

Registered number: 04823842 (England & Wales)
Charity number: 1141289

**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
FOR HIGHER EDUCATION**

(A charity and a company limited by guarantee)

ANNUAL ACCOUNTS AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
FOR HIGHER EDUCATION**

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ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

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CHAIR'S INTRODUCTION

I am very pleased to introduce the Annual Accounts and Financial Statements for 2018.

Performance against the Office's key performance indicators has again been excellent. We exceeded our timescale targets at all stages of our process despite a substantial rise in the number of complaints we received. This is testament both to the hard work of our staff and to our continued focus on efficiency that is part of providing a high-quality service.

We continued to develop how we share learning from complaints. We published an additional section of the Good Practice Framework, on disciplinary procedures. We maintained a high level of outreach across the full range of our membership, with a particular focus on engaging with students and student bodies.

The regulatory landscape continued to evolve through the year, with the creation of the Office for Students (OfS) in England and emerging plans for the reform of the post-compulsory education and training sector in Wales. We have a unique role, being both an independent ombuds organisation and an integral part of the regulatory framework. We have continued to use this to contribute effectively to the development of policy and practice to the benefit of students and the sector.

Following the Higher Education and Research Act (HERA) 2017, we welcomed more higher education providers into membership of our Scheme, giving more students access to independent redress for their complaints.

Our financial position remains sound. In 2018 we further refined our subscriptions system and reviewed our approach to reserves.

None of our achievements this year would have been possible without the skill, hard work and commitment of everyone in our organisation. I would like to thank my colleagues on the Board, Felicity Mitchell Independent Adjudicator and Ben Elger Chief Executive who, together, so ably lead the organisation, and all our excellent staff.

Dame Suzi Leather
Chair of the Board of Trustees/Directors

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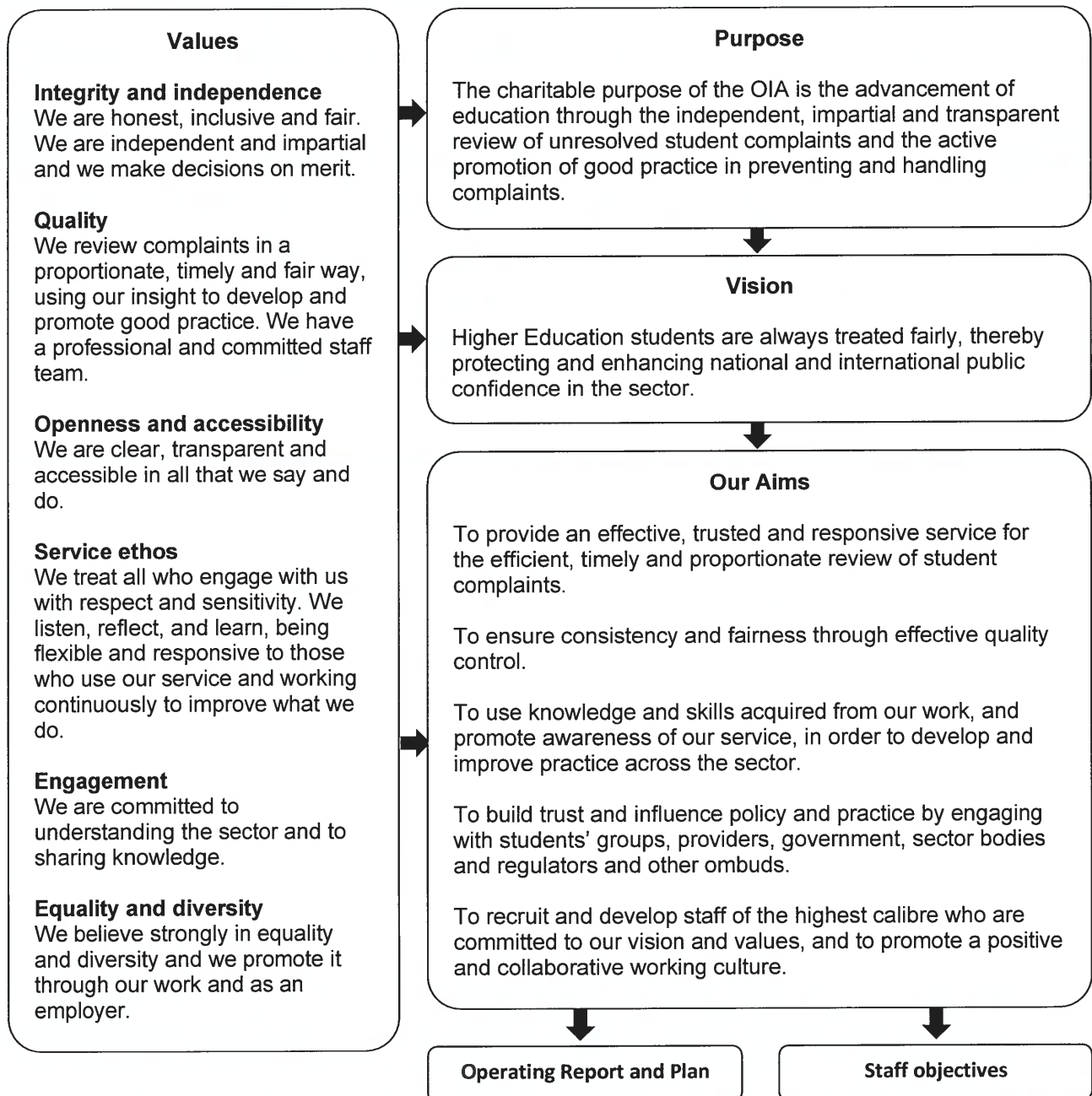
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STRATEGIC REPORT For the year ended 31 December 2018

Strategic Plan and Operating Report 2018

Strategic Plan

The OIA is the designated operator of the student complaints scheme established under the Higher Education Act 2004, and a charity registered in England and Wales.



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STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

Operating Report 2018

This report is set out in accordance with our Aims in our Strategic Plan.

To provide an effective, trusted and responsive service for the efficient, timely and proportionate review of student complaints

Timescales

We received 1,967 complaints, an increase of 20% compared with the previous year, and closed 1,722 complaints in 2018. We have continued to achieve excellent turnaround timescales throughout the year, exceeding our KPI of closing 75% of cases within six months of receipt despite the rise in the number of complaints coming to us. We have taken an average of 113 days to close a case. At the end of the year around 13% of cases were still open six months after receipt.

Eligibility

It is important for students to know as soon as possible whether or not we can look at their complaint. In 2018 we made an average of 99% of eligibility decisions (or requested further information) within 10 working days against a KPI of 90%.

Enquiries

In line with our aim to provide a responsive service, we increased our KPI for responding to enquiries within two working days from 90% to 95% for 2018. We have responded to 96% of enquiries within that timeframe.

Settlement

We believe in resolving complaints at the earliest opportunity. We have continued through the year to encourage case-handlers to try to settle cases where appropriate. Our KPI of settling 10% of cases is intentionally stretching to support this aspiration. In 2018 we settled 9% of cases.

Feedback and user experience

We have updated how we collect feedback from students after we have closed their case. This has improved the response rate, giving us a better picture of students' experience of bringing their complaint to us. This is helping us to improve our service by focusing on what matters to students, such as how we explain our process and our decisions.

In 2018 we held several student discussion groups for the first time. These have enabled us to have discussions with over 60 students about their experiences, concerns and views of higher education and have been valuable in helping us to understand wider student perspectives.

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STRATEGIC REPORT (cont/d) *For the year ended 31 December 2018*

We have continued to work towards a simpler and more informal style of communication. Our staff have been trained in the principles of Plain English. We have introduced a simpler structure for our case decisions. We have also been making more use of the telephone, including routinely offering students a call with their case-handler so that they can ask any questions about our processes.

The “MyOIA” portal is a convenient and secure way for students and providers to update their information and see the progress of their complaints. During the year we have improved functionality and added more guidance to the MyOIA Complaint Form.

We now only ask students to provide one document, the Completion of Procedures Letter, with their Complaint Form. This makes it easier to submit a complaint and reduces duplication of effort for both the student (or their representative) and the provider.

During the year we have been developing our new website to provide a better user experience, making it easier for people to understand what we do and find the information they need. We will launch the new website in early 2019.

European Directive on Alternative Dispute Resolution (EU ADR)

We have continued to meet the standards expected of us as the approved ADR body for higher education complaints. We had a successful audit visit and submitted our third annual report to the Chartered Trading Standards Institute (CTSI).

Membership of and access to the OIA Scheme

Following the Higher Education and Research Act (HERA) 2017, in 2018 we welcomed more higher education providers into membership of our Scheme. We revised the Rules of our Scheme with effect from 1 April 2018, reflecting changes under HERA and simplifying the language. We updated our definition of “higher education” course to be consistent with definitions in the wider regulatory framework, enabling more students to bring their complaints to us.

We have agreed initial information-sharing arrangements with the Office for Students (OfS) to try to make sure that we get timely information on matters relating to our membership.

We have continued to promote access to independent redress for unresolved student complaints and appeals as the Welsh Government reforms the post-compulsory education and training sector. We have engaged constructively with Welsh Government representatives. We have the support of the Higher Education Funding Council for Wales (HEFCW) and the National Union of Students (NUS) Wales for the proposal that our role in this sector is extended so that more students can bring their complaints to us.

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STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

We have continued to work with other bodies considering the interface between higher and further education. We submitted evidence to the Augar Review of Post-18 Education and Funding. We have regular discussions with the OfS on evolving higher education policy. We are a member of the Quality Assurance Agency (QAA) Apprenticeships Advisory Group and we have worked to promote clarity about our role in the complex environment surrounding apprenticeships.

Financial planning and subscriptions

We continue to provide a cost-effective and efficient alternative to the courts, benefitting both providers and students who use our Scheme.

Delivering value for money is important to us. We continually monitor our processes to make sure they are effective and efficient and to look for ways to improve them. In 2018 the unit cost of cases was a little over £2,000.

In recognition of both current financial constraints in the higher education sector and the need to make sure we are properly funded so that we can fulfil our remit, our Board agreed a core subscription increase of 2.0% for 2019. A small increase in the per point fee for the case-related element of subscriptions from £190 to £200 was also agreed. More information about subscriptions is on our website at <http://www.oiahe.org.uk/about-us/subscription-to-the-oia.aspx>.

Transnational education (TNE) students already have access to our Scheme, and in 2018 the Board decided that in the interests of fairness they should be taken into account in the student numbers on which our subscriptions are based. From 2019, the data in HESA Aggregate Offshore records will be included in the student numbers used for determining providers' subscription bands. We communicated this at an early stage to all providers, including writing individually to those that will be affected in 2019 by the change.

We have had discussions with HESA about the collection and consistency of student number data within the regulatory framework. We have also been monitoring the development of the OfS's funding model which may impact the data collected by HESA (as the designated data body).

In 2018 we revised our approach to reserves to make sure that it continues to be appropriate in the context of the inherent uncertainties in our operating environment.

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STRATEGIC REPORT (cont/d) *For the year ended 31 December 2018*

To ensure consistency and fairness through effective quality control

Quality control

Our risk-based approach to case-handling decision making is supported by robust quality assurance measures overseen by the Casework Quality Group, including training, coaching and random sampling of correspondence and decisions.

We have further refined how we allocate cases so that they are reviewed by people with the most appropriate knowledge and skills for the individual case.

We reviewed our approach to correspondence with students after we have issued a decision on their case. We have begun implementing improvements to how we record such correspondence to help us to analyse and learn from it more effectively.

We ran training for all staff on unconscious bias with follow-up sessions to maintain awareness and promote understanding of how to minimise its effects in our work.

We have continued to use learning from other ombuds schemes' experiences and perspectives on quality assurance to inform our own approach.

Judicial review

We used our learning from judicial review cases to inform the revisions to our Rules, and we continue to apply learning from judicial review cases in our case-handling.

Knowledge management

In 2018 we continued to work on embedding our Record Management Policy across the organisation. We have upgraded our intranet, improving document management functionality. We have made good progress with archiving and anonymising case information into a format which enables it to be searched more effectively. These developments are supporting efficiency and consistency in our case-handling.

We have developed how we capture knowledge from our external engagement activities and feed it back into our case-handling and outreach work. We analyse feedback from our engagement and use it to inform the continuous development of our outreach and other aspects of our work.

Data protection

In 2018 we reviewed and revised procedures and documents relating to data protection to make sure that we protect personal data in line with the requirements of the General Data Protection Regulation (GDPR). We issued guidance to members of our Scheme about

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STRATEGIC REPORT (cont/d)
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how GDPR affects their sharing of personal data with us. We contributed to Ombudsman Association data protection guidance.

Advisory panels

Our Higher Education Advisory Panel (HEAP) and our Disability Experts Panel (DEP) have continued to provide an excellent resource for case-handlers, both in relation to our approach to individual complaints and as a source of intelligence and a sounding board on wider issues affecting the sector. In 2018 we recruited two new members to our DEP, broadening the expertise on the panel.

To use knowledge and skills acquired from our work, and promote awareness of our service, in order to develop and improve practice across the sector

Compliance and Recommendations

In 2018 we maintained our strong record of compliance with our Recommendations. We exceeded our KPI of 85 per cent of student-centred Recommendations implemented by the specified date.

We have continued to work with providers to make sure that we recommend actions which are both achievable and an appropriate resolution for the student. We have made extensive use of case examples in our good practice work to explain our approach to Recommendations.

We have monitored compliance closely. We have worked with some providers under our non-compliance procedures to help them to meet the requirements of our Recommendations, to minimise the impact on students of any delay in complying, and to ensure learning is captured. We will be making a report in our Annual Report in line with our non-compliance procedure.

Good Practice Framework

In 2018, working with the Good Practice Framework steering group, we consulted on and published a new section of the Framework, on Disciplinary procedures. The section gives good practice guidance for providers in designing disciplinary procedures and in handling individual cases.

Good practice and outreach

In 2018 we maintained a high level of outreach activity. We ran a successful programme of events, webinars, visits and workshops. We have developed our programme to reach a more diverse range of the students who may complain to us and to improve their awareness and understanding of our Scheme.

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STRATEGIC REPORT (cont/d) *For the year ended 31 December 2018*

We introduced two new webinars, one on the Supporting Disabled Students section of the Good Practice Framework and a more advanced (level 2) webinar on Fitness to Practise. We introduced a new workshop, Good Practice in Action. We visited a number of providers to share good practice, focusing on the guidance we provide in the Good Practice Framework, and offered follow-up discussions. We continued to monitor the impact of our good practice work.

Public interest cases and case studies

We reviewed and revised our public interest case publication strategy, which we will implement in 2019. We published case studies on cases involving mental health issues and cases involving settlement.

OIA complaints data

There is increasing demand for empirical evidence drawn from our casework. During the year we have reviewed and revised our case categorisation system (for implementation from 2019) to improve our ability to share data and insight in an evidence-based way.

Annual Statements

We again published our Annual Statements documenting providers' records in handling complaints and academic appeals for the previous year. During the year we have continued to highlight their value as a source of information for providers and others, and to explore other elements for possible development in response to feedback.

Contextual data on formal student concerns

Information about the number of formal student concerns that providers receive under their internal processes has the potential to provide meaningful context for the data which we hold and to inform practice. We brought together a group of providers for a pilot project that ran from February to October 2018. Those that participated have shared their internal data with us and we are analysing this and considering next steps.

To build trust and influence policy and practice by engaging with students' groups, providers, government, sector bodies and regulators and other ombuds

Role of the OIA in the regulatory landscape

We have continued to play our full part in the evolving regulatory landscape whilst always safeguarding our independence. There is a clear expectation from Government that organisations in the sector will work together and share information where appropriate to ensure a joined-up approach for providers and to protect the student interest. We have had regular discussions with the DfE and the OfS and have agreed appropriate information sharing arrangements for this transitional period in the regulatory framework.

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STRATEGIC REPORT (cont/d)
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Where appropriate we have shared concerns about possible systemic issues with other organisations in the regulatory framework. We are members of the UK Standing Committee on Quality Assessment and we have contributed to the development of the Quality Code. We have also responded to a number of relevant consultations.

We have maintained regular dialogue with the Welsh Government and HEFCW through the year.

Engagement with student organisations and providers

In 2018 we maintained a high level of engagement with providers and student organisations. The further developments to our outreach programme have helped us to connect with providers across the full range of our membership.

In 2018 we focused particularly on engagement with students and student representative bodies. We held a number of student discussion groups. We worked with four student representative bodies to set up "Introduction to the OIA" workshops which were well attended and gave us the opportunity to talk with those who are helping students within providers. We began work to gather more contact details for student representative bodies so that we can give them information about our work. We are grateful to NUS for their continuing support for our student engagement work.

Governance

During the year we have undertaken an externally-led review of our governance. The review first focused on assessing how well our governance meets the expectations of the Charity Governance Code, and is now moving on to consider optimal governance structures including how best to reflect the expanded membership of our Scheme in our governance.

Ombudsman Association and European Network for Ombuds in Higher Education

We have continued to participate in Ombudsman Association meetings and events including HR, First Contact, Casework, Legal and Communications special interest groups to share learning and good practice.

We have continued to be involved in the European Network for Ombuds in Higher Education (ENOHE). Our Chair Dame Suzi Leather was elected Chair of ENOHE in June 2018. We attended and presented at this year's ENOHE conference Higher Education Ombudsmen – Resolving Conflicts on Campus: Strategies for Enhanced Policies and Effective Operations.

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STRATEGIC REPORT (cont/d) *For the year ended 31 December 2018*

To recruit and develop staff of the highest calibre who are committed to our vision and values, and to promote a positive and collaborative working culture

Succession planning

The Board reviewed our senior leadership structure to make sure that it enables strong and effective leadership of the organisation. The Board decided that the optimal structure is to have two separate but equal roles: the Independent Adjudicator and the Chief Executive. This structure operated on an interim basis from late 2017. Felicity Mitchell and Ben Elger were formally confirmed in these respective roles in April 2018 to jointly lead the organisation.

Two Independent Directors were appointed to the Board in Spring 2018 to replace Directors who had completed their terms of office.

Flexible workforce

In 2018 we have made good use of our flexible workforce approach to help us to respond effectively to the increase in the number of complaints coming to us. We have continued to draw on the skills of staff across the organisation so that our case-handling and good practice work are mutually informative and to enable us to fulfil these aspects of our remit effectively.

Living our values

Our values underpin everything we do. We have continued to maintain our independence whilst engaging positively with our stakeholders. We have kept a strong focus on the quality and integrity of our case-handling. Our commitment to openness and accessibility has informed our approach to developing our website and our communication style, and we have listened to feedback to help us further develop our service.

Equality and diversity

We have continued to work to increase diversity in our workforce. In 2018 we reviewed where we advertise vacancies and now include specialist recruitment platforms to reach out to a greater diversity of candidates. We have reviewed how we monitor the diversity of our Board.

Health and Safety

The health and safety and wellbeing of our staff remains a priority. In 2018 we promoted awareness of mental health issues, training mental health first aiders and upgrading our externally-provided employee assistance programme.

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STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

Learning and development

In 2018 we expanded our internal knowledge-sharing sessions. We ran externally-led training sessions on a range of topics of importance to our work, including unconscious bias, telephone training and management training, and a one-day event for case-handlers to learn more about issues that are relevant to our casework. We offered opportunities for some case-handlers on the Ombudsman Association Professional Certificate in Ombudsman and Complaint Handling Practice.

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STRATEGIC REPORT (cont/d) *For the year ended 31 December 2018*

Our Strategy and Operating Plan 2019

For 2019 we have changed how we express our strategy to make it simpler and clearer.

Our Strategy

Our charitable purpose

Our charitable purpose is to advance education for public benefit through the independent review of student complaints in England and Wales and by using learning from complaints to help improve policies and practices.

Our vision

Our vision is that students are always treated fairly.

Our priorities

Our priorities are:

- to review student complaints independently, fairly and effectively.
- to share learning from complaints with higher education providers, student representative bodies, students and others, to help improve policies and practices and the student experience.
- to work effectively with others and influence policy and practice in the wider regulatory framework for higher education and in the ombuds sector.
- to continually develop our organisation so that we can do our work well.

Our values

Our values inform everything we do. We recruit people who share our values and are committed to our vision, and we reflect our values in our work. Our values are:

- Integrity and independence
- Quality
- Openness and accessibility
- Service ethos
- Engagement
- Equality and diversity



Operating Plan



Staff objectives

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STRATEGIC REPORT (cont/d)
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Operating Plan 2019

Our charitable purpose is to advance education for public benefit through the independent review of student complaints in England and Wales and by using learning from complaints to help improve policies and practices.

Our strategy identifies four key priorities through which we fulfil our purpose.

Our Operating Plan for 2019 sets out what we plan to do this year to advance each of these priorities and what we intend to have achieved by the end of the year. It includes both ongoing areas of work and new initiatives.

To review student complaints independently, fairly and effectively.

We are committed to providing a trusted, accessible and responsive service for reviewing student complaints effectively and proportionately.

We will continue to develop our case-handling. We will use risk-based and proportionate quality assurance mechanisms to evaluate the quality of our processes and the decisions we reach. We will use learning from these activities to improve what we do.

We will build on the work we have done in recent years to develop how we communicate with people who use our service, using less formal and more straightforward language in our writing, and exploring different means of communication.

We want to better understand the needs and concerns of students and to use that understanding to inform what we do. We will continue to develop how we collect, analyse and learn from feedback from those who use our service. We will also gather more information through student discussion groups and analyse it to identify and better understand possible barriers to complaints.

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STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

What we plan to do	What this will look like
We will provide a timely service, responding promptly to enquiries, letting students know as soon as possible whether we can look at their complaint, and resolving complaints as quickly as we can.	We meet our key performance indicators (KPIs) for the timeliness of our case-handling process: <ul style="list-style-type: none"> • Responding to 95% of enquiries within two working days • Making 90% of eligibility decisions (or requesting further information) within 10 days • Closing 75% of cases within six months of receipt.
We will continue to encourage case-handlers to try to settle cases whenever it is appropriate.	We try to settle cases where this would be an appropriate and realistic potential outcome, working towards our KPI of settling 10% of our cases.
We will continue to develop how we use the telephone in our communication with students and assess whether this improves the service we provide.	As a pilot, we offer students the opportunity to discuss their case with us by telephone to make sure we have understood their concerns before we reach our decision.
We will work with higher education providers to maintain a high level of compliance with our Recommendations.	We maintain our excellent track record of compliance, and meet our KPI of compliance with 85% of student-centred Recommendations by the target date.
We will launch a new system for categorising the complaints we deal with, so that we can capture and analyse information about complaint subject areas more effectively.	The new system is operational from the start of 2019 and we develop our analysis of the improved information during the year.
As the designated alternative dispute resolution (ADR) body for higher education complaints, we will continue to comply with the requirements of the ADR Directive.	We meet the standards expected of us as the ADR body.

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STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

To share learning from complaints with higher education providers, student representative bodies and others, to help improve policies and practices.

We will continue to develop our successful outreach programme and our good practice work and monitor its effectiveness. We want our good practice work to reach everyone who can benefit from it, in ways that are helpful to them.

What we plan to do	What this will look like
We will expand the reach of our outreach programme in ways that make effective use of our resource.	We maximise participation in our outreach programme through increasing the number of “virtual visits” to providers and group presentations. We respond to feedback to further develop our webinar programme.
We will develop how we support providers that are new to our Scheme.	We have a toolkit for providers that become members of our Scheme and we help them to understand our processes.
We will continue to develop our engagement with students and student representative bodies.	We reach out to student representative bodies through improving our network of contacts and tailoring our outreach provision. We hold discussion groups with students to better understand their concerns and to inform what we do.
In consultation with the Good Practice Framework steering group, we will draft a section on fitness to practise, consult on it and publish it.	We publish the new section after consultation by the end of the year.
We will analyse the results of the data collection pilot we have been running on the earlier stages of complaints and decide, in consultation with providers, how to take this work forward.	We evaluate the pilot project and identify next steps.
We will launch our new website, following extensive preparatory work in 2018, and will continue to develop it during the year.	We launch the new website in early 2019 and we develop it further in the light of feedback from users.

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STRATEGIC REPORT (cont/d)
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To work effectively with others and influence policy and practice in the wider regulatory framework for higher education and in the ombuds sector.

We are recognised for the unique role we play in the regulatory framework, and for our independence and expertise. We will maintain and consolidate this, balancing our independence and our interdependence with others in the regulatory landscape. We will continue to work with Governments and key organisations in the sector and beyond. We will contribute to the work of the UK Standing Committee for Quality Assessment and to the continuing development of the Quality Code.

We will use our influence to help to increase focus on the student voice and experience, and to bring our expertise to the debate about live and emerging issues in the sector. We will work to extend access to our service to as many as possible of those who could benefit from it.

We will continue to be active members of the Ombudsman Association (OA) and of the European Network for Ombuds in Higher Education (ENOHE), sharing our learning and learning from other schemes.

What we plan to do	What this will look like
We will continue to work with the Welsh Government and key stakeholders in Wales towards the intended introduction of legislation to make our service available to students across the post compulsory education and training sector.	We contribute effectively to the development of this policy in Wales, promoting understanding of considerations relating to our role.
We will engage with and where appropriate contribute to the various thematic inquiries and reports expected to consider current issues in higher education.	We bring our expertise to relevant inquiries and reports and we evaluate their possible implications for our work and role in the sector.
We will further develop information-sharing arrangements with other organisations in the regulatory framework.	We have effective, proportionate and secure arrangements for exchanging relevant information with others in the regulatory framework, in particular relating to our membership, regulatory conditions relating to our work and to systemic issues.
We will work with the CMA and the OfS through the Consumer Benefit Forum.	We contribute effectively to the Consumer Benefit Forum, taking the lead on a joint public event to promote understanding of our respective roles.

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STRATEGIC REPORT (cont/d)
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We will continue to work with QAA and other partners to promote clarity about our role in apprenticeships.	We work with the QAA Apprenticeships Advisory Group to contribute to guidance and publicity relevant to complaints.
We will work with others to encourage providers and awarding bodies that are not qualifying institutions to join our Scheme.	We identify relevant providers and awarding bodies and encourage them to become voluntary members of the Scheme.
We will progress the review of our governance structure to consider how to best reflect our expanded membership in our governance.	We identify preferred options, approach and timescale.

To continually develop our organisation so that we can do our work well.

We reflect our values in our work and encourage an engaging, supportive and high performing organisational culture that is diverse, inclusive and promotes wellbeing. We support colleagues' understanding of our organisational context and direction and the part they play in it. We will continue to keep capacity requirements across the organisation under review so that we are in a position to fulfil the different aspects of our remit effectively. We also want to make sure that we have robust organisational infrastructure that supports our core functions effectively.

What we plan to do	What this will look like
We will continue to provide tailored training and learning opportunities.	We offer opportunities for people across our organisation to continually develop their professional skill sets. This includes a programme of internally-led knowledge sharing sessions, tailored workshops such as mental health delivered by Mind, and participation in external training where appropriate.
We will further develop our knowledge management.	Our system supports consistency and enables colleagues to find the information they need more quickly through an upgraded intranet and improved case-related resources. We work towards automation of the process of extracting, redacting and storing useful casework related data.

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STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

We will continue to provide a cost-effective and efficient alternative to the courts, benefiting both providers and students who use our Scheme.	We manage our finances to enable us to advance and balance our organisational priorities and keep the unit cost of our cases stable.
We will continue to refine and improve our subscriptions system.	HESA data on Transnational Education (TNE) student numbers is reflected in our subscriptions and income derived from the case element is nearer to the planned 10% of income.
We will continue to develop our IT systems so that they are stable, secure and function well.	We maintain a good level of stability and security through the year. We improve functionality in particular in relation to data analysis and efficiency in our case management systems.

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STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

Principal risks and uncertainties

The Trustees have a risk management strategy which includes:

- An established Risk and Audit Committee which oversees the approach to organisational risk and the Risk Register
- An annual review of policies and developments relating to risk culminating in a designated meeting of the Risk and Audit Committee to review changes to the Register and a report on key developments to the Board
- Designated responsibility for managing and monitoring key risks on the Register
- An approach based on mitigating both the likelihood of risks occurring and the impact should they occur.

Risks associated with ensuring continuing efficiency and quality in decision making and maintaining the confidence of stakeholders are strongly identified on the Risk Register. In 2018 we have proactively managed risks around the increase in the number of cases coming to us. We have also continued to focus on working with other organisations in the context of developments in the higher education regulatory landscape.

Financial review

The results for the year show total income of £4,652,958 (2017: £4,387,123) and a slightly higher than budgeted surplus on general reserves of £66,335 (2017: deficit of £97,161).

Key management remuneration

The pay of the Senior Leadership Team is set and reviewed by the Nominations and Remuneration Committee of the Board of Directors. Review mechanisms take account of performance and market conditions. Benchmarking exercises are undertaken regularly, sometimes with external support and have previously included analysis from the higher education, ombuds and charity sectors.

Investment policy and performance

Funds surplus to short term working capital requirements are placed in short term deposits with various UK financial institutions. The rate of interest received is regularly reviewed.

Reserves policy

The reserves policy was reviewed by the Finance Committee in autumn 2018. The review was informed by Charity Commission guidance, in particular that there should be an integrated approach to reserves that takes account of key risks. Income-related risks are relatively low as our statutory basis and members' strong record of paying on time means that income is fairly stable. Financial planning allows for proactive management of risks within planned operating expenditure. The Committee identified a number of key risks that could potentially impact reserves requirements: a sudden increase in cases; a significant business interruption event; an unexpected increase in financial commitments such as

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FOR HIGHER EDUCATION**

(Registered number: 04823842; Charity number: 1141289)

STRATEGIC REPORT (cont/d)
For the year ended 31 December 2018

pensions; and exceptional judicial review costs. In this context, the reserves requirement (excluding the pensions reserve in line with Charity Commission guidance) has been set at an increased level of around two months' operating expenditure, currently about £850,000. The current reserves excluding the pensions reserve stand at £777,889 (2017: £711,554). The expectation based on the 2019 budget is that reserves will reach the new target level this year. The "free reserves" excluding the pension reserve and the carrying value of the fixed assets stand at £411,721 (2017: £309,160).

Pensions

We continue to monitor changes and proposed changes relating to the USS pensions scheme. The 2017 scheme valuation has been concluded and it proposed increased and increasing employer and employee contributions during 2019 and beyond. A 2018 valuation has been agreed and will have implications for future increases. We are closely considering these and related developments in relation to organisational plans and future budgeting.

Approved and authorised for issue by the Board of Trustees on 29/3/19
and signed on their behalf by:

S Leather

S Leather - Trustee

THE OFFICE OF THE INDEPENDENT ADJUDICATOR FOR HIGHER EDUCATION

(Registered number: 04823842; Charity number: 1141289)

REPORT OF THE TRUSTEES *For the year ended 31 December 2018*

The Trustees, being also Directors of the charitable company, present their annual report together with the financial statements for the year ended 31 December 2018. The report complies with the Charities Act 2011, and the Directors' report as required by section 415 of the Companies Act 2006. The financial statements comply with the requirements of the Companies Act 2006, the charitable company's Memorandum and Articles of Association and the Charities Statement of Recommended Practice (SORP FRS 102 effective 1 January 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board

The Board comprises twenty members (including Alternate Trustees), all of whom are non-executive. There are six Trustees nominated by representative bodies in higher education in England and Wales (the Association of Heads of University Administration, the Committee of University Chairs, GuildHE, National Union of Students, Universities UK and Universities Wales). Some of these representative bodies have identified Alternate Trustees, who may stand in for the Nominated Trustees. The majority of voting Board members are appointed as Independent Trustees.

The Board is responsible for the strategic direction of the OIA, its funding and development and the oversight of its performance. It meets at least four times each year. It has established three standing committees, Finance, Risk and Audit, and Nominations and Remuneration. All standing committees are formally constituted with terms of reference, and include at least four Trustees with a majority of Independent Trustees on each Committee.

Charitable Objects

To advance education for the public benefit and to promote the efficiency and effectiveness of charities and the effective use of charitable resources (in particular but not limited to higher education providers) by the operation of a Scheme for the independent review of complaints brought by eligible students or former students.

Public benefit

The Trustees confirm that they have complied with their duty in the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit. The OIA brings benefit to students, higher education providers, the higher education sector and the wider public as an independent Scheme funded by higher education providers (rather than directly by taxpayers) which can be accessed by almost all higher education students.

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REPORT OF THE TRUSTEES *For the year ended 31 December 2018*

As the Scheme is free to students there is no financial restriction on a student bringing their case to the OIA and the Scheme is designed so that legal representation is not needed. The key requirement is to have exhausted internal procedures at the relevant higher education provider.

The OIA accepts complaints from students at higher education providers irrespective of social or economic status, background or previous location. The Scheme includes postgraduate and undergraduate students studying on a full or part time basis.

Fundraising

The OIA is funded by compulsory subscriptions payable by higher education providers. It does not undertake any additional fundraising activities.

Charity Governance Code

The OIA is committed to the seven principles identified in the Code and follows or is working towards recommended practice in almost all areas.

1. Organisational purpose

The OIA has a strong organisational purpose. It is clearly expressed in our strategic documents, and is kept under review as part of ongoing strategic planning to make sure that it remains relevant in the evolving higher education sector landscape. The public benefit is clearly defined as set out above.

2. Leadership

The Board works with the Senior Leadership Team to set a clear strategic direction for the organisation and to ensure that the OIA's values are reflected in its work.

3. Integrity

Integrity is one of the OIA's core values. Trustees are expected to follow the Seven Principles of Public Life drawn up by the Committee on Standards in Public Life and to preserve the independence of the OIA Scheme. The OIA's values underpin all of its work and inform how it develops what it does.

4. Decision making, risk and control

The Board maintains strong oversight of the organisation, delegated where appropriate to Committees with defined terms of reference. Key policies and procedures and organisational performance are regularly reviewed. The Board has developed a sophisticated approach to risk management as outlined in the Strategic Report, and appropriate audit arrangements are in place.

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REPORT OF THE TRUSTEES
For the year ended 31 December 2018

5. Board effectiveness

The structure of and approach to recruitment to the Board ensures an appropriate balance of skills and knowledge, taking into account the OIA's evolving membership. Trustees receive a full induction, including an induction day focusing on the role of Trustees/Directors, strategic considerations and the complaints handling process. The Board and its Committees meet regularly to receive information and reports and to have full and frank discussions of important issues. The Board is undertaking a review of its governance arrangements.

6. Diversity

The Board values diversity in all its forms. It is committed to reaching out to under-represented groups when recruiting Trustees, and to removing barriers to participation. Monitoring of diversity of Board membership is undertaken alongside similar monitoring of diversity amongst staff.

7. Openness and accountability

Openness and building trust to secure the confidence of stakeholders is a key part of how the OIA operates. Information about the OIA's work is available on the website and published in an Annual Report and other publications. A Register of Directors' Interests and summary minutes of Board meetings are also published on the website.

In 2018 an external review of governance effectiveness considered the OIA's governance practice in relation to the Charity Governance Code. The review found that governance was working well and in line with the principles of the Code. Some areas for further development were identified and these are being progressed.

Trustees' Responsibilities

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the charitable company's state of affairs and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable 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 to operate.

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REPORT OF THE TRUSTEES
For the year ended 31 December 2018

The Trustees are responsible for maintaining proper accounting records which 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. The Trustees are also responsible for safeguarding the assets of the charitable company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

A resolution to re-appoint Crowe U.K. LLP as the charitable company's auditor will be proposed at the Annual General Meeting.

Small companies exemption

In preparing this report, the Directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

Approved and authorised for issue by the Board of Trustees on29.12.19.....
and signed on their behalf by:

.....
S Leather - Trustee

THE OFFICE OF THE INDEPENDENT ADJUDICATOR FOR HIGHER EDUCATION

(Registered number: 04823842; Charity number: 1141289)

LEGAL AND ADMINISTRATIVE INFORMATION

As at 31 December 2018

STATUS AND ADMINISTRATION

The Office of the Independent Adjudicator for Higher Education is a charitable company limited by guarantee, incorporated (England & Wales) on 7 July 2003 and registered as a charity on 11 April 2011.

The principal activity is the impartial review of student complaints and the promotion of learning and good practice related to complaints and appeals handling.

The charitable company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its Articles of Association.

TRUSTEES / DIRECTORS

The Trustees of the charity and Directors of the charitable company, who served throughout 2018, unless otherwise stated, were as follows:

Independent Trustees/Directors

Dame S C Leather	(Chair)
A L Mack	(Deputy Chair)
A F Chandler (Appointed 1 April 2018)	
Dr W V Finlay	
G M Fleming	
P H Forbes	
C N C Haslam	
J N Rees (Appointed 1 March 2018)	
S J Williams	

Nominated and Alternate Trustees/Directors

Nominated by the Association of Heads of University Administration

M Humphriss	Nominated Director
D Hall	Alternate Director

Nominated by the Committee of University Chairs

Dr S Walford	Nominated Director
--------------	--------------------

Nominated by GuildHE

Professor G C Elliott	Nominated Director
J H Renyard	Alternate Director

Nominated by the National Union of Students

A Doku	Nominated Director
V A Lowry (Resigned 19 January 2018)	Alternate Director
G Lindop (Appointed 1 February 2018; Resigned 25 October 2018)	Alternate Director

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As at 31 December 2018

A Roberts (Appointed 1 December 2018) <i>Nominated by Universities UK</i>	Alternate Director
Professor A D Fitt	Nominated Director
Professor P J Layzell <i>Nominated by Universities Wales</i>	Alternate Director
W D Callaway	Nominated Director
R D G Walters (Resigned 31 December 2018)	Alternate Director

Trustees/Directors are appointed by the Board of Trustees. They are normally appointed for a term of three years and serve up to two terms. The Board may decide to extend a Trustee's period of service up to a maximum of nine consecutive years.

SENIOR LEADERSHIP TEAM:

F Mitchell - Independent Adjudicator (Interim Independent Adjudicator to 31 March 2018)

B P Elger - Chief Executive (Interim Chief Executive to 31 March 2018)

COMPANY SECRETARY: S L Liddell

COMPANY NUMBER: 04823842 (England and Wales)

CHARITY NUMBER: 1141289

**REGISTERED OFFICE
AND ADDRESS:** Second Floor
Abbey Gate
57-75 Kings Road
Reading RG1 3AB

PROFESSIONAL ADVISERS

BANKERS:

HSBC
26 Broad Street
Reading RG1 2BU

AUDITORS:

Crowe U.K. LLP
Statutory Auditors
Aquis House
49-51 Blagrove Street
Reading RG1 1PL

SOLICITORS:

Field Seymour Parkes
1 London Street
Reading RG1 4QW

ACCOUNTANTS:

Moore Stephens LLP (now BDO LLP)
R+
2 Blagrove Street
Reading RG1 1AZ

**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
FOR HIGHER EDUCATION**

(Registered number: 04823842; Charity number: 1141289)

REPORT OF THE INDEPENDENT AUDITORS TO THE COMPANY MEMBERS
For the year ended 31 December 2018

Independent Auditor's Report to the Members of the Office of the Independent Adjudicator for Higher Education

Opinion

We have audited the financial statements of the Office of the Independent Adjudicator for Higher Education for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to

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REPORT OF THE INDEPENDENT AUDITORS TO THE COMPANY MEMBERS
For the year ended 31 December 2018

continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept; or

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REPORT OF THE INDEPENDENT AUDITORS TO THE COMPANY MEMBERS
For the year ended 31 December 2018

- 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 25, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:
www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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REPORT OF THE INDEPENDENT AUDITORS TO THE COMPANY MEMBERS
For the year ended 31 December 2018

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by  on 3.4.19

Janette Joyce
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
Berkshire, RG1 1PL

**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
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(Registered number: 04823842; Charity number: 1141289)

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income & Expenditure Account)
For the year ended 31 December 2018**

	Notes	Unrestricted Funds General Reserve £	Funds Pension Reserve £	Total 2018 £	Unrestricted Funds General Reserve £	Funds Pension Reserve £	Total 2017 £
Income							
<i>Income from investments</i>	3	13,297	-	13,297	9,237	-	9,237
<i>Income from charitable activities</i>							
Subscriptions		4,636,061	-	4,636,061	4,377,250	-	4,377,250
<i>Other income</i>		3,600	-	3,600	636	-	636
Total income		<u>4,652,958</u>	<u>-</u>	<u>4,652,958</u>	<u>4,387,123</u>	<u>-</u>	<u>4,387,123</u>
Expenditure							
<i>Charitable activities</i>	4	4,586,623	(13,161)	4,573,462	4,484,284	38,367	4,522,651
Total resources expended		<u>4,586,623</u>	<u>(13,161)</u>	<u>4,573,462</u>	<u>4,484,284</u>	<u>38,367</u>	<u>4,522,651</u>
Net (expenditure)/income		66,335	13,161	79,496	(97,161)	(38,367)	(135,528)
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds for the year		66,335	13,161	79,496	(97,161)	(38,367)	(135,528)
Total funds at 1 January 2018		711,554	(683,435)	28,119	808,715	(645,068)	163,647
Total funds at 31 December 2018	15, 16	<u><u>777,889</u></u>	<u><u>(670,274)</u></u>	<u><u>107,615</u></u>	<u><u>711,554</u></u>	<u><u>(683,435)</u></u>	<u><u>28,119</u></u>

The amounts derive from continuing activities. All gains and losses recognised in the year are included in the statement of financial activities.

The notes on pages 36 to 44 form part of these financial statements.

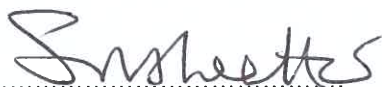
**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
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BALANCE SHEET AT 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	8		366,168		402,394
CURRENT ASSETS					
Debtors	9	179,858		207,928	
Cash at bank and in hand		2,713,913		2,790,944	
		<u>2,893,771</u>		<u>2,998,872</u>	
CREDITORS:					
Amounts falling due within one year	10	(2,154,634)		(2,292,385)	
NET CURRENT ASSETS			<u>739,137</u>		<u>706,487</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,105,305</u>		<u>1,108,881</u>
CREDITORS:					
Amounts falling due after one year	11		(327,416)		(397,327)
NET ASSETS EXCLUDING PENSION PROVISION			<u>777,889</u>		<u>711,554</u>
Pension provision	12		(670,274)		(683,435)
TOTAL NET ASSETS			<u><u>107,615</u></u>		<u><u>28,119</u></u>
FUNDS					
Unrestricted Funds					
General reserve	15		777,889		711,554
Pension reserve	15		(670,274)		(683,435)
			<u>107,615</u>		<u>28,119</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 29/12/19 and are signed on their behalf by:-



S Leather - Trustee

The notes on pages 36 to 44 form part of these financial statements.

**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Cash used in operating activities	19	<u>(19,731)</u>	<u>(88,164)</u>
Cash flows from investing activities			
Interest income		13,297	9,237
Purchase of tangible fixed assets		(70,597)	(48,759)
Cash provided by/(used in) investing activities		<u>(57,300)</u>	<u>(39,522)</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>(77,031)</u>	<u>(127,686)</u>
Cash and cash equivalents at the beginning of the year		<u>2,790,944</u>	<u>2,918,630</u>
Total cash and cash equivalents at the end of the year		<u><u>2,713,913</u></u>	<u><u>2,790,944</u></u>

THE OFFICE OF THE INDEPENDENT ADJUDICATOR FOR HIGHER EDUCATION

(Registered number: 04823842; Charity number: 1141289)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements of the charitable company have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Going Concern Basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities.

Fund accounting

General funds are unrestricted funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and have not been designated for other purposes.

Income

All income is included in the statement of financial activities when the charitable company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Subscriptions

Subscription income is receivable from higher education providers in England and Wales.

Expenditure

Expenditure is accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, such as the costs of Board and committee meetings, preparing statutory accounts and satisfying public accountability.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible assets in order to write off their cost less residual value over their estimated useful lives at the following annual rates:-

Leasehold improvements	Straight line over the term of the lease
Furniture, fixtures and equipment	25% straight line
Computer equipment	25% straight line
Infrastructure costs	Straight line over the term of the lease

Individual assets under £1,000 are not capitalised.

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(Registered number: 04823842; Charity number: 1141289)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *For the year ended 31 December 2018*

Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 14 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding deferred income and other taxes and social security.

Pension schemes

The institution participates in the Universities Superannuation Scheme (the scheme). The scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the recovery plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The calculation of the pension reserve provision has relied on the actuary's overall view of the funding of the scheme and the OIA's assumptions on future salary payments and the most appropriate discount rate to be applied. Variations in these estimates could lead to a significant change in the provision.

**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
FOR HIGHER EDUCATION**

(Registered number: 04823842; Charity number: 1141289)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018(cont'd)**

3	BANK AND OTHER INTEREST			2018	2017
				£	£
	Bank interest receivable			13,297	9,237
4	TOTAL RESOURCES EXPENDED				
		Staff		Total	Total
		Costs	Other	2018	2017
		£	£	£	£
	General Reserves				
	Charitable activities				
	Direct charitable activities	3,128,448	351,384	-	3,479,832
	Premises costs	-	393,790	39,446	433,236
	Support costs	201,806	330,486	67,377	599,669
	Governance costs	63,268	10,618	-	73,886
		3,393,522	1,086,278	106,823	4,586,623
	Pension Reserve movement	(13,161)	-	-	(13,161)
		3,380,361	1,086,278	106,823	4,573,462
5	EXPENDITURE			2018	2017
				£	£
	Direct charitable activities include:				
	Operating lease charges			225,895	235,460
	Depreciation			106,823	87,969
	Trustee / Director costs			37,420	46,600
	Pension costs			456,140	440,796
	Governance costs include:				
	Auditors' remuneration (net of VAT)			11,400	10,980

6 TAXATION

The company is a registered charity. It has no liability to corporation tax on bank interest received or its charitable activities.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (cont'd)

7 STAFF COSTS

	2018 £	2017 £
Wages and salaries	2,661,849	2,707,739
Social security costs	275,533	285,834
Pension contributions paid	456,140	440,796
Movement in the pension provision	(13,161)	38,367
	<u>3,380,361</u>	<u>3,472,736</u>

The average number of employees during the year was:

No.	No.
<u>69</u>	<u>66</u>

The numbers of employees whose emoluments (being all remuneration, benefits and payments made but excluding employer's pension contributions) exceeded £60,000 during the year, were:

£60,000 - £70,000	3	1
£80,000 - £90,000	-	1
£90,000 - £100,000	-	-
£100,000 - £110,000	1	-
£110,000 - £120,000	-	1
£120,000 - £130,000	1	-
£190,000 - £200,000	-	1
	<u>-</u>	<u>1</u>

The number of those higher paid employees who accrued benefits under a defined benefit pension scheme during the year, were:

<u>5</u>	<u>4</u>
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Pension contributions for above employees

<u>74,740</u>	<u>65,942</u>
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Following a review of senior leadership arrangements, the Senior Leadership Team now comprises two posts (previously three). The two posts are paid equally (one is pro-rated for part-time). The total of employee benefits (including employer's pension contributions) paid to the senior leadership team in the year totalled £266,548 (2017: £453,923).

A grading structure and job evaluation framework are in place to set the appropriate pay grade for each role. About three quarters of OIA employees are female, and the proportion in senior roles is similar. The median gender pay gap at 31 December 2018 was 7.6% (mean pay gap: 5.7%) in favour of men. This figure is likely to vary significantly over time due to the small size of the organisation. The Board and relevant Committees monitor this annually.

In accordance with the company's Memorandum and Articles of Association and Charity Commission guidance, meeting attendance allowances of £340 per meeting totalling £29,920 (2017: £39,100) were paid to 10 Trustees during the year (G. Fleming 8, P. Forbes 12, C. Haslam 12, A. Mack 7, A. Purkis 1, J. Rees 8, A. Chandler 6, S. Leather 21, W. Finlay 6, S. Williams 7). In addition the Chair received an annual allowance of £7,500 (2017: £7,500). Expenses of £4,060 (2017: £6,036) were reimbursed to 12 Trustees (2017: 10) in the year.

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018 (cont'd)**

8 TANGIBLE ASSETS

	Fixtures, Infrastructure and computer equipment £	Leasehold improvements £	Total £
Cost			
At 1 January 2018	463,842	517,732	981,574
Additions	70,597	-	70,597
Disposals	(95,657)	(19,925)	(115,582)
	<u>438,782</u>	<u>497,807</u>	<u>936,589</u>
At 31 December 2018	<u>438,782</u>	<u>497,807</u>	<u>936,589</u>
Depreciation			
At 1 January 2018	355,839	223,341	579,180
Charge for the year	67,377	39,446	106,823
Eliminated on disposal	(95,657)	(19,925)	(115,582)
	<u>327,559</u>	<u>242,862</u>	<u>570,421</u>
At 31 December 2018	<u>327,559</u>	<u>242,862</u>	<u>570,421</u>
Net Book Value			
At 31 December 2017	<u>108,003</u>	<u>294,391</u>	<u>402,394</u>
At 31 December 2018	<u>111,223</u>	<u>254,945</u>	<u>366,168</u>

9 DEBTORS

	2018 £	2017 £
Trade debtors	12,769	5,922
Other debtors	167,089	202,006
	<u>179,858</u>	<u>207,928</u>

10 CREDITORS

Amounts falling due within one year

	2018 £	2017 £
Trade creditors	150,962	51,791
Social security and other taxes	78,581	67,543
Other creditors	240,417	181,738
Subscriptions received in advance	1,684,674	1,991,313
	<u>2,154,634</u>	<u>2,292,385</u>

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018 (cont'd)

11 CREDITORS

Amounts falling due after one year

	2018 £	2017 £
Other creditors	327,416	397,327

12 PENSION PROVISION

	2018 £	2017 £
Provision b/fwd	683,435	645,068
Employer contributions relating to the recovery plan	(53,216)	(53,059)
Unwinding of the discount rate	19,820	16,449
Impact changes in Assumptions during the year	20,235	74,977
Net movement	(13,161)	38,367
Provision c/fwd	670,274	683,435

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) has arisen from the contractual obligation of employers within the scheme, including the OIA, to make additional contributions to reduce the overall deficit arising from past performance. An assessment has been made of the expected future employees within the scheme and the salary payments over the period of the contracted obligation in assessing the value of this provision.

During 2015 a revised recovery plan was approved based on the March 2014 actuarial valuation which showed a deficit of £5.3bn. This recovery plan is intended to eliminate the deficit by 31 March 2021.

13 OPERATING LEASE COMMITMENT

	2018 £	2017 £
The following total lease payments are committed to be paid under non-cancellable operating leases:		
Within one year	282,479	282,479
Within two to five years inclusive from the balance sheet date	329,560	612,039

14 FINANCIAL INSTRUMENTS

Financial instruments included in the accounts comprise:

	2018 £	2017 £
Financial assets measured at amortised cost	2,893,771	2,796,959
Financial liabilities measured at amortised cost	(718,795)	(630,856)
Financial liabilities measured at fair value	(670,274)	(683,435)

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018 (cont/d)**

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £	Net Current Assets / (Liabilities) £	Long term Liabilities £	Total £
Unrestricted Funds				
General Reserves	366,168	739,137	(327,416)	777,889
Pension Reserve	-	-	(670,274)	(670,274)
	<u>366,168</u>	<u>739,137</u>	<u>(997,690)</u>	<u>107,615</u>

16 UNRESTRICTED FUNDS

	Balance 1 January 2018 £	Income £	Expenditure £	Balance 31 December 2018 £
General Reserves	711,554	4,652,958	(4,586,623)	777,889
Pension Reserve	(683,435)	-	13,161	(670,274)
	<u>28,119</u>	<u>4,652,958</u>	<u>(4,573,462)</u>	<u>107,615</u>

17 RECONCILIATION IN MOVEMENT IN FUNDS

	2018 £	2017 £
Retained (deficit)/surplus for the year	66,335	(97,161)
Decrease/(increase) in pension reserve	13,161	(38,367)
Funds at 1 January 2018	<u>28,119</u>	<u>163,647</u>
Funds at 31 December 2018	<u>107,615</u>	<u>28,119</u>

18 PENSIONS

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 2018, the percentage was 18% (2017: 18%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £456,140 (2017: £440,796) as shown in note 7. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosure below represents the position from the scheme's financial statements.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (cont'd)

18 PENSIONS (cont'd)

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. The valuation as at 31 March 2018 is underway but not yet completed.

The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The liability numbers have been produced using the following assumptions:

	2018	2017
Discount Rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pensions inflation (CPI)	2.02%	2.41%

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	98% of S1NA ["light"] YoB tables- No age rating
Female members' mortality	99% of 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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0
Existing benefits	2018	2017
Total scheme assets	£63.6bn	£60.0bn
FRS 102 liabilities	£72.0bn	£77.5bn
Total scheme deficit	£8.4bn	£17.5bn
FRS 102 funding level	88%	77%

As disclosed in note 12, a provision of £670,274 has been made at 31 December 2018 (2017: £683,435) for the present value of the estimated future deficit funding element of the contributions payable under the recovery plan agreement. In determining the level of this provision it has been assumed that the OIA will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the OIA's projected long-term salary rate increases.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018 (cont/d)

19 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH INFLOWS FROM OPERATIONS

	2018	2017
	£	£
Net movement in funds	79,496	(135,528)
Add back depreciation charge	106,823	87,969
Deduct investment income shown in investing activities	(13,297)	(9,237)
Decrease/(increase) debtors	28,070	(77,344)
Increase/(decrease) creditors	(207,662)	7,609
(Decrease)/increase in pension provision	(13,161)	38,367
	<hr/>	<hr/>
Net cash used in operating activities	(19,731)	(88,164)
	<hr/> <hr/>	<hr/> <hr/>

20 RELATED PARTY DISCLOSURES

Some Trustees also hold senior positions at higher education providers. During the year in accordance with the requirements of the Higher Education Act (2004) these providers paid subscriptions to the company. These fees are calculated on an arms length basis and in accordance with a defined formula.

The Board of Trustees has no involvement in the administration or adjudication of individual cases.