***University of Westminster***

Professor Julius Weinberg, **Vice-Chancellor**
***Kingston University London***

## CO-OPTED TRUSTEES

Professor Peter Kopelman, **Principal** (Vice Chair of London Higher) – to June 2015
***St. George's, University of London***

Professor Sir Adrian Smith, **Vice-Chancellor**
***University of London***

Professor Steve Tee, **Associate Dean (Education)** – to September 2015
***King's College London***

Professor Keith Zimmerman, **Director of Students**
***The Open University***

## OBSERVERS FROM STAKEHOLDER ORGANISATIONS

Derek Hicks **(London Regional Consultant)**
***Higher Education Funding Council for England***

The Trustees are pleased to present their report together with the financial statement of the charity for the year ended 31 July 2015.

## STRUCTURE, GOVERNANCE AND 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 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 one observer.

4. ***Trustee Induction & Training***. Member Trustees are familiar with the practical elements of the company as higher education institutions (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.

5. ***Structure of the Executive***. The Executive is divided into four business divisions. These are listed below together with their primary functions. 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***:

   - *London Higher Core*, Executive, Administration, Human Resources, Case for HE, London Higher Europe and Special Projects;

   - *London Medicine & Healthcare*, bringing together London's schools of medicine, dentistry, healthcare and clinical academic 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.

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 or income 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.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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, the Greater London Authority (GLA) and the London Enterprise Panel (LEP) have interests in higher education as it pertains to the capital. London Higher maintains links with each.

12. ***Risk Management.*** London Higher has a central *Risk Register*. The Board of Trustees monitors and reviews risks at each meeting and, where appropriate, requires the Executive to take action in mitigation.

## OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

13. In June 2015 our current Business Strategy was approved by members. It defines our operating vision, mission and values.

14. **Our vision** defines the way we would like *London Higher* to look in 2017/18. It is our aspiration for the future and gives the context for our work. For the years 2014/15 to 2017/18 our vision will be: *To be the forum for higher education institutions/providers in London.*

15. **Our mission** tells people how we intend to achieve our vision. It is a statement that defines the fundamental purpose of *London Higher* and is intended to explain why we exist and what it is that we do. For the years 2014/15 to 2017/18 our mission will be: *To support our members to meet the challenges and opportunities of providing higher education in London.*

16. ***Our values.*** *London Higher* values are the beliefs that are shared among ourselves, our members and HE stakeholders. Values are important to articulate in our *Business Strategy* because it is through our shared values that we will develop our mission and vision. Values are the enablers to achieving our vision and mission. For the years 2014/15 to 2017/18 our value statement will be: *London Higher is a trusted, non-partisan and professional partner.*

17. ***Our Activities.*** Taking our vision, mission and values as a starting pointing, and in particular our aspirations to anticipate changes, seek opportunities and tell our members' story, we identify four activities through which we deliver our objectives:

    a) **Advocacy;**
    b) **Collaborations;**
    c) **Networks;**
    d) **Events.**

18. ***Public Benefit.*** Our work is informed by the need to act for the benefit of the public. We engage with over forty HEIs. They teach 376,000 students and employ over 84,000 members of staff. These people are 'our primary public.' We benefit them in various ways as will be shown below, but in all cases our test is whether an action of ours will result in universities, members of their staff or their students becoming more efficient at providing research, teaching or student experience in London. A secondary public comprises is a wider group of stakeholders with whom HE students and staff interact throughout their lives. These include employers, parents and children, all of whom gain benefit from an efficient and effective higher education experience.

## ACHIEVEMENTS AND PERFORMANCE

19. For over fifteen years *London Higher* has been working with universities and higher education colleges in London. During that time we have earned a deserved reputation for advocating and promoting London's HEIs and supporting our members in their responses to the challenges and opportunities that have emerged. We are trusted, responsible and efficient in our dealing with our members.

20. ***Outputs.*** Our outputs are diverse and include research reports, feasibility studies and benchmarking, promotional material, meetings and workshops, lobbying and receptions. We also run a wide range of websites, advisory groups and networks. In this section we give summaries of some of the main activities each of our divisions has undertaken during the past year.

    a) ***Case for HE*** is a core work stream of London Higher, resourced primarily by member contributions in association with HEFCE. The programme aims to create an ongoing and robust evidence-base in support of HE in the capital. In particular it seeks to: understand the challenges and opportunities *London Higher* members and partner institutions face; conceive, develop and manage responses that address these challenges and opportunities; and promote the impact of London's HE sector on the social, cultural and economic development of the region and beyond. During the year we: a) ran eight networks for our members on themes including research, planning, marketing, housing, visa compliance and European issues. These networks are open to all our members and provide participants with a mechanism to share their experiences and discuss the challenges and opportunities of their respective roles. This provides benefit in ensuring that members operate efficiently; b) conducted two pan-London surveys on student housing and Fire Brigade call-outs. These surveys provided both members and stakeholders with accurate evidence as to the reality on the ground. They benefited members and the public in allowing more informed policies to be developed in HE; c) responded to four consultations on housing affordability, student rents, the Government's Prevent duty and Tier 4 Visa Guidance. Our responses were informed by widespread discussion with our members and helped to shape more efficient and effective policy in these areas; d) published six new pieces of research on themes including diversity in senior HE leadership, the cost of Open Access, and HE and immigration. These research reports helped our members take stock of emerging policy, highlighted key areas for attention and shared effective practice across our membership. They provide public benefit because they respond to national policy initiatives. All are available on our website.

    b) ***London Medicine & Healthcare*** brings together senior representatives from across London's schools of medicine, dentistry, clinical academic disciplines, nursing, midwifery and the allied health professions. Through its two standing membership networks, *London Medicine* and the *Healthcare Education Group*, *London Medicine & Healthcare* provides a discussion platform pertaining to the delivery of medical and healthcare education and training in London. During the year we: a) hosted seven business meetings and networking dinners with key health policy stakeholders. This enabled senior staff from across London to network and share experiences as well as receive timely policy updates; b) contributed extensively to the London Health Commission's consultation on examining how to improve the health and healthcare of Londoners. This helped better align health training in London with the changing demands of health service providers; c) launched healthcare education pages on the LMHC website to showcase the training in the allied health professions. This is valuable as these professions will play a greater role in the delivery of care out of traditional settings; d) collated and mapped resources to assist with access into the healthcare professions and encouraged collaborative activity in this area. Widening participation to the healthcare professions, in particular across ethnic and social backgrounds, is a key goal in the NHS plan and will help to provide a health workforce more reflective of society.

    c) ***AccessHE*** is a pan-London initiative that supports cross-sector collaboration to enable HEIs, schools and colleges to achieve their objectives on widening access to HE more efficiently and effectively. The vision of AccessHE is that HE can be accessed by everyone in London who has the ability and capacity to succeed, regardless of their background or characteristics. AccessHE now has 28 member HEIs, including institutions from outside London. During the year we: a) ran five pan-London networks on access, including on progression to HE for disabled learners, and for looked-after children, supporting student ambassador activities and reviewing evidence and establishing impact. Out networks enable widening access staff to share experiences and develop effective practice; b) Organised five major WP conferences and events, including one for access into the creative arts and a week-long series of events highlighting current work in widening access. Conferences and events provide another way to share effective practice both across London and nationally; c) managed four research projects looking postgraduate mentoring and the London Access Targets. Research into widening access is essential to determine what interventions are having impact thereby allowing policies to be more tightly focused and improving the experience of widening access staff and students; *d)* Participated in the London arm of National Networks for Collaborative Outreach, a national programme aimed at linked together widening access work for more efficient delivery. Collaboration is important because it allows more to be done with limited resources;

d) *NEON* (the National Education Opportunities Network) was founded in early 2012 as the new professional organisation to support those involved in widening access to HE and social mobility. At the heart of NEON is a cross-sector approach bringing together HEIs, schools, colleges, the voluntary sector, professional bodies and employers. NEON works closely with HEFCE and OFFA in order to support the delivery of the National Access and Success Strategy and the new collaborative outreach networks for 2015-15. During this year NEON has: a) run NEON Awards, recognising the best of work in widening access across the country. By showcasing effective practice our Awards help to spread effective practice across the UK; b) Ran the Third Annual NEON Symposium, which brings together practitioners from across England to discuss the latest developments in widening access work; c) ran six national Working Groups, including on Access Courses, HE progression and Mentoring. Each Group is led by members to take forward an agenda in different areas of access practice.

e) ***LONDON HIGHER EUROPE.*** LHE supports 13 London HEIs to increase their capacity and/or experience of EU engagement and funding programmes. The EU research agenda is important for the public because EU funds research to help solve some of the world's great challenges. By helping our members to better align themselves with these agendas we hope that London universities can help solve some of these challenges benefiting not just the universities but the wider public. In our first full year we have: a) helped our members develop European Priority Plans to guide their EU engagement activities. This has helped members become more efficient in their response to the EU agenda; b) run two delegations to Brussels on topics including the creative industries and future-proof food. These trips helped promote London HEIs to the EU as constructive and reliable research partners; c) designed, built and launched the LondonHigher.eu website, promoting research partnership opportunities in London to the wider EU; d) produced newsletters, hosted meetings and ran workshops for and on behalf of our members to ensure that they were best placed to respond to EU calls for research and partnership.

f) ***SPECIAL PROJECTS.*** As well as managing our established member collaborations, we also have a portfolio of smaller or developmental projects that we oversee. This year we have been developing the following: a) Diversity in London HE Leadership. This project, funded by HEFCE, directly engaged staff at senior levels to champion equality and diversity within their institutions and the wider HE sector in London. Its public benefit lies in the fact that HE leadership should reflect wider society to provide role models and demonstrate meritocracy; b) London is my Campus. This was a student-led competition aiming to enhance the student experience of London's half a million students. The project sought to build collegiality among the London student body and share some of London's HE resources (such as libraries, sports facilities and clubs).

21. 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_2015/LHAnnRev_2015.pdf

## FINANCIAL REVIEW

22. Our financial goal is to maintain and, if possible, expand member services whilst offering an efficient and transparent financial regime. We have reduced costs again this year whilst managing to maintain core services and one year ahead of our target we have achieved a positive out-turn for the year.

23. ***Reserves Policy.*** Our free Reserves (i.e. unrestricted funds excluding fixed assets) stood at £140,379 at 31 July 2015. This is c. £35k below three months' current salary costs. August 2015 to December 2016 is an unusually high period for salary costs due to the NCO project. We require reserves of this order to meet unexpected delays and fluctuations in the income of London Higher.

24. ***Financial Plan.*** For the 2015-16 financial year we are forecasting income of c. £1.0 m. In June 2015 we circulated a costed Operational Plan for 2015-16 to all members which indicates how this money will be disbursed.

## PLANS FOR 2015-16

25. ***Strategies for the year.*** *Operational Plan.* With a budget envelope of just over £1.2 million we propose to deliver c. **£113,000** of advocacy activities, c. **£125,000** of collaborations, **£36,500** of events and **£24,500** of networking opportunities. New initiatives this year include:

    1) A flagship event for **London MPs** to introduce them to London's globally admired HE group;
    2) An extensive series NCO projects to **widen access to HE** across London;
    3) Substantially increased London **HE representation in Brussels** ahead of the EU referendum;
    4) Developing of range of **special projects** including around student experience, medical training, diversity and UK recruitment of students.

The full 2015-16 *Operational Plan*, including targets and priorities, is available on our website at:

http://www.londonhigher.ac.uk/fileadmin/documents/Publications_2015/LHOpPlan_2015.pdf

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

26. 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.)

27. 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 year. In preparing these financial statements, the Trustees are required to:

    - select suitable accounting policies and then apply them consistently;
    - 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.

28. 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.

29. 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

haysmacintyre were appointed as auditors in 2014 and are deemed reappointed for the forthcoming year in accordance with the Provisions of Companies Act 2006.

**APPROVAL**

**Declaration.** Trustees have prepared this report in accordance with the Special Provisions of Part 15 of the Companies Act 2006. In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415A, the Companies Act 2006. This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

30. ***Resolution***. Approved by the London Higher Board of Trustees on 21 January 2016 and signed on its behalf by:

**Professor Geoffrey Petts**
**Chair, London Higher**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON HIGHER FOR THE YEAR ENDED 31 JULY 2015**

We have audited the financial statements of London Higher for the year ended 31 July 2015, which comprise of 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 opinion we have formed.

**Respective responsibilities of trustees and auditor**

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.

We have been appointed auditor under the Companies Act 2006. 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

**Opinion on 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 July 2015 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 prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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' remuneration 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 take advantage of the small companies exemption in preparing the Trustees' Annual Report and incorporating the Strategic Report.

K E Bt
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*Kathryn Burton (Senior statutory auditor)*
*for and on behalf of haysmacintyre, Statutory Auditor*

*26 Red Lion Square*
*London*
*WC1R 4AG*

*Date:* 21 January 2016

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LONDON HIGHER

# STATEMENT OF FINANCIAL ACTIVITIES
**(Incorporating and Income and Expenditure Account)**

**FOR THE YEAR ENDED 31 JULY 2015**

| **Incoming resources** | **Notes** | **Unrestricted Funds £** | **Restricted Funds £** | **Year ended 31 July 2015 £** | **16 months to 31 July 2014 £** |
|---|---|---|---|---|---|
| **Incoming resources** | | | | | |
| *Incoming resources from generated funds* | | | | | |
| Membership contributions | 3 | 423,400 | 315,082 | 738,482 | 752,728 |
| Investment income | | 370 | 145 | 515 | 631 |
| *Charitable activities* | | | | | |
| Grants | 4 | 46,250 | 175,000 | 221,250 | 131,500 |
| Other incoming resources | 4 | 65,324 | 60,062 | 125,386 | 175,664 |
| **Total incoming resources** | | 535,344 | 550,289 | 1,085,633 | 1,060,523 |
| **Resources expended** | | | | | |
| Charitable activities | 5 | 524,140 | 384,977 | 909,117 | 1,264,330 |
| **Governance costs** | 6 | 4,635 | 4,635 | 9,270 | 20,742 |
| Total resources expended | | 528,775 | 389,612 | 918,387 | 1,285,072 |
| **Net incoming/(outgoing) resources before transfers** | 2 | 6,569 | 160,677 | 167,246 | (224,549) |
| **Net income/(expenditure) for the year** | | 6,569 | 160,677 | 167,246 | (224,549) |
| **Reconciliation of funds** | | | | | |
| Total funds at 1 August 2014 | | 151,183 | 73,604 | 224,787 | 449,336 |
| **Total Funds at 31 July 2015** | | 157,752 | 234,281 | 392,033 | 224,787 |

All amounts are from continuing activities.

The notes on pages 12-20 form part of the accounts.

**LONDON HIGHER** **COMPANY NUMBER: 5731255**

**BALANCE SHEET**

**AT 31 JULY 2015**

| | Note | Year ended 31 July 2015 £ | Year ended 31 July 2014 £ |
|---|---|---|---|
| **FIXED ASSETS** | 8 | 17,373 | 29,106 |
| **CURRENT ASSETS** | | | |
| Debtors | 9 | 704,524 | 75,180 |
| Cash at bank and in hand | | 419,190 | 258,999 |
| | | 1,123,714 | 334,179 |
| **CREDITORS: amounts falling due within one year** | 10 | (749,054) | (138,498) |
| **NET CURRENT ASSETS** | | 374,660 | 195,681 |
| **NET ASSETS** | | 392,033 | 224,787 |
| **FUNDS** | | | |
| Unrestricted funds | 12 | 157,752 | 151,183 |
| Restricted funds | 12 | 234,281 | 73,604 |
| | 12 | 392,033 | 224,787 |

The financial statements were approved and authorised for issue by the Board of Trustees on 21 January 2016 and were signed on their behalf by:

**Professor Geoff Petts**
**Trustee**

The notes on pages 12 to 20 form part of the accounts.

## 1. ACCOUNTING POLICIES

**Accounting convention**
The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Companies Act 2006 and applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below.

**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.

**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 receivable for future years where conditions are attached which must be fulfilled before unconditional entitlement, or grants which can only be spent in future years. The deferred income is released when entitlement to the income is confirmed.

**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 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.

**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 time over £1,000.

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

**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.

**Pension scheme**
The organisation 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 risk 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 year.

## 2. NET INCOMING RESOURCES

| | Year ended 31 July 2015 £ | Period to 31 July 2014 £ |
|---|---|---|
| **This is stated after charging:** | | |
| Auditors remuneration (excluding VAT) | | |
| - current year | 7,725 | 7,500 |
| - under provision for prior year | - | 8,363 |
| - other services (previous auditors) | - | 5,648 |
| Depreciation | 15,195 | 14,279 |
| Operating lease rentals | 35,602 | 38,704 |

## 3. INCOMING RESOURCES FROM GENERATED FUNDS

| | Unrestricted Funds £ | Restricted Funds £ | Year ended 31 July 2015 £ | Period to 31 July 2014 £ |
|---|---|---|---|---|
| London Higher member contributions | 403,400 | - | 403,400 | 385,877 |
| London Medicine contributions | , | 132,000 | 132,000 | 83,000 |
| London partners | 20,000 | - | 20,000 | 105,833 |
| Membership contributions | - | 146,626 | 146,626 | 171,032 |
| Podium | - | 36,456 | 36,456 | 6,986 |
| | 423,400 | 315,082 | 738,482 | 752,728 |

## 4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Unrestricted Funds £ | Restricted Funds £ | Year ended 31 July 2015 £ | Period to 31 March 2014 £ |
|---|---|---|---|---|
| Grants received | | | | |
| HEFCE | 46,250 | 135,000 | 181,250 | 106,500 |
| Other grants | | 40,000 | 40,000 | 25,000 |
| | 46,250 | 175,000 | 221,250 | 131,500 |
| Project & event income | 63,546 | 60,062 | 123,608 | 175,664 |
| Other income | 1,778 | - | 1,778 | - |
| | 65,324 | 60,062 | 125,386 | 175,664 |

## 5. ANALYSIS OF CHARITABLE EXPENDITURE

| ANALYSIS OF CHARITABLE EXPENDITURE | Direct Costs £ | Support Costs £ | Year ended 31 July 2015 £ | Period to 31 July 2014 £ |
|---|---|---|---|---|
| London Higher | 427,582 | 86,134 | 513,716 | 596,238 |
| Case for HE/ London | 50,675 | - | 50,675 | 73,817 |
| London Medicine & Healthcare | 65,543 | 7,556 | 73,099 | 102,840 |
| Access HE | 147,626 | 22,933 | 170,559 | 310,936 |
| Access HE - NCO | 56,550 | 5,554 | 62,104 | - |
| NEON | 29,561 | 9,403 | 38,964 | 68,347 |
| Podium | - | - | - | 57,711 |
| London Workforce Development | - | - | - | 54,441 |
| | 777,537 | 131,580 | 909,117 | 1,264,330 |

| ANALYSIS OF CHARITABLE EXPENDITURE | Year ended 31 July 2015 £ | Period to 31 July 2014 £ |
|---|---|---|
| **Support costs** | | |
| Rent | 42,892 | 46,570 |
| Accountancy and Professional fees | 13,607 | 11,738 |
| IT Costs and Website Development | 17,874 | 24,721 |
| Depreciation | 15,195 | 14,270 |
| General Office Costs | 13,115 | 18,865 |
| Staff Costs | 7,522 | 5,498 |
| Telephone | 6,979 | 13,029 |
| Travel and subsistence | 5,782 | 5,356 |
| Insurance | 2,994 | 5,896 |
| Catering and Hospitality | 2,791 | 8,261 |
| Bank charges | 2,154 | 3,821 |
| Postage and Courier | 600 | 258 |
| Conference fees | 75 | 665 |
| | 131,580 | 158,948 |

## 6. GOVERNANCE COSTS

| | Year ended 31 July 2015 £ | Period to 31 July 2014 £ |
|---|---|---|
| Audit and related fees | 9,270 | 19,036 |
| Other professional fees | - | 1,706 |
| | 9,270 | 20,742 |

## 7. ANALYSIS OF STAFF COSTS

| | Year ended 31 July 2015 £ | Period to 31 July 2014 £ |
|---|---|---|
| Wages and Salaries | 500,327 | 713,737 |
| Social security costs | 39,641 | 62,016 |
| Pension costs | 73,384 | 109,001 |
| Recruitment expenses | 2,988 | 922 |
| | 616,340 | 885,676 |

The average number of employees was:

| | Number | Number |
|---|---|---|
| London Higher | 4.7 | 4.9 |
| London Medicine & Healthcare | 1.3 | 1 |
| Case for London | 1 | 1 |
| Access HE | 3 | 2.6 |
| NEON | 1 | 1 |
| Other Divisions | | 0.7 |
| | 11 | 11.2 |

During the year there were two employees (2014: 2) who received emoluments exceeding £60,000 and to whom retirement benefits are accruing under a defined benefits scheme.

The remuneration falls into the following brackets:

| | Number | Number |
|---|---|---|
| £70,000 - £80,000 | 1 | 1 |
| £100,000 – £110,000 | 1 | 1 |

Pension contributions payable by the Charity for the higher earners in the year were £29,160 (2014: £38,388).

No trustee received remuneration or reimbursement for expenses during the year (2014: NIL).

## 8. TANGIBLE FIXED ASSETS

| | IT Equipment £ | Fixtures & Fittings £ | Furniture £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2014 | 12,715 | 29,735 | 15,157 | 57,607 |
| Additions | 3,064 | 0 | 398 | 3,462 |
| At 31 July 2015 | 15,779 | 29,735 | 15,555 | 61,069 |
| **Depreciation** | | | | |
| At 1 April 2014 | 6,275 | 14,868 | 7,358 | 28,501 |
| Charge for the year | 3,872 | 7,434 | 3,889 | 15,195 |
| At 31 July 2015 | 10,147 | 22,302 | 11,247 | 43,696 |
| **Net Book Value** | | | | |
| At 31 July 2015 | 5,632 | 7,433 | 4,308 | 17,373 |
| At 31 March 2014 | 6,440 | 14,867 | 7,799 | 29,106 |

## 9. DEBTORS

| | 2015 £ | 2014 £ |
|---|---|---|
| Trade debtors | 675,741 | 32,154 |
| Other debtors | 8,522 | 5,635 |
| Prepayments and accrued income | 20,261 | 37,391 |
| | 704,524 | 75,180 |

## 10. LIABILITIES: amounts falling due within one year

| | 2015 £ | 2014 £ |
|---|---|---|
| Trade creditors | 6,987 | 13,913 |
| Accruals | 21,541 | 11,088 |
| Deferred income (see below) | 713,018 | 110,127 |
| Other creditors | 7,508 | 3,370 |
| | 749,054 | 138,498 |

| **Deferred income** | **2015** | **2014** |
|---|---|---|
| Balance at start of the year | 110,127 | 25,081 |
| Amounts released to incoming resources | (110,127) | (25,081) |
| Amounts deferred in the year | 713,018 | 110,127 |
| Balance at the end of the year | 713,018 | 110,127 |

Deferred income relates to grants & membership income invoiced/received in the year for the next period.

## 11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted Funds £ | Unrestricted Funds £ | Total Funds £ |
|---|---|---|---|
| Fixed assets | - | 17,373 | 17,373 |
| Net Current assets | 234,281 | 140,379 | 374,660 |
| **Total funds** | 234,281 | 157,752 | 392,033 |

## 12. MOVEMENT IN FUNDS

| | Brought forward at 01/08/2014 £ | Incoming £ | Outgoing £ | Transfers £ | Carried forward at 31/07/2015 £ |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| London Medicine & Healthcare | 36,091 | 132,036 | (92,027) | - | 76,100 |
| Access HE | - | 351,276 | (251,331) | (25,000) | 74,945 |
| NEON | 23,147 | 66,977 | (46,254) | (8,250) | 35,620 |
| Reserve funds | 14,366 | | | 33,250 | 47,616 |
| Total Restricted funds | 73,604 | 550,289 | (389,612) | - | 234,281 |
| **Unrestricted funds** | | | | | |
| London Higher | 122,077 | 535,344 | (528,775) | 11,733 | 140,379 |
| Designated fund – Fixed asset fund | 29,106 | - | - | (11,733) | 17,373 |
| Total Unrestricted funds | 151,183 | 535,344 | (528,775) | - | 157,752 |
| **Total funds** | 224,787 | 1,085,633 | (918,387) | - | 392,033 |

*Reserve fund:* this balance of £47,616 was funds held on behalf of all divisions. LMHC £11,400, AccessHE £27,966 and NEON £8,250.

*London Medicine and Healthcare* 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 and Schools of Healthcare.

*Access HE* is a pan-London organisation enabling the provision of support for young people from disadvantages backgrounds to enter Higher Education. Access HE 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 and ongoing and robust evidence-base in support of HE in the capital.

*NEON*, a national organisation supporting professionals involved in widening access to HE.

## 13. OPERATING LEASE COMMITMENTS

| | 2015<br>£ | 2014<br>£ |
|---|---|---|
| Lease and building held under operating leases which expire in: | | |
| One to two years | | - |
| Two to five years | 32,775 | 32,775 |
| Other equipment held under operating leases which expire in: | | |
| Two to five years | 2,193 | 6,580 |
| **Total operating lease commitments** | 34,968 | 39,355 |

## 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

London Higher 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. 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.

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 audited 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 2014 are also included in this note.

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

The company 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 company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets

## 15. PENSION SCHEME (continued)

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.

The total cost charged to the profit and loss account is £73k (2014: £109k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation 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. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

| | **2015** | **2014** |
|---|---|---|
| Discount rate | 3.3% | 4.5% |
| Pensionable salary growth | 3.5% in the first year and 4.0% thereafter | 4.4% |
| Price inflation (CPI) | 2.2% | 2.6% |

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables 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. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

| | **2015** | **2014** |
|---|---|---|
| Males currently aged 65 (years) | 24.2 | 23.7 |
| Females currently aged 65 (years) | 26.3 | 25.6 |
| Males currently aged 45 (years) | 26.2 | 25.5 |
| Females currently aged 45 (years) | 28.6 | 27.6 |

| | 2015 | 2014 |
|---|---|---|
| **Existing benefits** | | |
| Scheme assets | £49.0bn | £41.6bn |
| FRS 17 liabilities | £67.6bn | £55.5bn |
| FRS 17 deficit | £18.6bn | £13.9bn |
| FRS 17 funding level | 72% | 75% |

The total pension cost for London Higher was £73,384 (2014: £109,001). There are no prepaid or outstanding contributions at this balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

## 15. PENSION SCHEME (continued)

Changes to the USS scheme in 2016

From 1 April 2016, the benefits provided by Universities Superannuation Scheme are changing, as are the contribution levels payable by employers and members. Since 2011 the scheme has reported a substantial deficit and, following a review of scheme funding, the trustee confirmed that substantially increased contributions would be required to continue to provide the existing arrangements.

As a result in January this year the employer and member representatives put forward a joint proposal which involves employer contributions increasing to 18% of salaries, alongside changes to the benefits provided by USS and increases in member contributions to 8% of salary.

Employers formally consulted people affected by these changes between 16 March and 22 May 2015. In light of the responses received, the employer and member representatives, within the Joint Negotiating Committee (JNC), agreed some modifications to the proposals.

The note below provides further technical detail about the changes and the agreed modifications which will be implemented in phases from 1 April 2016.

Currently USS provides two forms of defined benefit pension; Final Salary and Career Revalued Benefits (CRB). Both provide a pension which is linked to earnings, albeit in different ways –see the glossary at the end of this document. Going forward USS will provide defined benefit pensions on a CRB basis, alongside a new defined contribution section (as explained in more detail below). Defined contribution is a different kind of pension scheme for members to save for retirement; importantly the amount received from the defined contribution section will be based on the amount of money in an individual's account, which in turn depends upon the amount of contributions going in (paid by employers and members) and the investment growth gained on those contributions. Final Salary provision will come to an end on 31 March 2016. Benefits earned up to that date (based on service up to, and final salary at, that date), which include any benefits gained from transfers in and any added years Additional Voluntary Contributions (AVCs), are secure being protected in law and in the scheme rules.

Current CRB members will also move into the new USS structure and will continue to accrue pension on an improved CRB basis as described below, and similarly benefits already earned are protected.

The new USS will be introduced in phases from 1 April 2016 and its key features, once fully implemented, will be:

1. Career Revalued Benefits (CRB) for all members on salary up to £55,000 accrued at a different accrual rate to that provided currently (the new accrual rate will be 1/75th of salary per year as pension, along with 3/75ths of salary as a lump sum).

2. Defined contribution section for members based on salary above £55,000.

3. An option for all members to make additional contributions to the DC section of the scheme and to claim an additional 'matched' 1% from the employer contributions (provided the member contributes an additional 1%).