

# HIGHER EDUCATION STATISTICS AGENCY LIMITED

CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED 31 JULY 2021

COMPANY NUMBER: 02766993

REGISTERED CHARITY NUMBER: 1039709

PUBLISHED NOVEMBER 2021

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Higher Education Statistics Agency Limited (HESA) is a company limited by guarantee, registered in England at 95 Promenade, Cheltenham, GL50 1HZ. Registered No. 2766993. Registered Charity No. 1039709. Certified to ISO 27001. The members are Universities UK and GuildHE.

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## LETTER FROM THE CHAIR AND CHIEF EXECUTIVE

The Higher Education Statistics Agency's (HESA) vision is a successful, competitive higher education sector, underpinned by reliable, trustworthy, and timely data. We believe that high quality, timely, and independent data leads to better decisions, enhanced performance, improved outcomes, and increased public trust and confidence.

As an independent organisation, we pursue our vision and create public benefit through the provision of our data and services. We aim to provide frictionless, flexible access to a wide range of data resources and services that are easy to engage with and understand, and which are responsive to the needs of our stakeholders. In Scotland, in Wales, in Northern Ireland, and in England, we operate in a manner that seeks to cement our role as part of the UK higher education (HE) sector's critical infrastructure.

Our role is to publish appropriate information about higher education. Our role as an official statistics producer means we already have to consider what information would be most helpful to our users, whether they are current or prospective students in the UK or overseas, HE providers, or one of the many organisations that uses data to support and enhance higher education. We undertake a range of engagement activities with groups representing and promoting the interests of applicants, students, graduate employers and HE providers, as well as the many users of our data among the press, policymakers, and civil society organisations. By aligning our practices with the professional expectations of the Code of Practice for Statistics, we can demonstrate our commitment to integrity, impartiality, and rigour, and hence foster the trust and confidence of our stakeholders and the wider public.

### KEY ACHIEVEMENTS

#### Graduate Outcomes

The Graduate Outcomes survey captures rich and robust data and ensures the information we collect reflects recent changes in the HE sector and in the graduate labour market. The survey this year includes anyone who gained a higher education qualification during the 2018/19 academic year. This includes both undergraduate and postgraduate qualifications gained at both higher education providers and further education colleges (except those in Scotland).

We have now delivered all the main outputs from the second year of the survey, taking into account user needs for quality information about the impact of COVID-19 on the data. Graduate Outcomes is still a relatively new survey conducted differently from previous surveys and producing different information. The Office for Statistics Regulation's interim assessment of our work 'found a range of positive features that demonstrate the trustworthiness, quality and value of the statistics'. The Graduate Outcomes statistics give a clear view of the transition from higher education to the workplace, and we have been encouraged by strong take-up of the data for various purposes, including DiscoverUni.gov.uk<sup>3</sup>.

#### Data Futures

Data Futures is a transformational project that HESA is leading, with support from Jisc. In its first delivery stage Data Futures represents a critical upgrade to the technology systems used by HESA, and when delivered for academic year 22/23, will improve the experience for provider teams working on HESA returns and enable HESA to better respond to the future requirements of data customers.

Data Futures is on track to deliver the first stage (technology upgrade and new data model for academic year 22/23) to plan, and as part of this has completed the first phase of Alpha testing with fourteen providers, a key milestone for the project.

## NEW DATA COLLECTIONS DURING COVID-19

For the first time during this year, HESA has collected data for Unistats (to help prospective students make decisions about what and where to study) from English Further Education Colleges (EFECs), a significant achievement in a very challenging period, and with a new constituency of providers.

The progress made by HESA would not have been possible without the dedicated efforts of our staff, Statutory Customers and our colleagues within HE providers, and we are very grateful for their work and support.

## SAVINGS PLAN

HESA is working towards the requirement from the DfE and BEIS, in recognition of the financial pressures facing the sector following the pandemic, to review its services and operations to reduce its statutory subscription fees by up to 10% by August 2022. Savings achieved through this review will represent a direct benefit for providers at a time of increasing financial challenge.

## LOOKING AHEAD

HESA published its new User Engagement Strategy in June 2021. In it we demonstrate the wide variety of ways in which we currently engage users of our data, including those users who are also suppliers. The Provider Forum and other groups that HESA uses to engage the sector, such as the Data Futures Programme Board and the Graduate Outcomes Steering Group, have provided particularly useful channels for dialogue between HESA and the sector. These groups provide opportunity for discussion and feedback with relevant sector bodies on a wide range of HESA activities, they also provide access to insight and know-how for HESA. In the User Engagement Strategy, we make commitments to future actions that will further enhance our engagement with users, and our commitment to the Code of Practice for Statistics.

The next few years hold many challenges for HESA, including balancing strategic priorities such as Data Futures with the need to continue to look at ways of doing more with less, continually improving what we do, as well as developing the services we offer across the four nations of the United Kingdom. In taking this agenda forward HESA looks forward to ongoing engagement with these groups and other sector stakeholders, to shape our services so that they meet the requirements of graduates and the sector in the coming years.

Finally, we would like to announce, Paul Clark has submitted his resignation and is leaving HESA in December 2021. The Board offer Paul their sincere thanks to Paul for his six and a half years of committed service to HESA which included many achievements, the most notable of which being HESA becoming the named Designated Data Body in the Higher Education and Research Act 2017. The Board is delighted to confirm that Rob Phillpotts, HESA's current Managing Director of HESA Statutory and who has been instrumental in delivering HESA's strategy and management plans over the last 5 years, will replace Paul.

**PROFESSOR SIR CHRIS HUSBANDS**  
Chair

**PAUL CLARK**  
Chief Executive

## LEGAL AND ADMINISTRATIVE DETAILS

|                              |                                                                                                                                                                                                                                                                                                                                                                                    |                                                          |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Name:                        | Higher Education Statistics Agency Limited ('HESA', 'Agency', 'the charity' or 'the company')                                                                                                                                                                                                                                                                                      |                                                          |
| Trading Names:               | HESA, Higher Education Statistics Agency                                                                                                                                                                                                                                                                                                                                           |                                                          |
| Company Registration Number: | 02766993<br>HESA is incorporated as a private company limited by guarantee                                                                                                                                                                                                                                                                                                         |                                                          |
| Charity Registration Number: | 1039709                                                                                                                                                                                                                                                                                                                                                                            |                                                          |
| Registered Office:           | 95 Promenade<br>Cheltenham<br>Gloucestershire<br>GL50 1HZ                                                                                                                                                                                                                                                                                                                          |                                                          |
| Director/Trustees:           | Professor Sir C Husbands <sup>2,3,7</sup><br>Chair                                                                                                                                                                                                                                                                                                                                 | Professor C Aitchison (appointed on<br>18 November 2021) |
|                              | Ms SL Bowen <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                           | Mr P F Clark (Chief Executive) <sup>4</sup>              |
|                              | Professor N A Colton <sup>2,4</sup>                                                                                                                                                                                                                                                                                                                                                | Mr D Howell <sup>1</sup>                                 |
|                              | Mr P Husband                                                                                                                                                                                                                                                                                                                                                                       | Mr RM Jones                                              |
|                              | Professor P J Layzell <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                 | Mr I Littlejohn <sup>3</sup>                             |
|                              | Professor J E Lydon (Resigned 17<br>September 2021) <sup>3</sup>                                                                                                                                                                                                                                                                                                                   | Mr A McConnell <sup>1,5</sup>                            |
|                              | Ms M Price                                                                                                                                                                                                                                                                                                                                                                         | Professor M E Smith <sup>1</sup>                         |
|                              | Ms T Slaven <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                           | Professor S M Wonnacott <sup>1</sup>                     |
|                              | <sup>1</sup> Member of the Audit Committee<br><sup>2</sup> Member of the Nominations & Governance Committee<br><sup>3</sup> Member of the Remuneration Committee<br><sup>4</sup> HESA Services Limited Director<br><sup>5</sup> Chair of the Audit Committee<br><sup>6</sup> Chair of the Nominations and Governance Committee<br><sup>7</sup> Chair of the Remuneration Committee |                                                          |
| Company Secretary:           | Ms S N Robinson                                                                                                                                                                                                                                                                                                                                                                    |                                                          |

HESA's principal advisers include the following:

|                      |                                                                                                             |                                                                                          |
|----------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Principal Bankers:   | HSBC<br>2 Promenade<br>Cheltenham<br>Gloucestershire, GL50 1LS                                              | Bank of Scotland<br>Connaught House<br>Alexandra Terrace<br>Guildford<br>Surrey, GU1 3DA |
| Solicitors:          | Stone King LLP<br>Boundary House<br>91 Charterhouse Street<br>London, EC1M 6HR                              | Pinsent Masons LLP<br>Princess Exchange<br>1 Earl Grey Street<br>Edinburgh, EH3 9AQ      |
| Independent Auditor: | Crowe U.K. LLP<br>4th Floor<br>St James House<br>St James Square<br>Cheltenham<br>Gloucestershire, GL50 3PR |                                                                                          |

HESA's Executive Management Team on 31 July 2021

|                                               |                                    |
|-----------------------------------------------|------------------------------------|
| Chief Executive Officer                       | Paul Clark                         |
| Chief Information Officer                     | Joe Tiedeman                       |
| Chief Technology Officer                      | Kyle Summers                       |
| Company Secretary & Head of Governance        | Sarah Robinson                     |
| Director of Data and Innovation               | Jonathan Waller                    |
| Director of Digital Transformation            | Annette Vancil                     |
| General Counsel & Director of Compliance      | Claire Morris (until 6 July 2021)  |
| General Counsel                               | Louise Morrison (from 7 June 2021) |
| Head of Finance                               | Mark Wilson                        |
| Head of People and Organisational Development | Kate Beachus                       |
| Managing Director, Statutory,                 | Rob Phillpotts                     |

## REPORT OF THE TRUSTEES

The Trustees are pleased to present the annual report for the financial year ended 31 July 2021. The Trustees have been advised on the public benefit requirement and in preparing this Report, the Trustees have had regard to the guidance that the Charity Commission has published on the public benefit requirement under the Charities Act 2011.

## STATEMENT OF COMPLIANCE

The Trustees, who are also Directors of the Company for the purposes of the Companies Act 2006, submit their annual report and audited financial statements for the year ended 31 July 2021. The Trustees have adopted the provisions of the Charities Statement of Recommended Practice 2015 (SORP 2015), FRS 102 and have complied with the Companies Act 2006 and the Charities Act 2011 in preparing the annual report and financial statements.

The Trustees and officers of the charity, address, legal and administrative details are given on pages 5 to 6. The Trustees are also approving the Strategic Report in their capacity as Directors.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

HESA is a charitable company limited by guarantee and was incorporated on 23 November 1992. It has one wholly owned trading subsidiary, HESA Services Limited, which was incorporated on 27 September 1995.

The Agency's two founding Members are two of the representative bodies for the higher education sector, namely Universities UK and GuildHE. The guarantee of each Member is limited to £1. The governing documents are the Memorandum and Articles of Association of the Company.

The management of the company and the group is the responsibility of the Trustees who are appointed in accordance with its Articles of Association.

## CHARITABLE OBJECT

HESA's charitable object is to advance education for the public benefit. The following is a summary of the powers of the Agency set out in its Memorandum of Association, in furtherance of this object:

- to provide a statistical service to those concerned with HE in the UK
- to collect, analyse and publish data for higher education institutions in the UK
- to provide such data to higher education institutions in the UK, each of the HE funding councils and education departments in the UK and other such persons as the agency thinks fit
- to publish and distribute material that the agency thinks is desirable for the promotion of its objects
- to undertake research in the HE system and to publish the results of such research, and
- to organize meetings or other events to promote its objects.



## APPOINTMENT OF TRUSTEES

The HESA Board seeks to ensure that appointments to the Board provide expertise and experience well suited to the governance of the Agency, bearing in mind the responsibilities of the Agency and the nature of the services it delivers. The Board seeks through co-option to enhance further the range and balance of experience and expertise available within it. The Board of Directors are appointed by the Members and Directors.

Under the HESA Articles appointments are for three years. Directors are able to serve up to two consecutive terms and, in exceptional circumstances, the Board may determine that Directors may serve further terms of office. The Directors have agreed a process for the retirement of these Trustees on the first, second and third anniversaries of the Effective date to provide a staggered process.

There were no Trustee changes during the 2020/21 financial year. After the year end Professor JE Lydon resigned on 17 September 2021 and was replaced by Professor C Aitchison, who was appointed on 18 November 2021.

HESA has Trustee Appointment and Induction Procedures in place which are complied with for all Trustee appointments, and this is overseen by the Nominations and Governance Committee. Co-opted appointments are made by the Board on the recommendation of HESA's Nomination and Governance Committee. Where appropriate, HESA may use an independent specialist agency to assist with this process. Due diligence is completed on all potential Trustees to ensure that they are "Fit and Proper Persons". Reviews of potential conflicts of interest are also carried out.

Following appointment to the Board, new Trustees attend an induction meeting with the Chief Executive and senior staff. They are provided with online access to a Trustee Handbook that includes relevant documents, including the Memorandum of Understanding and Articles of Association, an Organisation chart, guidance for Trustees from the Charity Commission and Companies House, details of committees, calendar of meetings and the latest Consolidated Financial Statements.

## DECISION MAKING

The HESA Board has overall responsibility for HESA's assets and property. Its principal responsibilities are to:

- Critique and determine the mission and vision of HESA, the overall strategy and key performance indicators.
- Ensure that HESA pursues its charitable object and agreed mission.
- Ensure the establishment and monitoring of systems of control and accountability.
- Set HESA's budget to ensure the financial stability, probity and sustainability of HESA.
- Ensure that HESA complies with its constitutional documents, charity law, company law and any other relevant legislation or regulations.
- Monitor and evaluate HESA's performance against agreed targets.

The HESA Board usually meets three times a year, with additional meetings held as necessary to support decision making, and for strategic discussion and board development.

The matters reserved for the Board are:

- The approval of annual estimates of income and expenditure
- The approval of the annual operating plan and the key objectives of the charity
- The approval of the annual accounts and reports of the Charity
- Ensuring the solvency of the Charity and the safeguarding of its assets, and
- Ensuring the continued charitable status of the charity.

The Articles were previously amended to dispense with the holding of annual general meetings recognising that HESA's members and a representative of the higher education funding bodies attend HESA's board meetings as Observers. A code of conduct for Observers to the Board is in place and is regularly reviewed.

The Board has established three sub-committees to which it delegates responsibility for particular activities. Each committee has clear terms of reference that are regularly reviewed. These are:

- An Audit Committee to assist the Boards of HESA and its wholly owned subsidiary HESA Services Limited in discharging their responsibilities for the financial statements, monitoring the effectiveness of internal controls, providing assurance on the effectiveness of their risk management arrangements, ensuring effective internal and external audit arrangements are in place and adopting best practice in corporate governance.
- A Nominations and Governance Committee whose responsibilities include making recommendations to the HESA Board in relation to the appointment of Board members, ensuring an appropriate mix of skills and expertise is represented on the Boards of HESA and HESA Services Limited, and monitoring and managing conflicts of interest.
- A Remuneration Committee. The key responsibilities of the Remuneration Committee include determining the salaries of the Chief Executive and the Company Secretary, reviewing the salaries of the senior staff and to keep under review the appropriateness and relevance of HESA's pay policy. Further responsibilities of the Committee include recommending to the Board the overall salary uplifts of the Agency and in ensuring staff remuneration benefits and the gender pay gap are kept under review. The Remuneration Committee review the pay and remuneration of key management personnel, using sector benchmarks, advice from consultants on recruitment, and the economic environment and corporate performance to set pay awards.

The Board approved an updated Scheme of Delegation on 28 June 2021, and this will continue to be refined to fit business needs. Governance and decision-making structures were reviewed and updated in 2018/19 and continue to be refined to fit business need. Reviews are undertaken applying the Charity Governance Code and considering additional practices HESA should implement to strengthen decision making, reporting, performance and assurance processes across the business.

The Board has delegated the day-to-day management of HESA to the Chief Executive, who is supported in this by the Executive Management Group.

## STRATEGIC REPORT

### MISSION

Our mission is to support the advancement of UK higher education by collecting, analysing, and disseminating accurate and comprehensive statistical information in response to the needs of all those with an interest in the sector's characteristics and a stake in its future.

### VISION

Our vision is a successful, competitive higher education sector, underpinned by reliable, trustworthy, and timely data.

High-quality, timely, and independent data leads to better decisions, enhanced performance, improved outcomes, and increased public trust and confidence. Our vision is to support these aims and deliver public benefit through the exceptional data and services we provide.

We aim to provide frictionless, flexible access to a wide range of data resources and services that are easy to engage with and understand. Through this, we will continue to cement our role as part of the UK HE sector's critical infrastructure.

### VALUES

We will deploy our expertise in the use and application of advanced statistical and open data techniques to transform and present HE data.

We will seek to develop innovative, low-cost techniques to improve the quality and efficiency of data collection. We will also work as part of an open infrastructure to ensure that as much data as possible is open and accessible to all.

Our strategy is delivered through our people. Ensuring that our staff have the skills, capabilities, and tools to do their jobs effectively is therefore a key theme underpinning all our activities and objectives. This includes providing opportunities for development, growth, and learning.

### STRATEGIC CONTEXT

There are a number of over-arching requirements that Designated Data Body (“DDB”) status, and its own constitution bestow upon HESA in its proper performance of its responsibilities. These are:

1. Provider of Official Statistics
2. Operating the highest Data Protection and Information Security standards
3. Working throughout the UK with the Devolved Nations
4. Delivering Public Benefit.

#### 1. Provider of Official Statistics

HESA is a producer of Official Statistics, most recently designated under Official Statistics Order 2018 within the United Kingdom. A subset of Official Statistics produced by HESA are designated as National Statistics, having been formally assessed as compliant with the Code of Practice for Statistics issued by the UK Statistics Authority and the Office for Statistics Regulation. HESA is required to comply with the Code of Practice for Statistics when publishing all Official, National and Experimental Statistics releases, together with the Pre-release Access to Official Statistics Orders in place across the UK nations. Furthermore, HESA must consider related statements of guidance which may be issued by the National Statistician, UK Statistics Authority or Office for Statistics Regulation from time to time.

Compliance with the Code gives confidence that published government statistics have public value, are high quality, and are produced by people and organisations that are trustworthy. HESA is formally designated by secondary legislation as being statutorily obliged to comply with the Code of Practice for Statistics.

#### 2. Operating the highest Data Protection and Information Security standards

HESA seeks to ensure privacy and security by design and default.

HESA continues to operate in an evolving and challenging cyber environment. Malware and ransomware continue to pose significant threats. The sophistication of attacks combined with the ability of criminals to purchase hacking software and/or a hacking service cheaply on the underground economy or illegal markets means that the external risks continue to rise. HESA has continued to invest and work hard to improve cyber security capabilities, has worked to improve monitoring, to sharpen reaction times, improve staff training, and collaborate more effectively across teams, to ensure security by design, and thus to become a more resilient organisation. This has placed HESA in the best position for cyber defence that it has ever been in, but this continues to need to be tempered against the ever-increasing external threats we face which are evolving at speed.

As HESA staff are on hybrid or remote working contracts, additional communications are issued to staff on a regular basis to ensure that information security remains at the front of their minds. Whilst HESA's aims remain broadly the same as they have always done, the context in which we are operating has changed substantially and continues to change at pace. Some of these changes are specific to the higher education sector, and some reflect broader trends in politics and society.

### 3. Working throughout the UK with the Devolved Nations

While the HERA applies to England, HESA operates UK wide, and we believe that maintaining this role is essential. We will therefore continue to work closely with the Devolved Administrations when defining and delivering our services. As policy and process continue to diverge across the UK, achieving this aim becomes more complex, but it remains an important part of our mission.

The number of higher education providers continues to grow in the UK, as the sector becomes ever more diverse. We anticipate that the number of institutions subscribing to HESA could increase significantly from its current level of 444, including 40 from Scotland, Wales and Northern Ireland. Ensuring that we have the systems and services in place to respond to the requirements of this range and number of providers will be a major priority, necessitating changes in approach across several areas.

### 4. Delivering Public Benefit

The Trustees have regard to the Charity Commission Guidance on Public Benefit in discharging their responsibilities.

In accordance with the Agency's object, the aims of the Agency are intended to benefit the following users of higher education data:

- A broad range of members of the public including current and prospective students and their advisers, researchers and journalists.
- higher education providers.
- UK Government (including government departments, devolved governments and agencies).
- UK higher education funding bodies.
- bodies/entities with a duty or interest in the maintaining and promotion of equality of opportunity.

HESA collects, processes, assures, analyses, and disseminates data on all aspects of higher education activity throughout the United Kingdom. In delivering this service HESA has regard to the needs of its beneficiaries (i.e. data providers and data recipients). HESA has broad representation on its Board, including individuals holding senior positions in HE and FE. It also hosts a number of stakeholder groups and consults widely to identify the needs of its beneficiaries.

In addition to providing data to HESA's Public Purpose and Statutory Customers, HESA makes data available through publications, bespoke data enquiries, online interactive management information to HE providers (through the Heidi Plus service), and by providing appropriate open data on the charity's website. Data is also made available through a linked data process under which HESA Data linked to the National Pupil Database and Individual Learner Record is supplied to end-users in the majority through the Office for National Statistics' Secure Research Service.

HESA reviews any potential harm that could occur in delivering the benefits provided to its beneficiaries. To date no detriment has been identified as occurring as a result of the Agency's activities.

Our activities are regularly reviewed in the context of data protection law, particularly considering the growing demand from government bodies for the use of HESA data.

HESA Services Limited, which is not a charity, undertook training, provision of data services, and information analysis on behalf of HESA over the past year, for third parties such as researchers, journalists and employers. Any profits are gifted to the parent in line with the deed of covenant.

HESA has delivered on the commitment in its open data strategy to publish as much information we hold as open data as possible. Data that is open promotes transparency for UK citizens, generates economic benefit through commercial re-use, and stimulates innovation in the creation of new tools and services which benefit users and consumers.

HESA has long operated on principles of transparency and accessibility in data handling. We publish widely from the data we collect; we provide extensive online access routes to data for higher education providers and not-for-profit bodies; and we provide bespoke information to over 1,200 users annually, including staff, students, academic researchers, private companies, professional bodies, government bodies, the press and media, international governments and organisations around the world. For full details of the open data, we have published please see our website [www.hesa.ac.uk](http://www.hesa.ac.uk)

### STRATEGY UPDATE 2021-2024

A new HESA 3-year strategy was launched in August 2021. This strategy sets out HESA's strategic priorities for 2021-2024, the priorities within which have been modified and refreshed considering the recent changes to HESA's operating environment.

Much has changed in the external environment since HESA's previous plan was drafted. In particular, HESA faces a number of strategic challenges including:

- Responding to changes in the HE policy environment
- Seeking to maintain a UK-wide service and adapt its approach in this area
- Responding to an accelerating cyber security threat environment.
- Dealing with rapid developments in technology
- Financial pressures within the HE sector and the need for HESA to reduce its subscription fees by up to 10% by August 2022
- The transition to operating as a hybrid organisation in the post-pandemic world

The aims and activities of our updated strategy seek to address all these areas. At the same time, there are significant positive opportunities for HESA over the next three years. These include:

- The implementation and operation of the new HESA Data Platform (HDP), which will transform HESA's core collection capability and upgrade a significant component of the UK HE data infrastructure
- Developing enhanced capabilities in survey design and implementation, building on the success of Graduate Outcomes
- Expanding the range and utility of our data outputs, including the accessibility of our open data
- Broadening the range of data assets available to our customers to respond to new demands
- Building new organisational capabilities that increase our agility and flexibility.

Priorities and demands continue to evolve as we enter the post-COVID-19 world, and this will continue to have an impact on HESA's services, requirements, and resources. Maintaining an adaptable and flexible approach throughout the next three years and beyond remains a key aim.



We continue to value our role as the Designated Data Body for higher education in England, and the statutory services that we provide to our customers as a result. The same is true for our customers in Scotland, Wales, and Northern Ireland, and we remain committed to providing a coherent data platform and picture across the UK.

The plans, activities, and priorities in this strategy add up to a HESA that is fit for the future, and ready to meet the challenges that lie ahead in the most effective and efficient way.

### Key Strategic Objectives and Achievements

HESA's key strategic objectives are to:

1. Deliver our data collection activities.
2. Deliver Data Futures.
3. Disseminate robust, relevant and timely data with a relentless focus on the needs of our users.
4. Ensure our data is securely processed, stored, and protected.
5. Operate as a flexible, efficient, and resilient organisation.

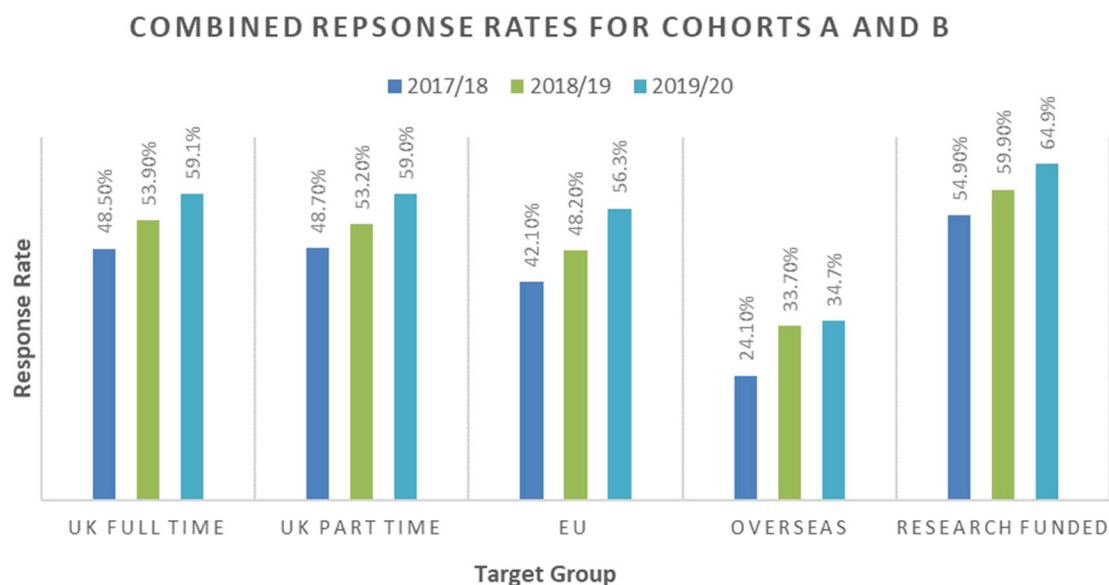
During the financial year progress has been made on these strategic objectives as described below.

#### ***Strategic Objective 1 - Deliver our data collection activities – Graduate Outcomes***

Graduate Outcomes is the biggest annual social survey in the United Kingdom and captures the perspectives and current status of recent graduates. All graduates who completed a relevant course are asked to take part in the survey 15 months after they finish their studies. In addition to providing data and evidence to policymakers, practitioners and researchers, the survey aims to help current and future students gain an insight into career destinations and development.

We understand how important achieving high response rates is to our users. We continuously review and refine our strategy to increase (mainly online) response rates, while paying close attention to and seeking to ameliorate the impacts this might otherwise have on the representativeness of the data.

Since its launch in 2018 we have seen a marked improvement in response rates for all the main target groups. The following chart compares responses rates across three years for cohorts A and B:



The second edition of the Quality Report on the Graduate Outcomes Survey included a wide range of new analyses to support expert analysts and technical users of the data.

One area of focus in the second year of Graduate Outcomes was to improve the quality of the location of work (includes paid work for an employer, voluntary, unpaid work, due to start work, self-employment and running own business) information. As a result, it has been possible to include additional breakdowns by location of work in our open data release.

### ***Strategic Objective 2 - Deliver Data Futures***

Data Futures is a sector-wide transformation programme, led by HESA, with Jisc as the technical delivery partner and shaped by engagement from higher education providers. The Data Futures transformation programme will facilitate data collection, assurance and dissemination of HE data.

A new data collection platform, the HESA Data Platform (HDP) will enable the provision of data to Statutory Customers for the Student record. In addition, it will deliver a more efficient system for HE providers to submit and quality assure their data leading to operational efficiencies.

The programme, led by HESA and delivered with Jisc will deliver a range of benefits for Statutory Customers, HE Providers, HESA and the HE sector. The Data Futures Programme has continued to progress well over this period and is on course for delivery to the sector in the 2022/23 academic year.



The achievements for the Programme in 2020/2021 include:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Securing funding for Data Futures and building confidence through effective governance underpinned by delivery.</li> <li>• Continuing to build and integrate the end-to-end solution including the HDP and associated systems, with features required for Alpha being prioritised.</li> <li>• Data migration activities including forward and backward mapping and 2019/20 Data Migration.</li> </ul> | <ul style="list-style-type: none"> <li>• Specifying and developing significant numbers of rules, derived fields and reports, with 1000+ rules specified and published, 200+ derived fields specified, 100 enhanced coding frames specified, 400+ rules and 150+ derived fields developed.</li> <li>• Updating the Data Futures coding manual for Alpha.</li> <li>• Commencing Alpha with fourteen providers undertaking a variety of testing activities.</li> </ul> | <ul style="list-style-type: none"> <li>• Continuing to engage with the sector through Data Futures, sector events, and the publication of e-learning modules.</li> <li>• Other delivery includes the Pilot Agreements, pen testing completed with critical remediations implemented, work on DPIAs and planning.</li> <li>• Working with OfS and the Devolved Administrations to explore options and implications in light of the burden review.</li> </ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

***Strategic Objective 3 - Disseminate robust, relevant and timely data with a relentless focus on the needs of our users - Higher education student statistics 2019/20 and student open data***

Despite the complexities of working under COVID-19 restrictions, we published our Student Statistical Bulletin and Open Data on our agreed and pre-announced schedules. This year we completed the work of integrating data from the Student and Student Alternative Records, into a single publication.

***Strategic Objective 3 - Disseminate robust, relevant and timely data with a relentless focus on the needs of our users - Unistats open data***

During the reporting period additional work has been put into the quality assurance of the Unistats dataset for publication. This includes the addition of full and complete independent checks on the lookup tables to strengthen the quality of resulting outputs.

Further improvements have also been made to our procedures around creating and disseminating test releases of data.

***Strategic Objective 3 - Disseminate robust, relevant and timely data with a relentless focus on the needs of our users - Research insights and ad hoc releases***

In autumn 2020 we published an outline of our [Research Strategy](https://www.hesa.ac.uk/data-and-analysis/research/strategy)<sup>1</sup>, and demonstrated how it links to our core mission and supports delivery of our responsibilities under various pieces of legislation, including the HERA. We identify the pillars of our strategy as increasing our knowledge and use of external data sources, contributing to HESA's analytical capability, and supporting public understanding and decision making.

<sup>1</sup> <https://www.hesa.ac.uk/data-and-analysis/research/strategy>

The programme of continuous improvements planned by HESA aims to minimise the cost of running HESA's services for providers, by opening opportunities for efficiencies in the production of information, improving the products for our Statutory Customers and finding ways to do more with less. Some of these improvements come through key initiatives such as Data Futures and some via smaller on-going changes such as improvements to change management processes, Agile ways of working or improving our outputs.

### ***Strategic Objective 4 - Ensure our data is securely processed, stored, and protected.***

HESA continues to maintain its ISO 27001:2013 certification which was reaccredited in January 2021 and passed the most recent surveillance audit in June 2021. In the coming year, HESA will be seeking to renew our Cyber Essentials Plus certification. Cyber Essentials is a government backed scheme that helps guard against the most common cyber threats and helps to demonstrate our commitment to cyber security.

The higher education sector continues to be targeted by threat actors, HESA is aware of at least 14 providers which have been affected by cyber incidents this year and we enact robust procedures to minimise any risks to data which they have submitted to us whenever we become aware of a provider experiencing a cyber incident. We have worked to increase the number of new and existing systems which send security logs to our Security Information and Event Management (SIEM) system to improve our incident detection and response capability. We continue to work to decommission legacy on-premises systems and where appropriate replace with cloud native services using Software as a Service, Platform as a Service and Infrastructure as a Service in order of preference. This affords us the opportunity to transfer some risk. During the year there were no notifiable breaches that required reporting to the Information Commissioner's office.

## **RISK MANAGEMENT FRAMEWORK**

The Audit Committee reviews at each meeting the major risks to which the charity is exposed. The risk register is reviewed and updated by the Executive Management Group. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces.

Risk policies and process are in place to rate, monitor and escalate risks, including those for key strategic projects. This is integrated into HESA's management processes, and the risk register is reviewed in detail at the EMG and the Audit Committee; with a report provided to both the HESA Board after each Audit Committee highlighting key risks and changes. The Audit Committee identifies areas of HESA's operations that may benefit from internal audit assessment (either by HESA's internal auditors or other specialists), reviews findings and recommendations and reports these to the Board.

Through the risk management and audit processes, the Trustees are satisfied that the major risks to which the Agency is exposed have been reviewed, and systems or procedures have been established to manage those risks and mitigate exposure.

At the end of the financial year the principal risks and uncertainties that the Trustees considered HESA were facing were interlinked and related to risks related to delivery of strategic projects, data protection, resources and medium term financial to longer term sustainability. Mitigation plans exist for all risks. The Audit Committee and the Board review updates in the risk register and mitigating actions during the year. Some key risks and the management plan to mitigate them are listed below.

| High level Risk                                                                                                   | Management Action in 2020/2021, including but not limited to:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Data Protection & Information Security                                                                            | <p>Data Protection and Information Security have remained a key area of focus for the Audit Committee to protect data that is controlled by HESA.</p> <p>The Information Security and Data Protection Management Group meets regularly throughout the year. This group provides assurance to the Executive Management Group and thereafter to the Audit Committee and Board on actions being taken to ensure data protection and information security compliance, and identifies additional actions required. During the year key work has included:</p> <ul style="list-style-type: none"> <li>• ISO27001 accreditation was recertified in 2021, and EMG reviews the cycle of continuous improvement to maintain accreditation.</li> <li>• Significant work against the 10 Steps to Cyber Security which has been used to measure improvements.</li> <li>• The development of a new GDPR maturity assessment tool linked to 12 key assurance requirements for HESA's functions.</li> <li>• Further access to additional and improved monitoring tools means that HESA is better able to identify, assess, and deflect cyber-attacks.</li> <li>• Reviewed and updated information security policies to reflect current ways of working and best practice.</li> <li>• All new staff have Information Security and data protection training, and existing staff have refresher training to ensure skills are up to date.</li> </ul> |
| Changes to the higher education landscape                                                                         | <p>While the Higher Education Research Act (HERA) applied to England, and HESA operates underneath as the Designated Data Body, HESA operates UK wide and our close working with the Devolved Administrations in terms of defining and delivery our services has and will continue to monitor the changes to the higher education landscape. HESA works closely with the Office for Students to plan and prepare for changes to the sector.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Insufficient progress of strategically important projects such as Data Futures.                                   | <p>The progress of priority projects such as Data Futures is monitored through the relevant governance structure, and regular reports are made to the Board and to the Programme oversight Board which includes representatives from stakeholder groups, including the Office for Students. The Project Management office tracks progress and action taken to rectify if not on schedule. The Executive Management Group reviews progress on a weekly basis and makes interventions when required.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Ensuring HESA continues to be financially sustainable.                                                            | <p>Rigorous financial controls, including budgeting and reviews to the Audit Committee enable the financial performance to be tracked against budget and forecast. The Reserves Policy, which is detailed below, addresses financial risks in more detail.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Staff resource levels and skill sets not fit for purpose and loss of key staff has an impact on corporate memory. | <p>There is increasing evidence of the difficulty in recruiting staff with appropriate technical skills. Whilst this is a nationwide challenge and leading to an increase in wage costs, this is being addressed by the contractual changes approved by the Remuneration Committee, an apprenticeship scheme, and a mix of full time/part time and contracting staff. The recruitment of staff is reviewed within the governance structure and remains a key risk.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## RESERVES POLICY

The Reserves Policy seeks to balance spending the maximum amount of income raised as soon as possible after receipt with maintaining the minimum level of reserves to ensure uninterrupted operation and provide time to adjust to a change in financial circumstances.

The Trustees' have considered what may be an appropriate level of reserves for the Agency to be holding. The following have been taken into account when doing so:

1. The need to ensure that we can support operational commitments in the forthcoming year as set out in the Report of the Trustees'
2. The need to have flexibility to respond to unexpected variations in income and expenditure and opportunities as they may arise
3. The ability to deliver its longer-term strategic aims
4. The need to establish the Agency in alternative accommodation at the point leases are terminated
5. Recognising the nature of the Agency's income streams results in fluctuating reserves levels during the financial year

A prudent assessment of the financial impact of risk events on reserves is estimated at 2 months of average operational expenditure. HESA's target reserve level is between 2 and 4 months of operational expenditure. This is assessed as striking an appropriate balance between the need to spend income when it is received and maintaining operational integrity. This level of reserves is consistent with HESA's business model and financial impact of key risks. It is important to retain some flexibility in the range to ensure working capital remains responsive to changing operational demands.

### Reserves monitoring

Reserves are reported monthly in the management accounts to the EMG. Business plans will be set with intent to maintain reserves around the target range. Given operational issues, changes in economic circumstances and short-term investment needs, it is possible for reserves to fall outside of the target range. However, it is expected that management will seek to calibrate business activities across the medium term such that reserves are maintained within range.

Over the past five years, HESA has run reserves in excess of policy target. It is worth noting our planning bias has tended towards a consistent small favourable outcome in actual net surplus/deficit versus plan.

If reserves move significantly away from target, specifically below 2 months of average operational expenditure for a period expecting to exceed three months (resource constrained) or above 4 months of average operational expenditure over the subscription period (opportunity constrained) then a recovery plan will be prepared by the CEO and Head of Finance for consideration by Trustees.

Ultimately, as Designated Data Body HESA is able to charge a subscription level required to meet its expenditure on Statutory activities.

### Understanding the nature of charitable reserves held

HESA may hold designated unrestricted reserves that are allocated to specific projects. On 31 July 2021 the Trustees have agreed that no designated unrestricted reserves are required. In considering the level of free reserves, the calculation is based on total funds, less restricted funds, less designated funds, less fixed assets. Circumstances requiring the use of designated unrestricted reserves will be reviewed by the Audit Committee before use as an unrestricted reserve.

### Identifying functional assets

Where the Trustees consider functional fixed assets to be essential to the delivery of the charity's aims, the value of such assets can be designated and excluded from the calculation of reserves.

### Understanding the financial impact of risk

Key risks have been identified that have the potential to affect reserves. In reviewing the financial impact of these risks, it is the short term under consideration; the potential drawdown of reserves to give time to undertake additional mitigation activities and adjust to changed financial circumstances.

1. HESA is not exposed to exchange rate risk as income generation is concentrated in the UK.
2. Inability to manage large and complex programmes that may require additional unbudgeted investment. This is mitigated by experienced project management and project governance.
3. Income from subscriptions and Income from grant funding. There are risks associated with these income streams, notably around ineffective cost and budget estimates, and failure to recover associated costs, as well as mitigating quality issues with suppliers and partner organisations. Additionally, and in recognition of financial pressures in the sector, the DfE and BEIS require HESA to review its services and operations and reduce its statutory subscription fees by up to 10% by August 2022. This will be challenging for HESA to maintain the necessary investment in staff and infrastructure costs, however the savings achieved will represent a direct benefit for the sector. An income and savings plan has been developed over the period of required savings to offset the reduction in statutory subscriptions.
4. A significant drop in student numbers has been considered from a risk point of view. Given the 'power to charge' rights enjoyed by HESA as the DDB under HERA, HESA is able to recover the costs in supplying its statutory activities in full. A reduction in student numbers would therefore result in an increase to the 'per student' charge, which HESA would seek to avoid due to severe budgetary constraints on our providers.
5. The financial impact of fraud risk on reserves is estimated to be low given the strong control environment.
6. Credit events leading to financial loss. The material credit risk to HESA would be a failure of our bank, HSBC. This is unlikely to mean a complete loss of deposit funds, but there would be significant impact on short-term liquidity. It is worth noting that we see the risk of a credit failure in our bank as extremely unlikely.
7. Pandemic. The 2020 Covid-19 pandemic has led to an immaterial increase in costs. However, the pandemic may have longer term cost implications to the Agency, particularly in respect of the employment market: hybrid home-office working is becoming normalized in the areas of technology, software development and back-office support functions and whilst this does provide opportunities for recruitment of staff from wider afield, it does represent a risk for the increased market opportunities available to existing employees and inflationary salary increases.
8. There are other risks HESA faces that could have a financial impact, a significant legal claim or poor quality of programmes, or a significant business discontinuity event. However, the short-term financial impact of these is less tangible.

### Impact of future plans and commitments

Expenditure is significantly based on staff costs, the technical infrastructure required to support the collection and distribution of statistical information for the higher education sector, and the use of third parties to support the Graduate Outcomes Survey. Unrestricted expenditure is forecast to be £1m per month, including governance and support costs. Managing forward expenditure within existing commitments is achieved by regular monitoring. We employed 159 people on 31 July 2021. The salary cost equates to 49% of the overall expenditure. There are no material projects or capital spending plans that cannot be met from anticipated future income.

HESA operates 2 defined benefit pension schemes (SAUL and USS). USS is currently in a significant deficit with HESA's liability provided at £758,214 on 31 July 2021. HESA is provided with an update from the USS scheme actuary each financial year which is reflected in the financial accounts. This deficit is completely outside the control of HESA and has the potential to significantly impact on the level of free unrestricted reserves.

### PLANS FOR THE FUTURE

We are aware that higher education providers are facing an uncertain financial future. While demand for UK higher education remains strong, and its overall standing very high, there are financial clouds on the horizon. Higher education providers, like many organisations in the public sphere, are under pressure to deliver more with the same, or even less funding. The imperatives to keep costs down, while ensuring that as much resource as possible goes towards supporting the core activities of teaching and research remains high. HESA remains alive to these challenges and will reflect them in our own operational priorities over the next 3 years. Our focus remains on delivery of our core services through this period of uncertainty.

### FINANCIAL REVIEW

The Group reported a net surplus for the year of £1,047,205 (2020 surplus: £1,141,927). The surplus resulted from the deferment of Data Futures technology and staffing costs funded through HE/FE subscriptions and the profit reported by the subsidiary company HESA Services Limited.

Total income for the Group amounted to £15,770,709 for the year (2020: £13,729,312), with £12.7m from HE/FE subscriptions, £2.2m from restricted grants, £0.4m from other unrestricted sources and £0.5m through the subsidiary company HESA Services Limited. Restricted grant income substantially contributes towards the costs associated with Data Futures.

The income for the trading subsidiary reduced to £541,701 (2020: £1,053,491) in line with expectations following the divestment of HESA's data analytics function to Jisc in September 2019 and the commencement of a revenue share agreement between the trading subsidiary and Jisc.

Total expenditure for the Group reduced in line with expectations to £14,723,504 (2020: £12,587,385) with increased activity on development of the Data Futures programme.

The HESA Charity reported a surplus for the year of £623,308 with the subsidiary company HESA Services Limited reported a further surplus for the year of £423,897.



## HESA

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### Fundraising

HESA has not engaged in any fundraising activities requiring disclosure under S162A of the Charities Act 2011. HESA's income is primarily subscriptions from its subscribers, grant income for sector approved projects and monies gift aided from its wholly owned subsidiary HESA Services Limited.

### Investment

Where operationally appropriate, HESA will seek to maximise return on its cash deposits by placing fixed term and money market deposits at the most favourable rate, whilst maintaining optimum working capital levels and having taken due consideration of bank charges and the costs of change. With Bank of England interest rates at historically low levels, our existing banking provider is not offering interest on deposits, resulting in investment income for the year reducing to £nil (2020: £6,162).

### Reserves

The surpluses reported by both HESA and HESA Services Limited resulted in the General Fund increasing to £4,071,973 (2020: £3,009,086) is considered by the Trustees to be sufficient for the Charity and is in accordance with the Charity's approved reserves policy, which is between two to four months of expenditure.

Unrestricted reserves increased to £3,313,759 (2020: £2,266,554) including a pension reserve of £758,214 (2020: £742,532).

### Going Concern

HESA management has considered the consequences of COVID-19 and other events and conditions on the organisation's strategy and operations, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern for the forthcoming period of 12 months.

As part of the Trustee's responsibilities of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios have been considered. The assumptions modelled are based on the estimated potential impact of known changes in the sector and any effect of COVID-19 restrictions and regulations, along with proposed responses over the course of the period to 31 July 2024. The Trustees consider that there are no material uncertainties over the charitable company's financial viability.

### Pension Provision

The net change in the provision for HESA's cost of the deficit recovery arrangements put in place by the USS pension scheme in line with the FRS 102 requirements was an increase of £15,682 during the year to 31 July 2021 (2020: decrease of £816,033).

## TRUSTEES' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Trustees (who are also directors of HESA for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

1. select suitable accounting policies and then apply them consistently.
2. observe the methods and principles in the Charities SORP.
3. make judgments and estimates that are reasonable and prudent.
4. state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees, who are also directors of HESA for the purposes of company law, are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the Trustees of the charity at the date of approval of this report are aware, there is no relevant information needed by the company's auditor in connection with preparing the audit report of which the charity's auditor is unaware. Each Trustee has taken all the steps that he/she should have taken as a Trustee in order to be make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

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

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

### Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor. A resolution to re-appoint Crowe U.K. LLP as auditor has been proposed to its Members and approved in November 2021.

The Report of the Trustees incorporating the Strategic Report and other information is approved and signed by Order of the Board.

Professor Sir Chris Husbands - Chair



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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHER EDUCATION STATISTICS AGENCY LIMITED**

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**Opinion**

We have audited the financial statements of Higher Education Statistics Agency Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, 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 Group's and of the parent charitable company's affairs as at 31 July 2021 and of the Group's 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHER EDUCATION STATISTICS AGENCY LIMITED (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our 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 Trustees' Report including the Strategic Report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHER EDUCATION STATISTICS AGENCY LIMITED (CONTINUED)**

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**Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Group's and the parent 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHER EDUCATION STATISTICS AGENCY LIMITED (CONTINUED)**

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**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were Companies Act 2006, Charities Act 2011, The Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 (FRS 102) and the Charities SORP (102) (effective 1 January 2019). In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the HESA's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the Higher Education and Research Act 2017 (HERA), General Data Protection Regulation, Health and Safety legislation, and employment legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures were designed to respond to these risks over income. In relation to management override of controls we conducted enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, HMRC and other regulators including OfS, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHER EDUCATION STATISTICS AGENCY LIMITED (CONTINUED)**

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**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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

**THIS REPORT HAS NOT YET BEEN SIGNED (Senior Statutory Auditor)**

for and on behalf of

**Crowe U.K. LLP**

4th Floor

St James House

St James' Square

Cheltenham

Gloucestershire

GL50 3PR

Date:

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 JULY 2021**

|                                    | <b>Note</b> | <b>Restricted<br/>funds<br/>2021<br/>£</b> | <b>Unrestricted<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> |
|------------------------------------|-------------|--------------------------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Income from:</b>                |             |                                            |                                              |                                       |                                       |
| Charitable activities              | 4           | 2,221,721                                  | 13,007,287                                   | 15,229,008                            | 12,712,415                            |
| Other trading activities           | 7           | -                                          | 541,701                                      | 541,701                               | 1,010,735                             |
| Investments                        | 8           | -                                          | -                                            | -                                     | 6,162                                 |
| <b>Total income</b>                |             | <u>2,221,721</u>                           | <u>13,548,988</u>                            | <u>15,770,709</u>                     | <u>13,729,312</u>                     |
| <b>Expenditure on:</b>             |             |                                            |                                              |                                       |                                       |
| Raising funds                      | 9           | -                                          | 32,510                                       | 32,510                                | 418,062                               |
| Charitable activities              | 10          | 2,221,721                                  | 12,469,273                                   | 14,690,994                            | 12,169,323                            |
| <b>Total expenditure</b>           |             | <u>2,221,721</u>                           | <u>12,501,783</u>                            | <u>14,723,504</u>                     | <u>12,587,385</u>                     |
| <b>Net movement in funds</b>       |             | <u>-</u>                                   | <u>1,047,205</u>                             | <u>1,047,205</u>                      | <u>1,141,927</u>                      |
| <b>Reconciliation of funds:</b>    |             |                                            |                                              |                                       |                                       |
| Total funds brought forward        |             | -                                          | 2,266,554                                    | 2,266,554                             | 1,124,627                             |
| Net movement in funds              |             | -                                          | 1,047,205                                    | 1,047,205                             | 1,141,927                             |
| <b>Total funds carried forward</b> |             | <u>-</u>                                   | <u>3,313,759</u>                             | <u>3,313,759</u>                      | <u>2,266,554</u>                      |

The notes on pages 33 to 57 form part of these financial statements.

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 02766993**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 JULY 2021**

|                                                         | Note | 2021<br>£               | 2020<br>£               |
|---------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                     |      |                         |                         |
| Intangible assets                                       | 16   | 268,323                 | 435,741                 |
| Tangible assets                                         | 17   | 269,324                 | 104,357                 |
|                                                         |      | <u>537,647</u>          | <u>540,098</u>          |
| <b>Current assets</b>                                   |      |                         |                         |
| Debtors                                                 | 19   | 3,754,946               | 5,281,090               |
| Cash at bank and in hand                                |      | 8,216,917               | 5,786,450               |
|                                                         |      | <u>11,971,863</u>       | <u>11,067,540</u>       |
| Creditors: amounts falling due within one year          | 20   | (8,047,537)             | (8,309,113)             |
| <b>Net current assets</b>                               |      | <u>3,924,326</u>        | <u>2,758,427</u>        |
| <b>Total assets less current liabilities</b>            |      | <u>4,461,973</u>        | <u>3,298,525</u>        |
| Creditors: amounts falling due after more than one year | 21   | -                       | (27,439)                |
| Provisions for liabilities                              |      | (1,148,214)             | (1,004,532)             |
| <b>Total net assets</b>                                 |      | <u><u>3,313,759</u></u> | <u><u>2,266,554</u></u> |
| <b>Charity funds</b>                                    |      |                         |                         |
| Unrestricted funds                                      | 23   | 3,313,759               | 2,266,554               |
| <b>Total funds</b>                                      |      | <u><u>3,313,759</u></u> | <u><u>2,266,554</u></u> |

The surplus for the year of the Charity dealt with in the financial statements was £623,308 (2020: £665,568).

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf by:

**Professor Sir Chris Husbands**  
Chair

**Mr Paul Clark**  
Chief Executive

The notes on pages 33 to 57 form part of these financial statements.

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 02766993**

**CHARITY BALANCE SHEET**  
**AS AT 31 JULY 2021**

|                                                         | Note | 2021<br>£               | 2020<br>£               |
|---------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                     |      |                         |                         |
| Intangible assets                                       | 16   | 268,323                 | 435,741                 |
| Tangible assets                                         | 17   | 269,324                 | 104,357                 |
| Investments                                             | 18   | 1                       | 1                       |
|                                                         |      | <u>537,648</u>          | <u>540,099</u>          |
| <b>Current assets</b>                                   |      |                         |                         |
| Debtors                                                 | 19   | 3,742,977               | 6,257,646               |
| Cash at bank and in hand                                |      | 7,802,989               | 4,379,519               |
|                                                         |      | <u>11,545,966</u>       | <u>10,637,165</u>       |
| Creditors: amounts falling due within one year          | 20   | (8,045,538)             | (8,233,600)             |
| <b>Net current assets</b>                               |      | 3,500,428               | 2,403,565               |
| <b>Total assets less current liabilities</b>            |      | <u>4,038,076</u>        | <u>2,943,664</u>        |
| Creditors: amounts falling due after more than one year | 21   | -                       | (27,439)                |
| Provisions for liabilities                              |      | (1,148,214)             | (1,004,532)             |
| <b>Total net assets</b>                                 |      | <u><u>2,889,862</u></u> | <u><u>1,911,693</u></u> |
| <b>Charity funds</b>                                    |      |                         |                         |
| Unrestricted funds                                      | 23   | 2,889,862               | 1,911,693               |
| <b>Total funds</b>                                      |      | <u><u>2,889,862</u></u> | <u><u>1,911,693</u></u> |

The charity's net movement in funds for the year was £978,169 (2020 - £665,568).

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf by:

**Professor Sir Chris Husbands**  
Chair

**Mr Paul Clark**  
Chief Executive

The notes on pages 33 to 57 form part of these financial statements.



**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JULY 2021**

|                                                         | <b>Note</b> | <b>2021</b><br><b>£</b> | <b>2020</b><br><b>£</b> |
|---------------------------------------------------------|-------------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>             |             |                         |                         |
| Net cash provided in operating activities               | 25          | 2,658,556               | 1,542,845               |
| <b>Cash flows from investing activities</b>             |             |                         |                         |
| Interest from investments                               |             | -                       | 6,162                   |
| Proceeds from the sale of tangible fixed assets         |             | 10,000                  | -                       |
| Purchase of tangible fixed assets                       |             | (238,089)               | (17,660)                |
| <b>Net cash used in investing activities</b>            |             | (228,089)               | (11,498)                |
| <b>Change in cash and cash equivalents in the year</b>  |             | 2,430,467               | 1,531,347               |
| Cash and cash equivalents at the beginning of the year  |             | 5,786,450               | 4,255,103               |
| <b>Cash and cash equivalents at the end of the year</b> | 26          | 8,216,917               | 5,786,450               |

The notes on pages 33 to 57 form part of these financial statements

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**1. General information**

Higher Education Statistics Agency Limited (HESA) is a charitable company limited by guarantee. HESA is registered with the Charity Commission England and Wales (registered no: 1039709). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 02766993). Its registered and principal office is 95 Promenade, Cheltenham, Gloucestershire, GL50 1HZ.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The consolidated financial statements have been prepared under the historical cost convention in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Higher Education Statistics Agency Limited 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.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

**2.2 Basis of consolidation**

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. The registered office of HESA Services Limited is 95 Promenade, Cheltenham, Gloucestershire, GL50 1HZ.

The charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)**

**2.3 Going concern**

As part of the Trustee's responsibilities of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios have been considered. The assumptions modelled are based on the estimated potential impact of known changes in the sector over the course of the period to 31 July 2024.

On the basis of this review, these financial statements have been prepared on a Going Concern basis, which the Trustees consider to be appropriate based on the results for the year ending 31 July 2021 and forecasts and cash flow projections prepared for the period to 31 July 2024. The cash flow projections indicate that the Group will be able to meet its liabilities as they fall due and will be able to operate within the facilities currently available. The Trustees consider that there are no material uncertainties over the charitable company's financial viability.

**2.4 Income**

Income is recognised when the Agency has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Subscription income is accounted for in the year to which it applies. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet.

Income from contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned. Any payments received in advance are recognised on the balance sheet as deferred income within liabilities.

Incoming resources from grants, whether 'capital' grants or 'revenue' grants are recognised when the agency has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Investment income is accounted for when receivable.

**2.5 Expenditure**

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources.

Direct costs, including directly attributable salaries, are allocated on an actual basis. Overheads and other salaries are allocated between headings on the basis of management estimates of the amount attributable to that activity, mostly by reference to staff time. Charitable activities comprise all the expenditure incurred by the Agency in performing its charitable objects. Support costs are those costs incurred directly in support of expenditure on the objects, and governance costs are those incurred in connection with organisational administration of the Agency and compliance with constitutional and statutory requirements.

Costs of raising funds are costs of the trading subsidiary.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)**

**2.5 Expenditure (continued)**

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

**2.6 Intangible assets and amortisation**

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

|                   |   |                            |
|-------------------|---|----------------------------|
| Computer software | - | % 3-10 years straight line |
|-------------------|---|----------------------------|

**2.7 Tangible fixed assets and depreciation**

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

HESA undertakes an annual review of its intangible and tangible fixed assets to ensure that where the net book value of an asset is greater than its economic benefit it will be deemed to be impaired and written down to its economic value.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                        |   |                                        |
|------------------------|---|----------------------------------------|
| Leasehold improvements | - | Over the remaining period of the lease |
| Office furniture       | - | 20%                                    |
| Office equipment       | - | 20%                                    |
| Computer equipment     | - | 33% 25% 20% 10%                        |

**2.8 Investments**

Investments in subsidiaries are stated at cost.

**2.9 Operating leases**

Operating lease payments are charged to the statement of financial activities on a straight line basis over the lease term.

**2.10 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)**

**2.11 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**2.12 Financial instruments**

The agency only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**2.13 Foreign currencies**

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**2. Accounting policies (continued)**

**2.14 Pensions**

The split between restricted and unrestricted pension costs for both schemes are based on the actual staff costs attributed between both streams.

**Universities Superannuation Scheme**

The Agency participates in Universities Superannuation Scheme. With effect from 1st October 2016, the scheme changed from a defined benefit only pension 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 trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Agency is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the Agency therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the Agency has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the over deficit, the Agency recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the SOFA.

**Superannuation Arrangements of the University of London**

The Agency is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets on 31 March 2020 was £3,612 million representing 94% of the liabilities. The market value of SAUL's assets on 30 April 2021 was £4,369 million representing 109% of the estimated liabilities.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The Agency's accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

Although there was a Technical Provisions deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL had a Technical Provisions surplus. Therefore, no deficit contributions were required following the 2020 valuation, and there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognized by Higher Education Statistics Agency.

**2.15 Fund accounting**

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

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs. The aim and use of each restricted fund is set out in the notes to the financial statements.

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**3. Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Critical accounting estimates and assumptions:**

The agency makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Income recognition**

Grant income and subscription income is recognised in line with the requirements of the Statement of Recommended Practice applicable to charities (Charities SORP (FRS 102)).

**Useful economic lives of intangible and tangible assets**

The annual amortisation and depreciation charge for the intangible and tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on the technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the intangible assets and note 17 for the carrying amount of tangible assets and the above accounting policy for the useful lives for each class of assets.

**Pension Schemes**

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control, typically a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by SAUL and USS. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the Statement of Financial Activities. The Trustees are satisfied that the scheme provided by SAUL and USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

**4. Income from charitable activities**

|                                  | <b>Restricted<br/>funds<br/>2021<br/>£</b> | <b>Unrestricted<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <i>Total<br/>funds<br/>2020<br/>£</i> |
|----------------------------------|--------------------------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|
| Provision of statistical service | 21,250                                     | 12,209,814                                   | 12,231,064                            | 11,987,463                            |
| Data Futures                     | 2,200,471                                  | 797,473                                      | 2,997,944                             | 724,952                               |
|                                  | <u>2,221,721</u>                           | <u>13,007,287</u>                            | <u>15,229,008</u>                     | <u>12,712,415</u>                     |
| <i>Total 2020</i>                | <u>744,952</u>                             | <u>11,967,463</u>                            | <u>12,712,415</u>                     |                                       |

**5. Analysis of income from charitable activities by type of income**

|                                                                                     | <b>Restricted<br/>funds<br/>2021<br/>£</b> | <b>Unrestricted<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <i>Total<br/>funds<br/>2020<br/>£</i> |
|-------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|
| Subscriptions receivable from UK Higher Education providers and sector bodies       | -                                          | 12,655,382                                   | 12,655,382                            | 11,406,565                            |
| Higher Education Funding Council for Scotland                                       | -                                          | 1,750                                        | 1,750                                 | 150,000                               |
| Office for Students                                                                 | -                                          | 22,172                                       | 22,172                                | -                                     |
| Department for Education                                                            | -                                          | 132,345                                      | 132,345                               | 144,377                               |
| General Medical Council                                                             | -                                          | 19,360                                       | 19,360                                | 13,674                                |
| Health Education England                                                            | -                                          | -                                            | -                                     | 36,400                                |
| Office for National Statistics                                                      | -                                          | 16,600                                       | 16,600                                | 14,900                                |
| Other HE Sector contracts in connection with supply of National Pupil Database data | -                                          | 1,720                                        | 1,720                                 | 1,333                                 |
| Grants receivable                                                                   | 2,221,721                                  | -                                            | 2,221,721                             | 587,680                               |
| Other income                                                                        | -                                          | 157,958                                      | 157,958                               | 357,486                               |
| <b>Total 2021</b>                                                                   | <u>2,221,721</u>                           | <u>13,007,287</u>                            | <u>15,229,008</u>                     | <u>12,712,415</u>                     |
| <i>Total 2020</i>                                                                   | <u>744,952</u>                             | <u>11,967,463</u>                            | <u>12,712,415</u>                     |                                       |



**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

**6. Grants receivable from**

|                                            | <b>2021</b><br>£ | <i>2020</i><br>£ |
|--------------------------------------------|------------------|------------------|
| Office for Students                        | 2,020,471        | 367,680          |
| Higher Education Funding Council for Wales | 1,250            | -                |
| Jisc                                       | 200,000          | 200,000          |
| Oblong (UK) Limited                        | -                | 20,000           |
|                                            | <u>2,221,721</u> | <u>587,680</u>   |

**7. Income from other trading activities**

|                       | <b>Unrestricted<br/>funds<br/>2021</b><br>£ | <b>Total<br/>funds<br/>2021</b><br>£ | <i>Total<br/>funds<br/>2020</i><br>£ |
|-----------------------|---------------------------------------------|--------------------------------------|--------------------------------------|
| HESA Services Limited | 541,701                                     | 541,701                              | 1,010,735                            |
|                       | <u>541,701</u>                              | <u>541,701</u>                       |                                      |
| <i>Total 2020</i>     | <u>1,010,735</u>                            | <u>1,010,735</u>                     |                                      |

**8. Investment income**

|                   | <b>Unrestricted<br/>funds<br/>2021</b><br>£ | <b>Total<br/>funds<br/>2021</b><br>£ | <i>Total<br/>funds<br/>2020</i><br>£ |
|-------------------|---------------------------------------------|--------------------------------------|--------------------------------------|
| Bank interest     | -                                           | -                                    | 6,162                                |
|                   | <u>-</u>                                    | <u>-</u>                             |                                      |
| <i>Total 2020</i> | <u>6,162</u>                                | <u>6,162</u>                         |                                      |

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2021**

**9. Expenditure on raising funds**

|                         | <b>Unrestricted<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <i>Total<br/>funds<br/>2020<br/>£</i> |
|-------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|
| Cost of sales           | 30,600                                       | 30,600                                | 3,042                                 |
| Administration expenses | 1,910                                        | 1,910                                 | 415,020                               |
|                         | <u>32,510</u>                                | <u>32,510</u>                         | <u>418,062</u>                        |
| <i>Total 2020</i>       | <u>418,062</u>                               | <u>418,062</u>                        |                                       |

**10. Analysis of expenditure on charitable activities**

**Summary by fund type**

|                                  | <b>Restricted<br/>funds<br/>2021<br/>£</b> | <b>Unrestricted<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <i>Total<br/>funds<br/>2020<br/>£</i> |
|----------------------------------|--------------------------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|
| Provision of statistical service | 21,250                                     | 11,671,797                                   | 11,693,047                            | 12,169,323                            |
| Data Futures                     | 2,200,471                                  | 797,476                                      | 2,997,947                             | -                                     |
|                                  | <u>2,221,721</u>                           | <u>12,469,273</u>                            | <u>14,690,994</u>                     | <u>12,169,323</u>                     |
| <i>Total 2020</i>                | <u>20,000</u>                              | <u>12,149,323</u>                            | <u>12,169,323</u>                     |                                       |

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**11. Analysis of expenditure by activities**

|                                  | <b>Activities<br/>undertaken<br/>directly<br/>2021<br/>£</b> | <b>Support<br/>costs<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <i>Total<br/>funds<br/>2020<br/>£</i> |
|----------------------------------|--------------------------------------------------------------|-----------------------------------------|---------------------------------------|---------------------------------------|
| Provision of statistical service | 5,976,847                                                    | 5,716,200                               | 11,693,047                            | 12,169,323                            |
| Data Futures                     | 2,023,302                                                    | 974,645                                 | 2,997,947                             | -                                     |
|                                  | <u>8,000,149</u>                                             | <u>6,690,845</u>                        | <u>14,690,994</u>                     | <u>12,169,323</u>                     |
| <i>Total 2020</i>                | <u><u>6,063,654</u></u>                                      | <u><u>6,105,669</u></u>                 | <u><u>12,169,323</u></u>              |                                       |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

|                                  | <b>Provision of<br/>statistical<br/>service<br/>2021<br/>£</b> | <b>Data<br/>Futures<br/>2021<br/>£</b> | <b>Graduate<br/>Outcomes<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> |
|----------------------------------|----------------------------------------------------------------|----------------------------------------|---------------------------------------------|---------------------------------------|---------------------------------------|
| Depreciation                     | 159,954                                                        | 80,587                                 | -                                           | 240,541                               | -                                     |
| Other staff costs                | 170,627                                                        | 85,961                                 | -                                           | 256,588                               | 406,098                               |
| Accommodation                    | 426,833                                                        | 215,040                                | -                                           | 641,873                               | 417,225                               |
| Travel expenses                  | 932                                                            | 469                                    | -                                           | 1,401                                 | 28,769                                |
| Meetings                         | 132                                                            | 67                                     | -                                           | 199                                   | 12,913                                |
| Office costs                     | 30,445                                                         | 15,338                                 | -                                           | 45,783                                | 66,546                                |
| Technology and<br>communications | 706,560                                                        | 355,969                                | -                                           | 1,062,529                             | 908,279                               |
| Finance                          | 9,097                                                          | 4,583                                  | -                                           | 13,680                                | 8,773                                 |
| Insurance                        | 31,320                                                         | 15,779                                 | -                                           | 47,099                                | 37,523                                |
| Subscriptions                    | 7,123                                                          | 3,589                                  | -                                           | 10,712                                | 6,687                                 |
| Legal and professional           | 418,987                                                        | 211,079                                | -                                           | 630,066                               | 459,729                               |
| External consultancy costs       | 3,781,614                                                      | -                                      | -                                           | 3,781,614                             | 3,753,127                             |
| VAT recoverable                  | (27,424)                                                       | (13,816)                               | -                                           | (41,240)                              | -                                     |
|                                  | <u>5,716,200</u>                                               | <u>974,645</u>                         | <u>-</u>                                    | <u>6,690,845</u>                      | <u>6,105,669</u>                      |
| <i>Total 2020</i>                | <u>6,085,669</u>                                               | <u>-</u>                               | <u>20,000</u>                               | <u>6,105,669</u>                      |                                       |

Data Futures support costs for each item of expenditure are allocated in proportion to the total support costs recharged to the project which, in turn, are based on the number of full-time equivalent staff working on that project during the financial year. The only cost which is not recharged is External Consultancy costs which relate solely to the Graduate Outcomes survey.

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**12. Analysis of governance costs**

Governance costs included in expenditure on charitable activities included the following:

|                               | <b>2021</b><br>£ | <b>2020</b><br>£ |
|-------------------------------|------------------|------------------|
| Legal and professional        | 161,191          | 441,330          |
| External audit fees (note 13) | 31,188           | 28,065           |
|                               | <u>192,379</u>   | <u>469,395</u>   |

**13. Auditor's remuneration**

|                                                                                      | <b>2021</b><br>£ | <b>2020</b><br>£ |
|--------------------------------------------------------------------------------------|------------------|------------------|
| Fees payable to the charity's auditor for the audit of the company's annual accounts | 10,995           | 10,850           |
| Fees payable to the charity's auditor in respect of:                                 |                  |                  |
| Taxation advisory services                                                           | 900              | 900              |
| Assurance services                                                                   | -                | 1,275            |
| Non-audit services                                                                   | 12,240           | 15,040           |
|                                                                                      | <u>12,240</u>    | <u>15,040</u>    |

**14. Staff costs**

|                                                      | <b>2021</b><br>£ | <b>2020</b><br>£ |
|------------------------------------------------------|------------------|------------------|
| Wages and salaries                                   | 5,719,890        | 5,201,278        |
| Social security costs                                | 576,174          | 557,715          |
| Contribution to defined contribution pension schemes | 930,314          | 30,291           |
|                                                      | <u>7,226,378</u> | <u>5,789,284</u> |

The total amount relating to termination payments during the year included in wages and salaries was £30,031 (2020: £31,788). Individually the payments were £19,750, £5,487 and £4,794. The amount outstanding at the year end was £nil (2020: £nil).

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**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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**14. Staff costs (continued)**

The average number of persons employed by the charity during the year was as follows:

|                                  | <b>Group<br/>2021<br/>No.</b> | <i>Group<br/>2020<br/>No.</i> |
|----------------------------------|-------------------------------|-------------------------------|
| Provision of statistical service | 148                           | 133                           |

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

|                                 | <b>Group<br/>2021<br/>No.</b> | <i>Group<br/>2020<br/>No.</i> |
|---------------------------------|-------------------------------|-------------------------------|
| In the band £60,001 - £70,000   | 7                             | 6                             |
| In the band £70,001 - £80,000   | 1                             | 2                             |
| In the band £80,001 - £90,000   | 2                             | 1                             |
| In the band £100,001 - £110,000 | 1                             | -                             |
| In the band £110,001 - £120,000 | 1                             | 1                             |
| In the band £120,001 - £130,000 | -                             | 1                             |
| In the band £130,001 - £140,000 | 1                             | -                             |

The aggregate remuneration of key management personnel (including the Chief Executive) for the year totalled £1,044,186 (2020: £928,231). The remainder of the Executive Management Group for the year consisted of General Counsel & Director of Compliance, Chief Technology Officer, Director of Data & Innovation, MD - HESA Statutory Services, Head of People & Organisational Development, Head of Finance, Director of Technology Transformation, Head of Governance and Chief Information Officer.

**15. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 July 2021, no Trustee expenses have been incurred (2020 - £NIL).

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Intangible assets**

**Group and Charity**

|                       | Computer<br>software 3yr<br>amortisation<br>£ | Computer<br>software 5yr<br>amortisation<br>£ | Computer<br>Software<br>10yr<br>amortisation<br>£ | Total<br>£ |
|-----------------------|-----------------------------------------------|-----------------------------------------------|---------------------------------------------------|------------|
| <b>Cost</b>           |                                               |                                               |                                                   |            |
| At 1 August 2020      | 188,697                                       | 991,083                                       | 19,660                                            | 1,199,440  |
| At 31 July 2021       | 188,697                                       | 991,083                                       | 19,660                                            | 1,199,440  |
| <b>Amortisation</b>   |                                               |                                               |                                                   |            |
| At 1 August 2020      | 182,270                                       | 566,493                                       | 14,936                                            | 763,699    |
| Charge for the year   | 6,427                                         | 159,023                                       | 1,968                                             | 167,418    |
| At 31 July 2021       | 188,697                                       | 725,516                                       | 16,904                                            | 931,117    |
| <b>Net book value</b> |                                               |                                               |                                                   |            |
| At 31 July 2021       | -                                             | 265,567                                       | 2,756                                             | 268,323    |
| At 31 July 2020       | 6,427                                         | 424,590                                       | 4,724                                             | 435,741    |

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**17. Tangible fixed assets**

**Group and Charity**

|                          | Short-term<br>leasehold<br>improvements<br>£ | Office<br>equipment<br>and<br>furniture<br>£ | Office<br>technology<br>£ | Total<br>£ |
|--------------------------|----------------------------------------------|----------------------------------------------|---------------------------|------------|
| <b>Cost or valuation</b> |                                              |                                              |                           |            |
| At 1 August 2020         | 602,166                                      | 233,021                                      | 1,022,208                 | 1,857,395  |
| Additions                | -                                            | -                                            | 238,089                   | 238,089    |
| Disposals                | -                                            | -                                            | (35,386)                  | (35,386)   |
| At 31 July 2021          | 602,166                                      | 233,021                                      | 1,224,911                 | 2,060,098  |
| <b>Depreciation</b>      |                                              |                                              |                           |            |
| At 1 August 2020         | 535,081                                      | 227,791                                      | 990,166                   | 1,753,038  |
| Charge for the year      | 22,236                                       | 5,230                                        | 45,643                    | 73,109     |
| On disposals             | -                                            | -                                            | (35,373)                  | (35,373)   |
| At 31 July 2021          | 557,317                                      | 233,021                                      | 1,000,436                 | 1,790,774  |
| <b>Net book value</b>    |                                              |                                              |                           |            |
| At 31 July 2021          | 44,849                                       | -                                            | 224,475                   | 269,324    |
| At 31 July 2020          | 67,085                                       | 5,230                                        | 32,042                    | 104,357    |



**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Fixed asset investments**

**Principal subsidiaries**

The following was a subsidiary undertaking of the charity:

| <b>Name</b>           | <b>Company number</b> | <b>Registered office or principal place of business</b>   | <b>Principal activity</b>                                                                        | <b>Holding</b> | <b>Included in consolidation</b> |
|-----------------------|-----------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------|----------------|----------------------------------|
| HESA Services Limited | 03109219              | 95 Promenade<br>Cheltenham<br>Gloucestershire<br>GL50 1HZ | Sale of publications, the supply of data and analytical services, and the provision of training. | 100%           | Yes                              |

The financial results of the subsidiary for the year were:

| <b>Name</b>           | <b>Income<br/>£</b> | <b>Expenditure<br/>£</b> | <b>Profit/(Loss)<br/>/ Surplus/<br/>(Deficit) for<br/>the year<br/>£</b> | <b>Net assets<br/>£</b> |
|-----------------------|---------------------|--------------------------|--------------------------------------------------------------------------|-------------------------|
| HESA Services Limited | 540,701             | (117,804)                | 423,897                                                                  | 423,898                 |

**19. Debtors**

|                                    | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Charity<br/>2021<br/>£</b> | <b>Charity<br/>2020<br/>£</b> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| <b>Due within one year</b>         |                             |                             |                               |                               |
| Trade debtors                      | 2,695,326                   | 4,545,319                   | 2,544,475                     | 4,266,307                     |
| Amounts owed by group undertakings | -                           | -                           | 115,894                       | 1,258,816                     |
| Other debtors                      | 25,061                      | 5,225                       | 48,049                        | 1,977                         |
| Prepayments and accrued income     | 1,034,559                   | 730,546                     | 1,034,559                     | 730,546                       |
|                                    | <u>3,754,946</u>            | <u>5,281,090</u>            | <u>3,742,977</u>              | <u>6,257,646</u>              |

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**20. Creditors: Amounts falling due within one year**

|                                        | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Charity<br/>2021<br/>£</b> | <b>Charity<br/>2020<br/>£</b> |
|----------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade creditors                        | 154,809                     | 338,233                     | 154,809                       | 323,900                       |
| Other taxation and social security     | -                           | 74,862                      | -                             | 25,399                        |
| Other creditors                        | 45                          | 234                         | 45                            | 234                           |
| Accruals and deferred income           | 7,892,683                   | 7,895,784                   | 7,890,684                     | 7,884,067                     |
|                                        | <u>8,047,537</u>            | <u>8,309,113</u>            | <u>8,045,538</u>              | <u>8,233,600</u>              |
|                                        | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Charity<br/>2021<br/>£</b> | <b>Charity<br/>2020<br/>£</b> |
| Deferred income at 1 August 2020       | 6,939,554                   | 1,827,984                   | 6,939,538                     | 1,827,984                     |
| Resources deferred during the year     | 7,275,480                   | 6,939,554                   | 7,275,480                     | 6,939,537                     |
| Amounts released from previous periods | (6,939,554)                 | (1,827,984)                 | (6,939,538)                   | (1,827,983)                   |
|                                        | <u>7,275,480</u>            | <u>6,939,554</u>            | <u>7,275,480</u>              | <u>6,939,538</u>              |

Income has been deferred as it relates to activities and services which will be delivered in future accounting periods, and therefore the Agency is not entitled to the funds at the year end.

**21. Creditors: Amounts falling due after more than one year**

|                      | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Charity<br/>2021<br/>£</b> | <b>Charity<br/>2020<br/>£</b> |
|----------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Lease rent incentive | -                           | 27,439                      | -                             | 27,439                        |

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Provisions**

**Group and charity**

|                  | Reinstatement<br>of 95 promenade<br>£ | Pension<br>provision<br>£ | Total<br>£       |
|------------------|---------------------------------------|---------------------------|------------------|
| At 1 August 2020 | 262,000                               | 742,532                   | 1,004,532        |
| Additions        | 128,000                               | 15,682                    | 143,682          |
|                  | <u>390,000</u>                        | <u>758,214</u>            | <u>1,148,214</u> |

**Reinstatement of 95 promenade**

Under the Leases the Agency is required on termination to reinstate the premises to their original layout and condition; if required to do so by the landlord. The estimated cost of this, including fees, is £280,000 and this has been provided for in full. The Leases are secure tenancies both of which terminate in 2025 with options to break in 2021 (subject to providing the landlord with 9 months' notice). An additional charge of £110,000 has been provided for in the current year which relates to a repair provision required for specific maintenance. This provision will be released against the additional service charge during the year to 31 July 2022.

**Pension provision**

Under FRS 102 the Agency is required to estimate its own liability to make good its share of the deficit in both pension schemes. Assumptions have been made that the USS deficit will be recovered by 2031. The movement in the pension provision in the year is shown below:

|                                                  | 2021<br>£      | 2020<br>£      |
|--------------------------------------------------|----------------|----------------|
| At 1 August 2020                                 | 742,532        | 1,558,565      |
| Charged to the Statement of Financial Activities | (37,921)       | (31,279)       |
| Change in expected contributions                 | 34,371         | (822,783)      |
| Unwinding of discount                            | 19,232         | 38,029         |
|                                                  | <u>758,214</u> | <u>742,532</u> |
|                                                  | 2021<br>£      | 2020<br>£      |
| Pension provision due within one year            | 97,335         | 18,016         |
| Pension provision due in more than one year      | 660,879        | 724,516        |
|                                                  | <u>758,214</u> | <u>742,532</u> |

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Statement of funds**

**Statement of funds - current year**

|                           | Balance at 1<br>August 2020<br>£ | Income<br>£              | Expenditure<br>£           | Balance at<br>31 July 2021<br>£ |
|---------------------------|----------------------------------|--------------------------|----------------------------|---------------------------------|
| <b>Unrestricted funds</b> |                                  |                          |                            |                                 |
| General fund              | 3,009,086                        | 13,548,988               | (12,486,101)               | 4,071,973                       |
| Pension reserve           | (742,532)                        | -                        | (15,682)                   | (758,214)                       |
|                           | <u>2,266,554</u>                 | <u>13,548,988</u>        | <u>(12,501,783)</u>        | <u>3,313,759</u>                |
| <b>Restricted funds</b>   |                                  |                          |                            |                                 |
| Data Futures              | -                                | 2,200,471                | (2,200,471)                | -                               |
| Graduate Outcomes         | -                                | 21,250                   | (21,250)                   | -                               |
|                           | <u>-</u>                         | <u>2,221,721</u>         | <u>(2,221,721)</u>         | <u>-</u>                        |
| <b>Total of funds</b>     | <u><u>2,266,554</u></u>          | <u><u>15,770,709</u></u> | <u><u>(14,723,504)</u></u> | <u><u>3,313,759</u></u>         |

The Graduate Outcomes restricted income relates to grant funding received from IFF to fund the Cognitive Testing of the questions for the Graduate Outcomes project.

The restricted income relating to Data Futures is provided through a separate grant agreement, with the income being recognised in line with costs incurred on the project. The expenditure is separately identifiable and shown against the restricted income.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Statement of funds (continued)**

**Statement of funds - prior year**

|                                 | <i>Balance at<br/>1 August<br/>2019<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Transfers<br/>in/out<br/>£</i> | <i>Balance at<br/>31 July 2020<br/>£</i> |
|---------------------------------|-----------------------------------------------|---------------------|--------------------------|-----------------------------------|------------------------------------------|
| <b>Unrestricted funds</b>       |                                               |                     |                          |                                   |                                          |
| <b>Designated funds</b>         |                                               |                     |                          |                                   |                                          |
| Designated accommodation fund   | 650,000                                       | -                   | -                        | (650,000)                         | -                                        |
| <b>General funds</b>            |                                               |                     |                          |                                   |                                          |
| General fund                    | 2,033,192                                     | 12,984,360          | (13,383,418)             | 1,374,952                         | 3,009,086                                |
| Pension reserve                 | (1,558,565)                                   | -                   | 816,033                  | -                                 | (742,532)                                |
|                                 | 474,627                                       | 12,984,360          | (12,567,385)             | 1,374,952                         | 2,266,554                                |
| <b>Total Unrestricted funds</b> | 1,124,627                                     | 12,984,360          | (12,567,385)             | 724,952                           | 2,266,554                                |
| <b>Restricted funds</b>         |                                               |                     |                          |                                   |                                          |
| Data Futures                    | -                                             | 724,952             | -                        | (724,952)                         | -                                        |
| Graduate Outcomes               | -                                             | 20,000              | (20,000)                 | -                                 | -                                        |
|                                 | -                                             | 744,952             | (20,000)                 | (724,952)                         | -                                        |
| <b>Total of funds</b>           | 1,124,627                                     | 13,729,312          | (12,587,385)             | -                                 | 2,266,554                                |

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

|                                        | <b>Unrestricted<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> |
|----------------------------------------|----------------------------------------------|---------------------------------------|
| Tangible fixed assets                  | 269,324                                      | 269,324                               |
| Intangible fixed assets                | 268,323                                      | 268,323                               |
| Current assets                         | 11,971,863                                   | 11,971,863                            |
| Creditors due within one year          | (8,047,537)                                  | (8,047,537)                           |
| Provisions for liabilities and charges | (1,148,214)                                  | (1,148,214)                           |
| <b>Total</b>                           | <b>3,313,759</b>                             | <b>3,313,759</b>                      |

**Analysis of net assets between funds - prior year**

|                                        | <i>Unrestricted<br/>funds<br/>2020<br/>£</i> | <i>Total<br/>funds<br/>2020<br/>£</i> |
|----------------------------------------|----------------------------------------------|---------------------------------------|
| Tangible fixed assets                  | 104,357                                      | 104,357                               |
| Intangible fixed assets                | 435,741                                      | 435,741                               |
| Current assets                         | 11,067,540                                   | 11,067,540                            |
| Creditors due within one year          | (8,309,113)                                  | (8,309,113)                           |
| Creditors due in more than one year    | (27,439)                                     | (27,439)                              |
| Provisions for liabilities and charges | (1,004,532)                                  | (1,004,532)                           |
| <b>Total</b>                           | <b>2,266,554</b>                             | <b>2,266,554</b>                      |

**HIGHER EDUCATION STATISTICS AGENCY LIMITED**  
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**25. Reconciliation of net movement in funds to net cash flow from operating activities**

|                                                                    | <b>Group<br/>2021<br/>£</b> | <i>Group<br/>2020<br/>£</i> |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|
| Net income for the year (as per Statement of Financial Activities) | 1,047,205                   | 1,141,927                   |
| <b>Adjustments for:</b>                                            |                             |                             |
| Depreciation charges                                               | 73,109                      | 89,096                      |
| Amortisation charges                                               | 167,418                     | 185,333                     |
| Interest from investments                                          | -                           | (6,162)                     |
| Profit on the sale of fixed assets                                 | (9,988)                     | -                           |
| Decrease/(increase) in debtors                                     | 1,551,205                   | (4,181,728)                 |
| Increase/(decrease) in creditors                                   | (314,075)                   | 5,092,900                   |
| Increase in provisions                                             | 143,682                     | (778,521)                   |
| <b>Net cash provided by operating activities</b>                   | <b>2,658,556</b>            | <b>1,542,845</b>            |

**26. Analysis of cash and cash equivalents**

|                                        | <b>Group<br/>2021<br/>£</b> | <i>Group<br/>2020<br/>£</i> |
|----------------------------------------|-----------------------------|-----------------------------|
| Cash in hand                           | 8,216,917                   | 5,786,450                   |
| <b>Total cash and cash equivalents</b> | <b>8,216,917</b>            | <b>5,786,450</b>            |

**27. Analysis of changes in net debt**

|                          | <b>At 1 August<br/>2020<br/>£</b> | <b>Cash flows<br/>£</b> | <b>At 31 July<br/>2021<br/>£</b> |
|--------------------------|-----------------------------------|-------------------------|----------------------------------|
| Cash at bank and in hand | 5,786,450                         | 2,430,467               | 8,216,917                        |
|                          | <b>5,786,450</b>                  | <b>2,430,467</b>        | <b>8,216,917</b>                 |

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**28. Pensions**

**(i) Universities Superannuation Scheme**

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

|                               |                                                                                                                                                             |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pension increases (CPI)       | Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.                                   |
| Discount rate (forward rates) | Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73%<br>Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21<br>Years 21 +: CPI + 1.55% |

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

|                                  |                                                                                                                                                                                                |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                  | <b>2018 valuation</b>                                                                                                                                                                          |
| Mortality base table             | Pre-retirement:<br>71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females<br>Post retirement:<br>97.6% of SAPS S1NMA 'light' for males and 102.7% of RFV00 for females |
| Future improvements to mortality | CMI_2017 with a smoothing parameter of 8.5 and a long term Improvement rate of 1.8% pa for males and 1.6% pa for females                                                                       |

The current life expectancies on retirement at age 65 are:

|                                   | <b>2018<br/>valuation</b> | <b>2019<br/>valuation</b> |
|-----------------------------------|---------------------------|---------------------------|
| Males currently aged 65 (years)   | 24.4                      | 24.6                      |
| Females currently aged 65 (years) | 25.9                      | 26.1                      |
| Males currently aged 45 (years)   | 26.3                      | 26.6                      |
| Females currently aged 45 (years) | 27.7                      | 27.9                      |

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

|                            | <b>2021</b> | <b>2020</b> |
|----------------------------|-------------|-------------|
| Discount rate*             | 0.89%       | 2.59%       |
| Pensionable salary growth* | 2.79%       | 4.20%       |

\*Institutions should use their own discount rate and pensionable salary growth rate.



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**(ii) Superannuation of the University of London**

HESA participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

HESA is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

**Funding Policy**

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2021 and are due to be reviewed at SAUL's next formal valuation in 2023.

At the 31 March 2020 valuation SAUL was fully 94% funded on its Technical Provisions basis. However, market movements following the valuation date were positive and the Trustee and Employers agreed to allow for post-valuation experience up to 30 April 2021. As SAUL was in surplus on its Technical Provisions basis at that date, no deficit contributions were required. However, the Trustee and Employers have agreed that the ongoing Employers' contributions will increase from a rate of 16% of CARE Salaries to 19% of CARE Salaries from 1 April 2022 and to 21% of CARE Salaries from 1 January 2023.

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**29. Operating lease commitments**

At 31 July 2021 the Group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

|                                              | <b>Group<br/>2021<br/>£</b> | <i>Group<br/>2020<br/>£</i> |
|----------------------------------------------|-----------------------------|-----------------------------|
| Not later than 1 year                        | 324,198                     | 324,198                     |
| Later than 1 year and not later than 5 years | 1,026,627                   | 1,296,792                   |
| Later than 5 years                           | -                           | 1,350,825                   |
|                                              | <u>1,350,825</u>            | <u>2,971,815</u>            |

**30. Related party transactions**

As stated in note 18 the Agency has a connected trading subsidiary, HESA Services Limited. In 2021 the following transactions took place between the Agency and HESA Services Limited:

Allocation of staff time and overheads calculated mainly on a full time equivalent basis income and charged as a management charge of £85,294 (2020: £116,314).

The total amount owed by HESA Services Limited to HESA at 31 July 2021 was £115,894 (2020: £1,258,816).