

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

(Registered number: 04823842; Charity number: 1141289)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2019

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

(A charity and a company limited by guarantee)

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For the year ended 31 December 2019

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**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
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CHAIR'S INTRODUCTION

I am very pleased to introduce the Trustees' Report and Financial Statements for 2019.

It has been another successful year for the OIA. We have sustained very strong performance against the Office's key performance indicators and have resolved complaints for well over 2,000 students. We have continued to share learning from complaints with the sector and to engage positively with students, their representative bodies and higher education providers. We have contributed effectively to the wider regulatory framework, bringing our expertise to help shape policy and practice.

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, our excellent staff and particularly Ben Elger Chief Executive and Felicity Mitchell Independent Adjudicator who, together, so ably lead the organisation.

Dame Suzi Leather
Chair of the Board of Trustees/Directors

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REPORT OF THE TRUSTEES
For the year ended 31 December 2019

The Trustees, being also Directors of the charitable company, present their annual report together with the financial statements for the year ended 31 December 2019. 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 Articles of Association and the Charities Statement of Recommended Practice (SORP FRS 102 effective 1 January 2015).

Objectives and activities

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

The principal activity is the impartial review of student complaints and sharing learning from complaints to help improve policies and practices.

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.

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 free of charge by virtually all higher education students.

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**REPORT OF THE TRUSTEES
For the year ended 31 December 2019**

Our Strategy

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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Achievements and performance

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 virtually all higher education students.

As the Scheme is free to students there is no financial restriction on a student bringing a complaint to the OIA. The Scheme is designed so that legal representation is not needed. Students must normally have completed internal complaints or appeals procedures at their higher education provider before they bring their case to the OIA.

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

In 2019 we have sustained very strong performance against the Office's key performance indicators. We exceeded our timescale targets at all stages of our case-handling process. This has been achieved despite a further substantial rise this year in the number of complaints we receive, and is a reflection of the hard work of our staff and our continued focus on efficiency as part of providing a high-quality service.

We continued to develop how we share learning from complaints to promote good practice in the sector. We once again expanded the Good Practice Framework, publishing a new section on fitness to practise. We maintained a high level of outreach and engagement with students and student bodies and with providers across the full range of our membership.

We continued to contribute expertise from our unique role, as both an independent ombuds service and part of the regulatory framework. We worked with other organisations to influence policy and practice to the benefit of students and the sector.

Our financial position remains sound. We have managed our finances effectively, enabling us to resource our organisational priorities appropriately. The unit cost of cases has reduced to around £1,800. We also further refined our subscriptions system in 2019 to incorporate transnational education student numbers.

We remain committed to cultivating a positive working culture, with appropriate attention paid to health and safety and wellbeing and to promoting diversity and inclusion.

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REPORT OF THE TRUSTEES *For the year ended 31 December 2019*

Our [Operating Report for 2019](#) reports progress against our Operating Plan 2019. It sets out what we have done during the year to advance each of our strategic priorities and includes both ongoing areas of work and new initiatives.

Financial review

The results for the year show total income of £5,446,764 (2018: £4,652,958) and a higher than budgeted surplus on general reserves of £538,201 (2018: £66,335).

Principal funding sources

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

Results for the year and financial position

Income rose in 2019 as changes to subscriptions arrangements came into effect. The rise in complaints to the OIA also contributed to increased income from the case-related element of subscriptions. The higher income led to the above-budget surplus on general reserves at year end. This increased surplus and the anticipated continued rise in cases have been factored into the budgeting process for 2020 with a view to balancing income and expenditure over a reasonable period of time.

As explained in Note 12 of the Notes forming part of the Financial Statements the pension reserve increased by £777,155 to £1,447,429 due to the implementation of a new recovery plan during the year. The cash impact of the related increases in employer pension contributions have been factored into the budget setting process in 2020 and beyond, whilst the reserves policy is set on the pre pension reserve levels.

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.

Principal risks and uncertainties

The Trustees have a risk management strategy which includes:

- An established Risk and Audit Committee which oversees the organisational approach to risk and the Risk Register
- Regular review of policies and developments relating to risk, including potential new risks, culminating in a designated meeting of the Risk and Audit Committee to fully 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

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- 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 2019 we have proactively managed risks around the increase in the number of complaints 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.

Subsequent to the audit and the consideration of the Financial Statements by Trustees at relevant sub-committees, the impact of coronavirus (COVID-19) has become the overriding consideration for the period ahead. The OIA has taken the immediate steps needed to protect our people and enable us to continue our work, and will take further steps as necessary to manage the evolving risks associated with this situation as effectively as possible.

Reserves policy

The reserves policy is overseen by the Finance Committee. It is 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 predictable. 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 pensions; and exceptional judicial review costs.

In this context, the reserves requirement (excluding the pensions reserve in line with Charity Commission guidance) is set at around two months' operating expenditure, currently about £850,000. The current reserves excluding the pensions reserve stand at £1,316,090 (2018: £777,889). The expectation based on the 2020 budget and longer-term projections is that reserves will come back into line with the target level by the end of 2021. The "free reserves" (ie those excluding the pension reserve and the carrying value of the fixed assets) stand at £1,042,693 (2018: £411,721).

Pensions

We continue to monitor changes and proposed changes relating to the USS pensions scheme. The 2018 valuation was completed during the year and the details of the valuation are included in Note 18. The revaluation led to a revised recovery plan to address the scheme's deficit. This has required a significant increase in our pension reserve provision for the recovery element as explained in Note 12. We are closely

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considering these and related developments in relation to organisational plans and future budgeting.

Plan for future periods

Our strategic priorities as set out above remain unchanged for 2020. Our [Operating Plan for 2020](#) 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 is informed by insights from the many people and organisations we come into contact with through our work, and our reflections on what we have learnt from previous experience. It includes both ongoing areas of work and new initiatives within the strategic priorities. The Plan reflects the growth that we anticipate will be a key context for the year in all aspects of our work, as we continue to respond to the sustained growth in our case receipts and to further develop our wider work towards our vision that students are treated fairly.

Structure, governance and management

The OIA is a charitable company limited by guarantee. It was established under a [Memorandum of Association](#) and is governed under its [Articles of Association](#).

The Board

The Board comprises nineteen 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 Independent Trustees appointed through an open recruitment process.

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.

The Board delegates aspects of some of its functions and decision-making to its Committees and to the executive. It has a delegations framework which identifies areas of responsibility and the key Committees and roles involved. Responsibilities are set out in more detail in documents such as Committee terms of reference and senior executive job descriptions.

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New Trustees are provided with a Handbook giving guidance on their role and expectations of them as Trustees, and are signposted to Charity Commission guidance for Trustees. An induction day covers the role and responsibilities of Trustees, strategic considerations, complaints handling processes and other key aspects of OIA work. There are ongoing opportunities for development, for example through one-to-one conversations with the Chair/Deputy Chair, invited speakers and opportunities to attend Committee meetings as an observer.

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.

Reference and administrative details

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.

COMPANY NUMBER: 04823842 (England and Wales)

CHARITY NUMBER: 1141289

**REGISTERED OFFICE
AND ADDRESS:** Second Floor, Abbey Wharf (formerly Abbey Gate)
57-75 Kings Road
Reading RG1 3AB

TRUSTEES / DIRECTORS

The Trustees of the charity and Directors of the charitable company, who served throughout 2019, unless otherwise stated, were as follows:

Independent Trustees/Directors

Dame S C Leather	(Chair)
A L Mack	(Deputy Chair)
A F Chandler	
Dr W V Finlay	
G M Fleming	
P H Forbes	

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C N C Haslam (to 30 June 2019)
M S Kirke (from 1 July 2019)
J N Rees
S J Williams

Nominated and Alternate Trustees/Directors

Nominated by the Association of Heads of University Administration

M Humphriss (to 30 June 2019)	Nominated Director
D Hall	Alternate Director

Nominated by the Committee of University Chairs

Dr S Walford (to 1 March 2019)	Nominated Director
Dr D Walford (from 1 March 2019)	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 (to 30 June 2019)	Nominated Director
C M S Smith (from 1 July 2019)	Nominated Director
A Roberts (to 30 April 2019)	Alternate Director
D G Malcolm (from 1 September 2019)	Alternate Director

Nominated by Universities UK

Professor A D Fitt	Nominated Director
Professor P J Layzell	Alternate Director

Nominated by Universities Wales

W D Callaway	Nominated Director
Dr K Mundy (from 1 March 2019)	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:

B P Elger - Chief Executive
F Mitchell - Independent Adjudicator

COMPANY SECRETARY:

S L Liddell

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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:

BDO LLP
R+, 2 Blagrove Street
Reading RG1 1AZ

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 or to the executive. Key policies and procedures and organisational performance are regularly reviewed. The Board has developed a sophisticated approach to risk management as outlined above, and appropriate audit arrangements are in place.

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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. 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 such as clarifying the role of the Deputy Chair and developing individual performance discussions for Trustees were identified and have been progressed in 2019.

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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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

Crowe U.K. LLP were re-appointed as the charitable company's auditor after a competitive tendering process. A resolution to formally re-appoint Crowe as the OIA's auditor for 2020 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 on 31 March 2020
and signed on their behalf by:


.....

S Leather - Trustee

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**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES
For the year ended 31 December 2019**

**Independent Auditor's Report to the Trustees of the Office of
the Independent Adjudicator**

Opinion

We have audited the financial statements of The Office of the Independent Adjudicator for Higher Education for the year ended 31 December 2019 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 2019 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

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For the year ended 31 December 2019**

to 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 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 directors' report included within the trustees' report has 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 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:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or

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For the year ended 31 December 2019

- 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 Annual Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, 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.

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

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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



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

Date: 6 April 2020

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**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income & Expenditure Account)
For the year ended 31 December 2019**

	Notes	Unrestricted Funds General Reserve £	Unrestricted Funds Pension Reserve £	Total 2019 £	Unrestricted Funds General Reserve £	Unrestricted Funds Pension Reserve £	Total 2018 £
Income							
<i>Income from investments</i>	3	22,676	-	22,676	13,297	-	13,297
<i>Income from charitable activities</i>							
Subscriptions		5,419,824	-	5,419,824	4,636,061	-	4,636,061
<i>Other income</i>		4,264	-	4,264	3,600	-	3,600
Total income		<u>5,446,764</u>	<u>-</u>	<u>5,446,764</u>	<u>4,652,958</u>	<u>-</u>	<u>4,652,958</u>
Expenditure							
Charitable activities	4	4,908,563	777,155	5,685,718	4,586,623	(13,161)	4,573,462
Total resources expended		<u>4,908,563</u>	<u>777,155</u>	<u>5,685,718</u>	<u>4,586,623</u>	<u>(13,161)</u>	<u>4,573,462</u>
Net (expenditure)/income		538,201	(777,155)	(238,954)	66,335	13,161	79,496
Transfers between funds		-	-	-	-	-	-
Net movement in funds for the year		538,201	(777,155)	(238,954)	66,335	13,161	79,496
Total funds at 1 January 2019		777,889	(670,274)	107,615	711,554	(683,435)	28,119
Total funds at 31 December 2019	15, 16	<u>1,316,090</u>	<u>(1,447,429)</u>	<u>(131,339)</u>	<u>777,889</u>	<u>(670,274)</u>	<u>107,615</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 22 to 30 form part of these financial statements.

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BALANCE SHEET AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		273,397		366,168
CURRENT ASSETS					
Debtors	9	205,885		179,858	
Cash at bank and in hand		4,573,647		2,713,913	
		4,779,532		2,893,771	
CREDITORS:					
Amounts falling due within one year	10	(3,470,019)		(2,154,634)	
NET CURRENT ASSETS			1,309,513		739,137
TOTAL ASSETS LESS CURRENT LIABILITIES			1,582,910		1,105,305
CREDITORS:					
Amounts falling due after one year	11		(266,820)		(327,416)
NET ASSETS EXCLUDING PENSION PROVISION			1,316,090		777,889
Pension provision	12		(1,447,429)		(670,274)
TOTAL NET (LIABILITIES)/ASSETS			(131,339)		107,615
FUNDS					
Unrestricted Funds					
General reserve	15		1,316,090		777,889
Pension reserve	15		(1,447,429)		(670,274)
			(131,339)		107,615

The financial statements were approved and authorised for issue by the Board of Trustees on ...31 March 2020.... and are signed on their behalf by:-



.....
S Leather - Trustee

The notes on pages 22 to 30 form part of these financial statements.

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

(Registered number: 04823842; Charity number: 1141289)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Underlying cash provided by operating activities		506,233	286,908
Increase / (decrease) in subscriptions in advance		1,330,825	(306,639)
Cash provided/(used) by operating activities	19	1,837,058	(19,731)
Cash flows from investing activities			
Interest income		22,676	13,297
Purchase of tangible fixed assets		-	(70,597)
Cash provided by/(used in) investing activities		22,676	(57,300)
Increase / (decrease) in cash and cash equivalents in the year		1,859,734	(77,031)
Cash and cash equivalents at the beginning of the year		2,713,913	2,790,944
Total cash and cash equivalents at the end of the year		4,573,647	2,713,913

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 2019

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

Going Concern Basis

As explained in the Trustees Report the Charity's reserves policy is based on the general reserves before the pension provision. After the surplus for the year these reserves were £1,316,090 including £1,309,513 of net current assets.

The Charity is assessing the impact of COVID-19 on a continuing basis. The situation is evolving rapidly and it is not possible at this stage to determine with certainty the full impact on the OIA, its Scheme members or wider stakeholders. An assessment of the current financial position, cash flow and future income has been made to demonstrate the ongoing viability of the organisation and its ability to carry out its work. The Charity continues to monitor the situation closely, and despite the current circumstances, believes that the Charity's financial resources are sufficient to ensure the ability of the Charity to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

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. The irrecoverable element of VAT is included with the item of expense to which it relates. Support costs include office functions including finance, human resources and general management. 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.

The calculations of support and governance costs include, where practical, an estimated split of employees' time but no allocation of general overheads such as premises costs.

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.

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 2019*

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 JUDGMENTS 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 judgments, 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
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(Registered number: 04823842; Charity number: 1141289)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3	BANK AND OTHER INTEREST	2019	2018
		£	£
	Bank interest receivable	22,676	13,297
		<u> </u>	<u> </u>
4	TOTAL RESOURCES EXPENDED	Total	Total
		2019	2018
		£	£
	General Reserves		
	Charitable activities		
	Direct charitable activities	4,351,037	4,078,873
	Support costs	444,432	409,799
	Governance costs	113,094	97,951
		<u> </u>	<u> </u>
		4,908,563	4,586,623
	Pension Reserve movement	777,155	(13,161)
		<u> </u>	<u> </u>
		5,685,718	4,573,462
		<u> </u>	<u> </u>
5	EXPENDITURE	2019	2018
		£	£
	Direct charitable activities include:		
	Operating lease charges	222,010	225,895
	Depreciation	92,771	106,823
	Trustee / Director costs	43,880	37,420
	Pension costs	512,796	456,140
	Governance costs include:		
	Auditors' remuneration (net of VAT)	11,740	11,400
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

6 TAXATION

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

**THE OFFICE OF THE INDEPENDENT ADJUDICATOR
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2019**

7 STAFF COSTS

	2019	2018
	£	£
Wages and salaries	2,870,314	2,661,849
Social security costs	298,395	275,533
Pension contributions paid	512,796	456,140
	3,681,505	3,393,522
 Movement in the pension provision	 777,155	 (13,161)
	4,458,660	3,380,361
 The average number of employees during the year was:	 No.	 No.
	73	69
 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	3
£70,000 - £80,000	1	
£100,000 - £110,000	1	1
£120,000 - £130,000	1	1
	6	5
 The number of those higher paid employees who accrued benefits under a defined benefit pension scheme during the year, were:	 6	 5
 Pension contributions for above employees	 95,599	 74,740

The total of employee benefits (including employer's pension contributions and employer's national insurance contributions) paid to the senior leadership team in the year totalled £314,833 (2018: £295,413).

A grading structure and job evaluation framework are in place to set the appropriate pay grade for each role. As last year, around three quarters of staff are female, and the proportion in senior roles is similar. The median gender pay gap at 31 December 2019 was 11.4% (2018: median pay gap 7.6%) 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 Articles of Association and Charity Commission guidance, meeting attendance allowances of £340 per meeting totalling £36,380 (2018: £29,920) were paid to 10 Trustees during the year (S Leather 22, S Williams 9, C Haslam 7, J Rees 8, M Kirke 4, P Forbes 15, A Chandler 6, G Fleming 11, A Mack 14 and WV Finlay 11). In addition the Chair received an annual allowance of £7,500 (2018: £7,500). Expenses of £4,595 (2018: £4,060) were reimbursed to 13 Trustees (2018: 12) in the year.

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2019**

8 TANGIBLE ASSETS

	Fixtures, Infrastructure and computer equipment £	Leasehold improvements £	Total £
Cost			
At 1 January 2019	438,782	497,807	936,589
Additions	-	-	-
Disposals	(15,169)	-	(15,169)
	423,613	497,807	921,420
	423,613	497,807	921,420
Depreciation			
At 1 January 2019	327,559	242,862	570,421
Charge for the year	53,325	39,446	92,771
Eliminated on disposal	(15,169)	-	(15,169)
	365,715	282,308	648,023
	365,715	282,308	648,023
Net Book Value			
At 31 December 2018	111,223	254,945	366,168
At 31 December 2019	57,898	215,499	273,397

9 DEBTORS

	2019 £	2018 £
Trade debtors	-	12,769
Other debtors	205,885	167,089
	205,885	179,858
	205,885	179,858

10 CREDITORS

Amounts falling due within one year

	2019 £	2018 £
Trade creditors	76,728	150,962
Social security and other taxes	87,443	78,581
Other creditors	290,349	240,417
Subscriptions received in advance	3,015,499	1,684,674
	3,470,019	2,154,634
	3,470,019	2,154,634

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

11 CREDITORS

Amounts falling due after one year

	2019	2018
	£	£
Other creditors	266,820	327,416
	266,820	327,416

12 PENSION PROVISION

	2019		2018	
	£	£	£	£
Provision b/fwd		670,274		683,435
Employer contributions relating to the recovery plan	(64,167)		(53,216)	
Unwinding of the discount rate	19,438		19,820	
Impact changes in assumptions during the year	55,721		20,235	
Impact of change in recovery plan	766,163		-	
Net movement		777,155		(13,161)
Provision c/fwd		1,447,429		670,274

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 2019 a revised recovery plan was approved based on the March 2018 actuarial valuation which showed a deficit of £3.6bn. The revised plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. In the prior year, the deficit payments were 2.1% of salaries to 31 March 2031. The above recovery plan payments are included with the overall employer contribution rates which have been factored into the OIA budgeting process.

13 OPERATING LEASE COMMITMENT

	2019	2018
	£	£
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	1,243,821	329,560

14 FINANCIAL INSTRUMENTS

Financial instruments included in the accounts comprise:

	2019	2018
	£	£
Financial assets measured at amortised cost	4,779,532	2,893,771
Financial liabilities measured at amortised cost	(633,897)	(718,795)
Financial liabilities measured at fair value	(1,447,429)	(670,274)

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2019**

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £	Net Current Assets / (Liabilities) £	Long term Liabilities £	Total £
Unrestricted Funds				
General Reserves	273,397	1,309,513	(266,820)	1,316,090
Pension Reserve	-	-	(1,447,429)	(1,447,429)
	273,397	1,309,513	(1,714,249)	(131,339)
	273,397	1,309,513	(1,714,249)	(131,339)

16 UNRESTRICTED FUNDS

	Balance 1 January 2019 £	Income £	Expenditure £	Balance 31 December 2019 £
General Reserves	777,889	5,446,764	(4,908,563)	1,316,090
Pension Reserve	(670,274)	-	(777,155)	(1,447,429)
	107,615	5,446,764	(5,685,718)	(131,339)
	107,615	5,446,764	(5,685,718)	(131,339)

17 RECONCILIATION IN MOVEMENT IN FUNDS

	2019 £	2018 £
Retained (deficit)/surplus for the year	538,201	66,335
Decrease/(increase) in pension reserve	(777,155)	13,161
Funds at 1 January 2019	107,615	28,119
	(131,339)	107,615
	(131,339)	107,615

18 PENSIONS

The OIA participates in the Universities Superannuation Scheme (USS). In 2016 the scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate 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 2019, the percentage was 18% until March 2019 then 19.5% (2018: 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 £512,796 (2018: £456,140) 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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(Registered number: 04823842; Charity number: 1141289)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2019**

18 PENSIONS

As at the year end the latest available complete actuarial valuation of the Retirement Income Builder section of the scheme was at 31 March 2018 (the valuation date), which was carried out using the projected unit method.

Since the OIA cannot identify its share of the USS Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2018 valuation was the fifth 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.

Actuarial valuation date	31 March 2018	31 March 2017
Valuation method		Projected Unit
Value of scheme assets	£63.7bn	£60.0bn
Value of technical provisions	£67.3bn	£67.5bn
Net pension deficit	£3.6bn	£7.5bn
Funding level from accrued benefits	95.0%	89.0%

The key assumptions used in the 2018 valuation are described below:

Financial assumptions	31 March 2018	31 March 2017
Market derived price inflation	In line with the difference between Fixed Interest & Index-Linked yield curves	
Inflation Risk Premium (IRP)	0.3% p.a.	0.3% p.a.
Price inflation (RPI)	Market derived price inflation less IRP	
RPI / CPI gap	1.0% p.a.	1.0% p.a.
Price inflation (CPI)	RPI less RPI / CPI gap	
Pension increases in payment	CPI assumption (for both pre and post 2011 benefits)	
Discount rate:	Years 1-10: CPI +0.14% reducing linearly to CPI -0.73%	Years 1-10: CPI -0.53% reducing linearly to CPI -1.32%
	Years 11-20: CPI +2.52% reducing linearly to CPI +1.55% by year 21	Years 11-20: CPI +2.56% reducing linearly to CPI +1.7% by year 21
	Years 21+: CPI +1.55%	Years 21+: CPI +1.7%

Demographic assumptions	31 March 2018	31 March 2017
Mortality - base table	Pre- retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	
	Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females	Post-retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

18 PENSIONS

As disclosed in note 12, a provision of £1,447,429 has been made at 31 December 2019 (2018: £670,274) 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.

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

	2019	2018
	£	£
Net movement in funds	(238,954)	79,496
Add back depreciation charge	92,771	106,823
Deduct investment income shown in investing activities	(22,676)	(13,297)
Decrease/(increase) debtors	(26,027)	28,070
(decrease)/increase in creditors	(76,036)	98,977
Increase/(decrease) in pension provision	777,155	(13,161)
	<hr/>	<hr/>
Underlying cash provided by operating activities	506,233	286,908
	<hr/>	<hr/>
Increase/(decrease) in subscriptions in advance	1,330,825	(306,639)
	<hr/>	<hr/>
Net cash provided / (used) by operating activities	<u>1,837,058</u>	<u>(19,731)</u>

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.

There were no other related party transactions during the current or preceding year.