



Annual report and financial statements 2020-21

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Our vision, mission, values and heritage

The University of Surrey is a research-intensive university committed to teaching and research excellence, with a focus on practice-based education. We strive to deliver a world-class experience to our students, who go on to make positive contributions to society.

Our mission

To be a leading global university by providing excellent education and advancing and disseminating knowledge. We transform lives and shape the world for a better future by partnering with students, governments, businesses, alumni and local communities. We deliver social and economic impacts through research and innovation, together providing solutions to global challenges.

Our vision

We will be renowned for the outstanding quality and impact of our graduates and research, as well as our collective contributions to society. We will build on our distinctive heritage of practice-based learning and excellent student experience and embrace our future by focusing on digital transformation.

Our values

Everything we do is informed and shaped by our core values:

- **Inclusion:** to value everyone in our community
- **Inspiration:** to find it in ourselves and each other
- **Innovation:** to work together to make tomorrow better than yesterday
- **Integrity:** to do the right thing, individually and collectively.



The University of Surrey's rich heritage goes back to the founding of the Battersea Polytechnic Institute in 1891.

Building on our unique history

The University of Surrey's rich heritage goes back to the founding of the Battersea Polytechnic Institute in 1891. In 1956, the Institute was among the first to receive the designation 'College of Advanced Technology' and in 1966 the University of Surrey received its Royal Charter.

Since then, we've continued to make an impact through our research, teaching, innovation and enterprise. We're committed to working in partnership with students, businesses, governments and communities to push the boundaries of knowledge and apply it in the real world.

We've developed innovative research in areas as diverse as satellite technology, mobile telecommunication, chronobiology, food and nutrition science, and hospitality and tourism.

Our academic reach has broadened to incorporate the humanities, arts and social sciences, and health and medical sciences, while continuing to build on our traditional strengths in science and engineering.

Recent additions to our campus include the School of Veterinary Medicine, opened in 2015, and the multidisciplinary Innovation for Health building, opened in 2017. Our 5G Innovation Centre, originally opened in 2015, was relaunched in November 2020 as the 6G Innovation Centre, which will pioneer the next generation of wireless telecommunication technologies.

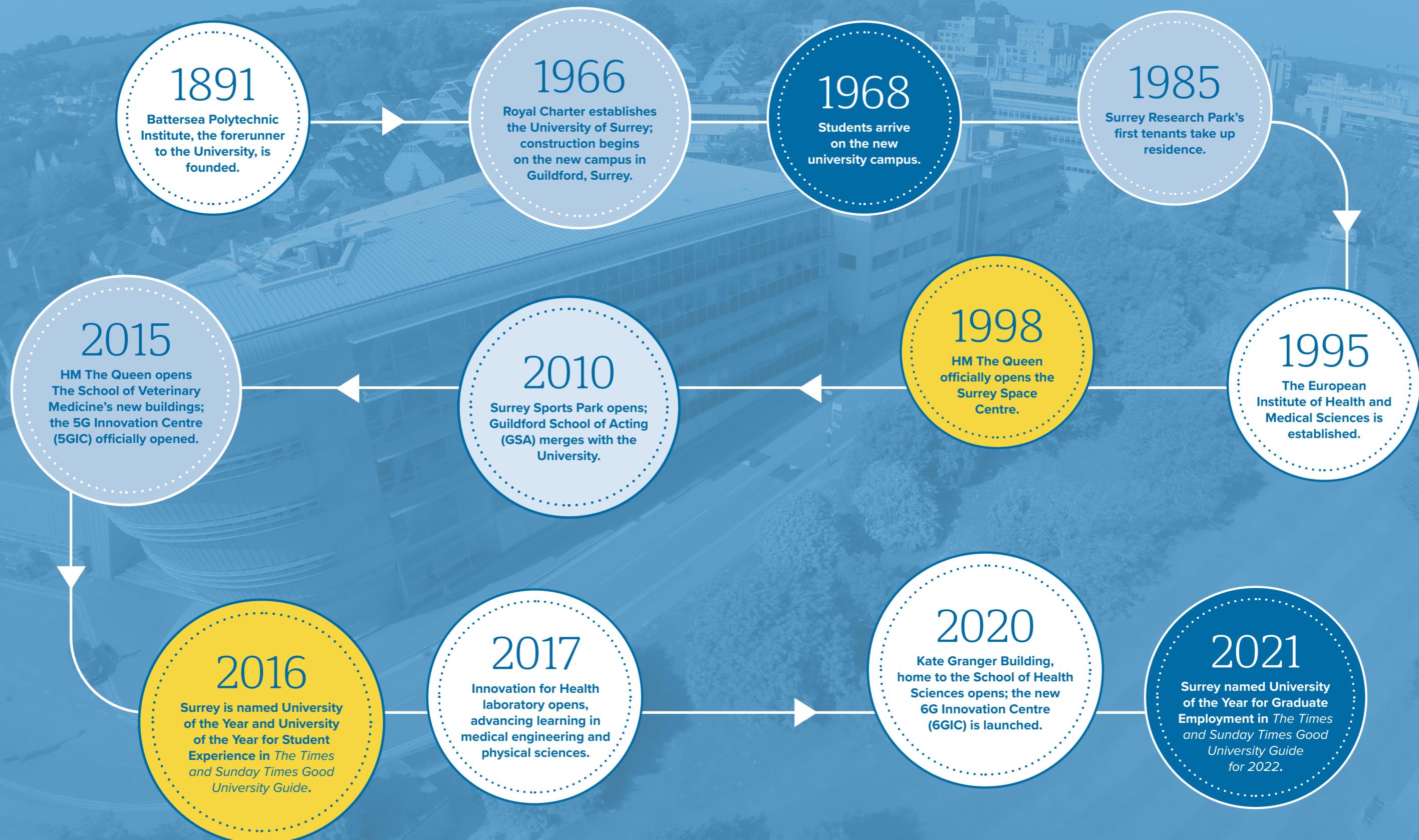
Creating the Surrey Advantage

We aim to equip our students with a set of skills and attributes that will lead them to personal and professional success, creating exceptional graduates who can think critically and make a real impact on society.

This is the Surrey Advantage, the premium that each and every student or partner gains by choosing us as the place to study, qualify or collaborate. It's based on:

- Excellence in academic programmes, teaching practice and facilities.
- Practice-centred professional training programmes.
- Enhanced soft skills including global and cultural intelligence, digital capabilities, employability and resilience and resourcefulness.
- Extra-curricular activities and campus life that give students the confidence to adapt to change, as well as an outstanding network of friends and alumni.

Our story so far



Surrey's year in numbers



12,579
undergraduate students

25th

in the UK, National
Student Survey
overall rankings*
(up 86 places)

3,131
employees



5,003
international students

132,000
alumni in 184 countries

2nd
for employability in
high skilled jobs,
south east of England,
HESA Graduate
Outcomes Survey



£43.4M
income from research
grants and contracts

Top 30
in the UK, *Times*
Higher Education
World University
Rankings



£8.8M
philanthropic support
from donors
(pledged income)

Foreword from the Chair



Employment in *The Times/Sunday Times Good University Guide* for 2022.

This employment success is partly due to our extensive research and innovation links with local and national businesses. During 2020-21, we won the inaugural Battacharya Award for collaboration with industry, which recognised the work we have done with partners through our 5G Innovation Centre.

The pandemic created uncertainty around our income from student accommodation and the ability of international students to join us at Surrey. However, our financial position remains secure as a result of strong cost control and financial management.

We took advantage of attractive interest rates to refinance some of our debt, leaving us with cash balances which we will invest in teaching, research and the student experience over the coming years. This is particularly important given that the longer-term impact of Covid-19 is hard to predict.

Universities are an immense national asset, one of the few sectors where the UK punches above its weight. It's important that we protect this advantage and create an environment where they can thrive for the benefit of our whole society.

One example of the contribution we make as a sector is the support universities across the UK offered to local communities during the pandemic. At Surrey, I'm proud

of what we did to support local hospitals, through donations of personal protective equipment and staff and students volunteering their time. Our research and innovation activity makes a significant contribution to the local economy, in Guildford and the wider county of Surrey, while our cultural and social activities help make our community more dynamic, vibrant and diverse.

We are always looking to improve how the University is run. During 2020-21 we carried out a full review of the University's governance and reduced the size of the Council to help it operate more effectively. I'd like to thank those members who stood down this year for their contribution and commitment. I'd also like to thank Professor Max Lu for his outstanding leadership, particularly in driving the refresh of our future strategy, *Forward thinking. And doing*, which we recently published.

Looking ahead, we face continuing uncertainty but, with the direction provided by our new strategy, we're determined to meet challenges with positive energy, giving our students an excellent education, creating new knowledge through our research centres of excellence, while playing a full role in the wider community.

Michael Queen
Chair of the Council

One of our key priorities for the year was not only to maintain a good experience for our students, but to improve it. I'm delighted that we improved our overall satisfaction rating in the National Student Survey, moving up to 25th in the UK. Our graduating students have continued to demonstrate the 'Surrey Advantage', going on to fill high-skilled graduate level roles. So much so, that we have been recognised as the University of the Year for Graduate



Our research and innovation continues to deliver transformative benefits for improving the human condition and benefitting the society we live in. Our ambition is to be a global leader in research and innovation and a destination of choice for researchers in the UK and internationally.

Vice-Chancellor's review

I am delighted to introduce this year's annual report. It not only presents key highlights of our successes and developments of the past twelve months, but also offers a view of what the future at Surrey might look like. This report underscores how our mission since our earliest days – to improve lives through practical education and research – is alive and flourishing.

Since my arrival at the University of Surrey in 2016, we have achieved many great things, but the world around us has changed dramatically. In the last two years, the impact of Brexit, the global pandemic and geopolitical changes have been widely felt across the economy and society.

The way in which the Surrey community pulled together during the pandemic is something that still amazes me today. Our Faculty of Health and Medical Sciences rose to the challenge, supporting the efforts of the NHS in a variety of ways. We saw final year students joining the frontline workforce and our facilities freed up and open for the use of Royal Surrey County Hospital staff. We joined the tremendous research efforts, from supporting the analysis of vaccine responses and working with partner universities to develop rapid and easy-to-use Covid-19 tests. We also saw staff creating visors for local healthcare workers. Examples like this show the strength of the Surrey community.

The higher education sector has also faced the pressures of a significant demographic dip in the number of 18-year-olds in the population and uncertainty around the recommendations of the Augar Review of post-18 Education and Funding. Operating through these challenging times has shown how agile, responsive and committed we are as an institution and these strengths bode well for our future success.



Adapting the way we deliver teaching

The global pandemic prompted our Surrey Institute of Education, along with academic colleagues from across the faculties, to consider our online learning offer. Online learning is something that we have been discussing and investigating for some time – it is not something we ever anticipated introducing overnight. However, I am extremely proud of the efforts of this collaboration, resulting in our Hybrid Education principles – a blend of online and campus-based learning, while ensuring the safety of our students and staff.

Our hybrid education approach has enabled Surrey to provide significantly more face-to-face opportunities than many of our competitors. Underpinned by the principle of equity of learning opportunities, it presents a spectrum of blended learning approaches, centred on our established virtual learning environment, SurreyLearn. We're proud of the way it facilitates active student-centred learning – something that will change the way we interact with students in the future.



Shaping our student experience

Students have always been at the heart of everything we do, and this year has been no exception. In this extraordinary time, we are extremely proud of the way our students have dealt with and overcome the obstacles that they have faced.

Working with our Students' Union, we were able to host a spectacular Welcome Week that was held socially distanced in safe outdoor surroundings, by our beautiful lake, offering our 2020 cohort a near 'normal' social experience.

Our student facilities continue to expand and improve with the addition in 2020 of MySurrey Nest, a modern, homely environment for our students to rest and relax between lectures and study sessions. This has been particularly well received by our growing community of commuting students, giving them somewhere to go between timetabled classes. MySurrey Nest complements MySurrey Hive, which provides access to advice on everything that student life encompasses, as well as offering a fantastic environment to study in.

By continually listening to our students' feedback and working hard on improvement, we have made a real and positive difference. This has been reflected in our significantly enhanced scores for overall student satisfaction in the National Student Survey. Being ranked at 25th in the UK in NSS is a great result for what was an extremely challenging year. The result was mirrored in the taught postgraduates' experience survey.

Global collaboration

Despite obvious challenges in this area, we have still managed to facilitate international opportunities for our undergraduate students. Our International Engagement Office has helped arrange virtual study exchanges, where students can study online with one of our international exchange partners.

Students have also been able to take part in virtual summer programmes with our global partners. These opportunities have added an international and cultural dimension to our students' education and research, affording them the space and context to think differently.

Employability

Employability and the support we provide for our students goes from strength to strength. Graduate Outcomes data collected by the Higher Education Standards Agency (HESA) rates the University of Surrey's graduates as amongst the most employable in the UK, and second only to the University of Oxford in the south east of England. These outcomes are a result of a consistent focus on preparing our students for employment in our curriculum, our successful [Professional Training placements](#) and other placement schemes and the excellent support provided by our Employability and Careers team – exemplified by the University winning the Best University Placement Service in the National Undergraduate Employability Awards three years in a row.

We also ranked first in the UK and twelfth in the world for work placements and research partnerships with employers, according to the globally respected [QS World Employability Rankings 2020](#).

We were delighted to recently receive the prestigious accolade of University of the Year for Graduate Employment in *The Times/Sunday Times Good University Guide for 2022*. The award recognises the University's consistent high performance in the [employability of its graduates](#).

Developing our people

It would be remiss of me not to mention our incredible Surrey colleagues – the foundation of what makes Surrey great. I am so proud of the dedication and resilience of our staff, demonstrated during the pandemic, whether working on campus or from home whilst juggling health and caring challenges. We are committed to supporting and developing our people and will work together to create the conditions for their success moving forward.

Our experience from the past year has allowed us to review and change the way in which we work, resulting in the introduction of 'blended working' model. This provides staff the opportunity to work wherever they feel most productive, be that at home or on campus.

As society now emerges from this global pandemic, we will focus on building the foundations for a better future. We will create an environment where our community comes together as one to educate and develop the future leaders and citizens who will make the world a better place. At the same time, we will be creating new knowledge, sharing our ideas and innovating to contribute to society in collaboration with our stakeholders and partners around the world.

Looking ahead, *Forward thinking. And doing* – our recently published strategy refresh – extends our existing Surrey Advantage strategy to 2024 to bridge the University's ambitions from where we were pre-pandemic, through the national and international recovery period, to build a strong platform from which we can aspire to even greater achievements in the future.

No doubt there are many new challenges ahead of us, for the wider higher education sector and the global economy, as we emerge from the global pandemic. Our community, however, has proved that we can rise to the challenge, and that together with our staff, students and partners, we can achieve many more wonderful things.

Professor G Q Max Lu AO DL
President and Vice-Chancellor



Steve Bower, Technical Manager, Mechanical Engineering Workshop, University of Surrey. Pictured here producing PPE from 3D printers

Renewing our strategy for a changing world

We live in a fast-moving world. The pandemic has increased the pace of change, accelerating digitalisation of learning and extending the potential reach of universities beyond campus.

Geopolitical changes, such as Brexit, have forced us to adapt and adjust, finding new ways to work with our international partners and attract the best overseas students.

Meanwhile, there is a growing interest in how research and development can support the recovery post-pandemic as government looks to universities to help stimulate the economy.

At this pivotal moment for the sector, we have reviewed and updated our strategy to enable us to adapt to changing circumstances and make the most of the opportunities opening up, while also helping to meet great societal challenges such as climate change.

OUR AMBITION

To be a leading global university renowned for the outstanding quality and impact of its graduates, research, and innovation, together making great contributions to society.



Our 2024 strategy: Forward thinking. And doing

The new strategy builds on our existing The Surrey Advantage strategy, updating it to take us through the post-pandemic recovery and build a strong platform for the future. We have identified three main priorities that will help us achieve this – providing a world-class student experience, intensifying the excellence of our research, and creating the right conditions for our success.

Driving the student experience

Our priority

We will deliver an excellent experience for all students regardless of background.

How we will achieve this

Teaching and learning

- Embedding our learner-centric curriculum design across all programmes to ensure that students get a rounded research-led education, including opportunities to contribute to a networked digital society and develop as future leaders in sustainable thinking.
- Using learning analytics to ensure all students are supported across the student journey, targeting early intervention where it is needed.
- Providing flexible, digitally enabled learning opportunities and spaces, delivered by engaged academic staff using latest technology, building on the hybrid education model developed during the pandemic.

Student experience

- Giving our students an employability head start by enabling them to become rounded and resilient graduates with the skills to succeed.
- Ensuring a seamless experience for students of all backgrounds from pre-arrival to post-graduation, listening to what they say, identifying and improving support services and infrastructure for a truly joined up experience.

How we will measure success (achieved by 2025)



Teaching and learning

- Student satisfaction:** top 25% for assessment and feedback, teaching on my course and academic support in the National Student Survey
- Awarding gap:** a good degree attainment gap between white and black students of less than 6%
- Student retention (continuation):** top 25% with parity between POLAR quintile 5 and quintile 1

Student experience

- Highly skilled graduate employability:** top 10% with less than 1% gap between white and black students
- Student voice:** top 25% in the National Student Survey
- Learning community:** top 25% in the National Student Survey

Focusing research intensity

Our priority

We will focus our resources and support around our existing and emerging critical masses of excellence.

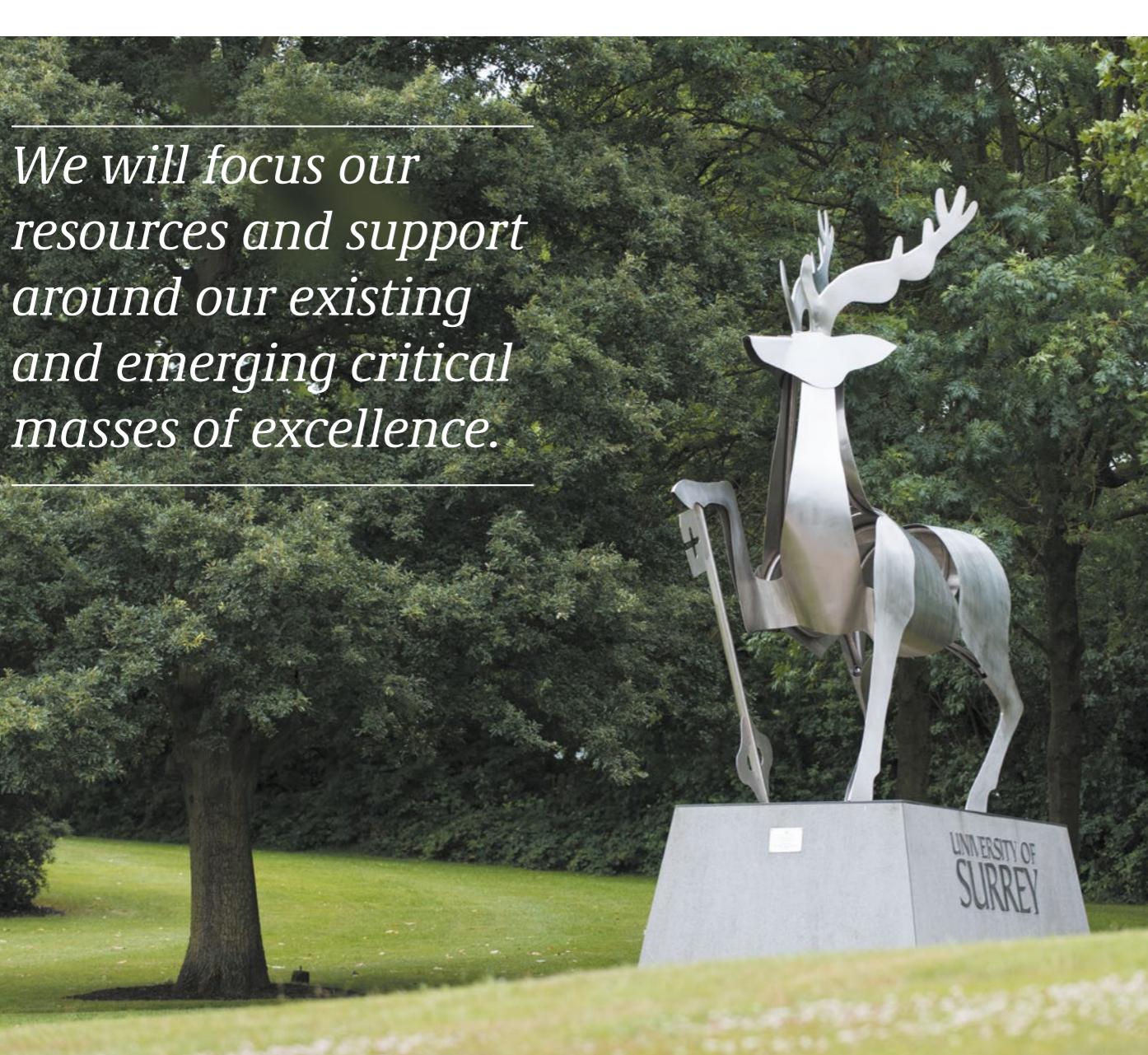
How we will achieve this

- Creating pan-University research institutes to serve as flagships of cross-disciplinary research, from which to elevate our global impact and visibility.
- Scaling our innovation to grow societal impact, involving greater numbers of staff, students and postgraduate researchers in impact and innovation.
- Increasing the synergies between our research and teaching, bringing the research and education missions of the University ever closer together, building on the synergies already achieved by individual teachers and researchers.
- Strengthening our support and infrastructure for researchers, making sure it is researcher-centric, 'can-do', digital and integrated.

How we will measure success



- Research Income:** be on track to exceed £50m a year by 2024
- Research Excellence Framework:** be on track for a top 30 outcome in 2027
- Knowledge Excellence Framework:** top 10% per capita in working with business and in IP and commercialisation



We will focus our resources and support around our existing and emerging critical masses of excellence.



Creating the conditions for success

Our priority

We will foster talent and create an environment where all our staff, students and postgraduate researchers are empowered and supported to flourish, valuing each and every contribution.

How we will achieve this

- Make Surrey 'the place' to start and grow a career by creating a fulfilling environment where diversity and wellbeing are championed and where everyone can achieve their potential.
- Redesigning our resource allocation model and our support processes to reward excellence, enable growth, and to create more resources for teaching and research.
- Building a stronger Surrey community, an inclusive culture in which our staff, students and postgraduate researchers feel a sense of belonging and everyone can flourish and fulfil their potential.
- Using technology to enhance our systems and simplify processes, removing unnecessary bureaucracy while seizing the significant opportunity to improve processes and remove duplication.

How we will measure success



These top-level measures enable us to see that we are creating the conditions in which our staff are able to excel within a financially sustainable model.

- Staff engagement:** 70% engagement score (based on a basket of metrics in our People Survey)
- Underlying operating surplus:** at least 3.5% per annum by 2025

Education and student experience

PRIORITY: DRIVING THE STUDENT EXPERIENCE



Photo by Yohan John, Photosoc.

Summary

The University adapted to the pandemic with a unique hybrid education model, providing enriched learning opportunities for students wherever they were located – and delivered more face-to-face teaching than many other universities.

Throughout this period, we continued to invest in teaching services, study resources and student welfare and were one of only a handful of universities to improve their overall satisfaction rating in the National Student Survey.

The proportion of students graduating with good degrees increased overall.

The proportion of BAME students receiving good degrees also increased, although there is still an awarding gap, which we are working to reduce.

We exceeded our targets this year, despite many students being kept from starting degrees, especially from overseas, as a result of the pandemic. We had purposely planned for a reduced intake to ensure a safe and less busy campus. There was also the additional challenge of a demographic dip in students aged 18.

Surrey graduates fared exceptionally well in a very difficult employment market, thanks in part to the continuing success of our placement schemes. Shortly after year end, we were named University of the Year for Graduate Employment in *The Times/Sunday Times Good University Guide* for 2022.

2020-21 highlights



University of the Year for Graduate Employment

in The Times/Sunday Times Good University Guide for 2022



In-person graduations

As a community, we pulled together to deliver multiple graduations for our students in the summer – one of only a handful of similar institutions nationally to do so.



Best University Placement Service

(over 500 placements) in the National Undergraduate Employability Award for the third year running



Ranked 2nd

among universities in the south east of England for employability in high skilled jobs in the Graduate Outcomes Survey



MySurrey Nest launched

providing a new hub for our students where they can relax and meet with friends



50 new paid internship placements

created for under-represented groups



Top 30

in the UK and 272 in the world in *The Times Higher Education* rankings

1. Rankings are of all HEIs excluding specialist providers

Providing a high-quality education

Our main priority through the year was to support our students and make sure that we continued to provide high quality learning experiences through the pandemic, while keeping everyone safe.

Our staff responded by developing a hybrid education approach in time for the 2020-21 academic year. This allowed us to accelerate the adoption of interactive online learning, while also offering more face-to-face teaching than many other universities.

Developed by the University's Digital Team in the Institute of Education, hybrid learning uses a range of blended learning methods. On campus, students can attend most tutorials, seminars and workshops in person, along with sessions based in labs and studios. Online, they can interact with their lecturers, ask questions and be assessed through our interactive virtual learning environment, SurreyLearn.

Before the year started, we planned for hybrid learning and scenario-tested moving between online and face-to-face teaching to provide a seamless education experience regardless of where students were located.

Our technology-enhanced learning team developed user guides to help academics transition to digital delivery, and also helped create a classroom experience for students' online, including live group work and interactive questions. We also moved all of our careers and other support services online so students could access them wherever they were.

Thanks to rigorous planning, we were able to manage constantly changing Covid-19 rules, and get many students back on campus in January 2021, with a mix of in-person and online teaching. We started bringing laboratory sessions back in February. We were also able to offer in-person graduation ceremonies for students who had graduated in 2020 and 2021.

In 2021-22, with the continued uncertainty around Covid-19, we will build on the success of hybrid delivery, with more support for students and more face-to-face interactions and social learning opportunities. Most lectures will be in-person and also recorded with some live streaming.

Recognising that there were many UK and international students who would have joined us at the beginning of the year but were unable to, largely due to travel restrictions we introduced new programmes starting midway through the year. These include masters in subject areas such as business, hospitality and tourism, and data science.

Our relentless focus on maintaining a high-quality teaching and student experience contributed to our relatively good performance in international league tables. We broke into the top 25 in the National Student Survey (see page 19).



Student numbers

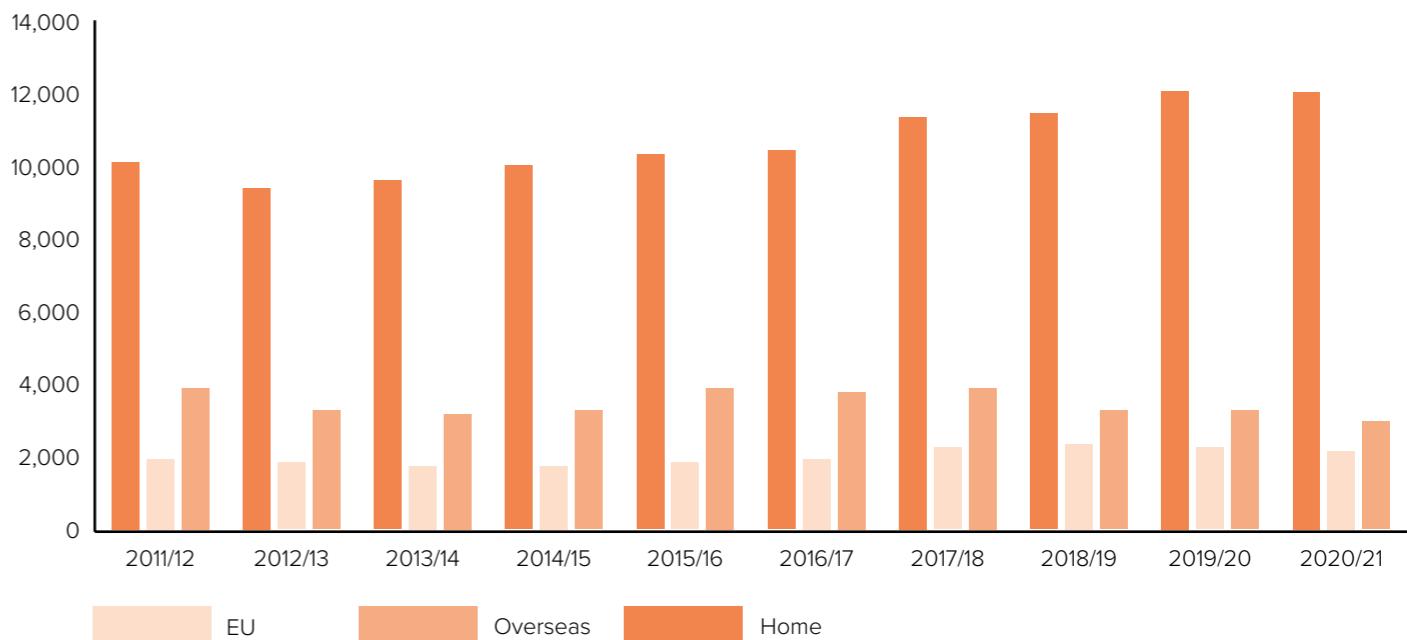
We had anticipated a large dip in student numbers as a result of the pandemic, however our flexibility around arrival points meant that more of our International students were able to commence their studies. As a result, the reduction in numbers was not as large as we had anticipated and we were able to welcome 12,579 undergraduate students from across the UK and globally to Surrey, either for the first time or as returning students, compared to 13,604 in 2019-20.

The total number of international students (including postgraduates) was 5,003, down from 5,778 in 2019-20. Of these,

2,104 were from the EU, compared to 2,409 in 2019-20, and 2,899 from overseas, compared to 3,367 in 2019-20.

The number of postgraduate students held up well, and was almost exactly the same as last year at 3,863. Of these, 2,710 were postgraduate teaching students and 1,153 postgraduate research students.

We expect student numbers to recover gradually as we emerge from the pandemic and see the impact of the re-introduction of post-study visas for international students choosing the UK, and Surrey, as a place to study.



Student outcomes

The proportion of all students who gained good degrees (first or 2:1) rose slightly from 82% to 83%.² This was a real achievement against the backdrop of the disruption caused by the pandemic. Our degrees are benchmarked against other top-ranked universities and rigorously checked by external examiners to assure quality.

More than three-quarters (76%) of all black and ethnic minority (BAME) students received good degrees, up 3% on 2019-20. This improvement reflects our strong commitment to improving access to, and participation in, education, and giving all students an equal opportunity to succeed, regardless of their background.

However, despite this progress, there is still an awarding gap between white and BAME students. We are implementing long-term measures to turn this around as part of access and participation plan, including the introduction of an equality, diversity and inclusion (EDI) award at graduation and the Student Success team who work proactively with students.

Student retention

As part of our commitment to increase participation, we work to retain students and help them progress through to complete their degree. We have a goal of 90% progression³ from first to second year study across the student population.

A total of 85% of first year students successfully progressed from 2020-21 into 2021-22. While this was below aspiration, it was a good result given the extraordinary disruption caused by the pandemic, which kept some students from fully engaging with their studies and led to inevitable attrition in many universities.

2. Based on awards achieved during the academic year in 2020-21.

3. Based on an internal definition of academic progression from one level of study to the next.

Improving student satisfaction

Surrey improved its ranking in the National Student Survey (NSS) 2021. Our overall satisfaction rating was 80.5 out of 100, up 1.3% from last year. Relative to other universities (excluding small, specialist providers), we ranked 25th in the UK, up 86 places on the 2020 survey.

We are one of only a handful of universities in the country to have improved our satisfaction score during a challenging year for the education sector. The survey results show that students see an improvement in several areas including assessment and feedback, giving students a greater voice, providing a good learning community and working with the Students' Union.

At postgraduate levels there were strong results in both the Postgraduate Taught Experience Survey (PTES) and Postgraduate Research Experience Survey (PRES). In PTES our overall satisfaction

rating was 82%, up 9% from last year. Relative to other universities that took part we ranked 21st placing us in the top 25%. In PRES our overall satisfaction rating was 83%, which was 4% above the global sector average. Relative to other universities that took part we ranked 13th, also placing comfortably in the top 25%.

The improvements are partly a result of our hybrid education approaches during the pandemic (scoring significantly above the sector, in both NSS and PTES, in all questions regarding student experience in the pandemic) as well as listening and acting on feedback from our students. Over the last year we have responded to what students told us by:

- Investing heavily in improving study resources, including the introduction of the Biblio digital textbook service, providing online access to core texts

- Improving assessment and feedback content and turnaround times
- Introducing MySurrey Voice to help us respond rapidly to feedback throughout the academic year
- Launching joint wellbeing initiatives with the Students' Union
- Communicating about education and support activities throughout the year.

Students' rating of the quality of our assessment and feedback can still improve and we are actively working to do this.

In response to feedback, we have invested in academic posts which will bring down Student to Staff ratios across all academic departments, primarily focused on education delivery.

We are one of only a handful of universities in the country to have improved our satisfaction score during a challenging year for the education sector.



Focusing on employability

The pandemic had a significant impact on graduate employment as many businesses and organisations froze recruitment.

Surrey graduates fared exceptionally well against this very challenging backdrop. A total of 92.8% of those who graduated in 2019 were employed or in further study, down only 3.3% on the previous year, while almost 84.9% were in graduate level employment or study, down by just 2.5%. The gap between white and black students was 1.8%.

In the latest Graduate Outcomes Survey, carried out by the Higher Education Statistics Agency (HESA), Surrey was ranked 2nd among universities in the south east of England for employability in high skilled jobs (see focus panel). These results come from a consistent

focus on employability in our curriculum, our placement schemes and the support provided by our award-winning Employability and Careers team.

Our experiential learning opportunities range from laboratory and group work, to short placements, through to full one-year Professional Training programmes. In recognition of our excellence in this area, in 2020-21 Surrey won the National Undergraduate Employability Award for the Best University Placement Service (over 500 placements) for the third year running.

We continued to run our Professional Training placements for students and in 2020-21, 723 students were able to participate. We recently introduced 50 new University-funded internships for our students, focused on under-represented

groups to help boost their employment prospects and we will look to grow this scheme in the years to come. This year, we offered internships to final year undergraduates following graduation.

Our continuing focus on preparing our graduates for high quality employment was recognised shortly after the end of the academic year 2020-21, when we were named University of the Year for Graduate Employment in *The Times/Sunday Times Good University Guide* for 2022.

We also ranked first in the UK and 12th in the world for work placements and research partnerships with employers, according to the *QS World Employability Rankings 2020*.

FOCUS ON: EMPLOYABILITY

Graduate Outcomes Survey 2020

Graduates who completed a higher education course in 2017-18 were asked about their employment history since they graduated. The results ranked Surrey graduates 12th in the UK overall, and second only to Oxford University in the South East for employment in high skilled jobs.

Key findings

- 96% of Surrey's graduates surveyed were in work or study
- 97% of those who took industry placements were in work or study
- 84% of graduates were in graduate-level roles
- 89% of graduates strongly agree that their current activity is meaningful
- 84% said their current activity fits with their future plans

Surrey graduates in high-skilled jobs

- 2nd in the South East
- 3rd in the South (combining South East and South West)
- 9th overall in the UK

Top 10 Surrey graduate occupations

1. Nursing and midwifery
2. Business professional
3. Engineering professional
4. Finance professional
5. Sales and marketing professional
6. IT and telecommunications professional
7. Artistic, literary and media professional
8. Education professional
9. Natural and social sciences professional
10. Health professional

Looking after student wellbeing

As well as supporting students' learning and employability, we also worked hard to improve their mental and physical wellbeing in what was a very disruptive and stressful year. We introduced wellbeing MOTs for staff and students at the Centre for Wellbeing throughout the year to help them build resilience and coping strategies. We worked with the Students' Union to host events and activities where we could – for example putting up a marquee to hold in-person events.

We also created new spaces, including the new MySurrey Nest, and enhanced existing services to support students and make life easier for them through the pandemic (see panel below).

Student financial hardship was of particular concern during the pandemic. As well as our standard hardship fund, we introduced a special Covid-19 Hardship Award and a new Access to Learning Fund, to provide individual awards to students who need support with resources to help them effectively engage with online learning. These were funded by generous alumni donations, allocations from the Office for Students, and the University. We awarded funds to 183 students to the value of £675k, of which £465k was specifically related to Covid-19 hardship.

MySurrey Nest

Launched for the 2020-21 academic year, MySurrey Nest is a new hub for our students where they can relax, meet with friends and enjoy some downtime from their studies. Located on the University's main campus, the space includes a range of seating areas, with cushions, deck chairs and a large kitchen. There are also rooms for social activities and workshops, and pods where students can get some headspace and rest.

MySurrey Hive

MySurrey Hive is the space for students to access support and advice on all aspects of student life, including accommodation, careers, money, transport, visas and more. During the pandemic, we launched a booking system to make it easier for those who needed one-to-one support to access appointments. Since it opened, the MySurrey Hive team have received and responded to more than 20,000 enquiries.

MySurrey app

We created the MySurrey app in 2020 to give our students single sign-on access to a range of our systems and services. Users can access University emails, interactive campus maps, up-to-date coronavirus advice, library search and timetables. The app also has helpful links to student events and sources of support.





Research and innovation

PRIORITY: FOCUS RESEARCH INTENSITY

Summary

In a challenging year, we achieved some outstanding results and made some important investments in our future.

We kept our research activity, postgraduate researcher enrolment and income from research at almost the same level as in 2019-20, a considerable achievement given the disruption caused by Covid-19.

We increased the impact of our research with an all-time high citation index score. And we continued to drive innovation and support start-ups and entrepreneurs to apply our research for wider societal and economic benefit. As a result, we were named among the top universities for working with business by Research England.

We used funding from government and UK Research and Innovation to invest in research projects and infrastructure, including our new pan-University research institutes.

2020-21 highlights



£43.4m income
from research grants
and contracts



We helped raise £39.3m
for spin-out and spin-in companies
and graduate start-ups

1.76 field-weighted citation index,
a key measure of research impact



Top 10% of universities nationally
for ‘Working with Business’ in Research England’s
inaugural Knowledge Exchange Framework dashboard



Meeting the challenges of the pandemic

The pandemic has continued to have a profound impact on research and innovation, making it more difficult to fund and carry out. However, we managed to keep most of our research activity going by planning ahead, putting Covid-secure measures in place and expanding the scope of what we can do remotely.

These actions, and the efforts of our staff and postgraduate research students, enabled us to keep labs open and continue our work with relatively low levels of disruption.

We also received vital support from funding authorities, which allowed us to continue investing in research and research staff. This included a grant of £4.4 million from UK Research and Innovation (UKRI), which had been allocated in 2019-20, enabling us to extend more than 70 research projects that had been disrupted by the pandemic.

The efforts of our staff and postgraduate research students enabled us to keep labs open and continue our work with relatively low levels of disruption.

Investing for the future

A £9.2 million loan and grant package under the government Sustaining University Research Expertise (SURE) scheme enabled us to recruit additional researchers into vital focus areas, laying the groundwork for our two new pan-University research institutes, exploring People-centred Artificial Intelligence and Sustainability.

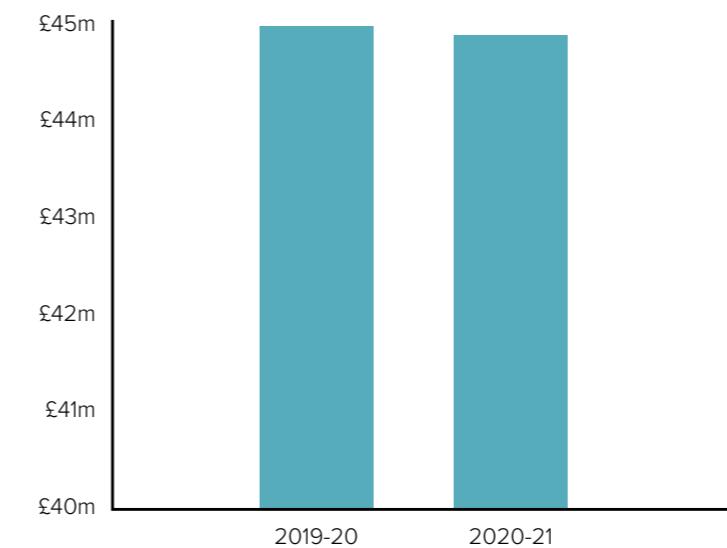
As part of the newly refreshed strategy *Forward thinking. And doing* (see page 14), the University has changed its funding allocation model to devote more resource to research and education. In addition to a significant increase in academic staff posts, this will help us attract more than 300 additional postgraduate researchers over the next three years.

This combination of adapting to changed circumstances and continued investment showed through in our performance. Our field-weighted citation index, which measures how many citations our research receives compared to other similar published work, was at an all-time high for the calendar year 2020 at 1.76 (where 1 is average), a benchmark of research impact.

Our global impact was further recognised in this year's Times Higher Education (THE) University Impact Rankings which measures achievement of UN Sustainable Development Goals. Surrey was ranked 61st out of 1,115 universities, which is partly based on the quality of our research and innovation (see Sustainability and environmental impact, page 45).

Maintaining our research income

Overall, research and innovation income from all sources held up well in the financial year 2020-21. Research grants and contract income fell only slightly to £43.4m, compared to £44.2m in 2019-20.



Supporting postgraduate research

Postgraduate disruption was held to a minimum. We had 336 postgraduate researcher enrolments compared to 339 the preceding year. We have granted 204 short-term extensions of enrolment and stipend in two rounds of applications to our Covid-19 postgraduate research disruption fund since the start of the pandemic.

Our efforts to support postgraduate students are reflected in the annual Postgraduate Researcher Experience Survey, the postgraduate equivalent of the National Student Survey. Surrey was rated 13th overall from 89 submitting institutions.

Postgraduate disruption was held to a minimum. We had 336 postgraduate researcher enrolments compared to 339 the preceding year.



FOCUS ON INNOVATION**Scaling innovation for societal impact****Developing commercialisation pathways**

We collaborate with a wide range of businesses to scale the real-world impact of our research, creating commercialisation pathways for University research and bringing businesses onto campus to give them the commercial advantage of access to our leading-edge equipment and facilities. We also help businesses get financed – over the last year, we helped to raise more than £39 million in funds for a total of 114 spin-out, graduate start-up and spin-in companies.

Helping businesses to use our Intellectual Property

During 2020-21, we refreshed our intellectual property (IP) code in plain English to make it easier to understand, use and apply in the real world, and launched a new IP guide for students along with innovation web pages. As a result, we were promoted to Tier 1 on IP Rank, an independent IP monitoring website. Our invention disclosures were up significantly to 69 disclosures from just over 20 the previous year, a trend we expect to continue.

Supporting the Surrey Research Park

Much of our innovation activity is focused through the Surrey Research Park, our hub for innovative technology, science, health and engineering businesses, which is a University enterprise. The Park remained open during the Covid-19 restrictions, with staff on site every day to offer support to start-ups and entrepreneurs.

There are now more than 200 businesses on the Park, with vacancies at an all-time low. Over the coming years, we aim to increase the amount it contributes to our finances, as well as expanding the number of student placements available through businesses located there.

Gaining industry recognition

Research England's inaugural Knowledge Exchange Framework dashboard, published during 2020-21, demonstrated Surrey's strong innovation ecosystem. It rated us among the top 10% of universities nationally for 'Working with Business' – meeting our strategy target – and in the top 20% for 'IP and Commercialisation'.

See Building strong relationships, page 34 for more on our research and innovation partnerships.

Promoting diversity and inclusion

We have worked hard to be more inclusive across our research and innovation activities and incorporate equality, diversity and inclusion (EDI) into our daily activities. Examples of activities to address under-representation of particular groups include:

- Studentship Awards specifically aimed at Black British UK postgraduates and at UK and international women.
- Student enterprise 'Foundershops' aimed at LGBTQ+ student and graduate entrepreneurs.

We are also developing an EDI monitoring process for research funding applications, looking at physical and digital accessibility of research and innovation services, and an EDI resource bank.

Looking ahead

A key measure of success in the University's new strategy is to be on track for a top 30 outcome in the Research Excellence Framework by 2027. We are working towards this goal and made our submission to Research England between late March and May 2021, reflecting the breadth of excellence across the University's research base. We are confident of a positive outcome when the results are announced – scheduled for May 2022.

There are a variety of projects already underway, such as the pan-University institutes with the recently launched Institute for People Centred AI and the expected launch of an Institute for Sustainability this year. We have distributed over £6m to researchers to pump prime or stabilise their research, which will give us solid foundations from which to build. With a critical mass of researchers, we will be able to deliver excellent research and be strong competitors for funding throughout 2021 and into 2022-23.

We have worked hard to be more inclusive across our research and innovation activities and incorporate equity, diversity and inclusion (EDI) into our daily activities.

CASE STUDY: COVID-19 TESTING**Pioneering skin tests for Covid-19**

Chemists from Surrey's Faculty of Engineering and Physical Sciences have found a new way to test for Covid-19, using non-invasive skin swabs as an alternative to nasal and oral tests.

The Surrey team took skin swabs from volunteers and analysed samples by using liquid chromatography mass spectrometry and a statistical modelling technique called Partial Least Squares.

They discovered that patients with a positive Covid-19 result showed lower lipid levels than those with a negative test – opening up the possibility of new non-invasive tests that would be easier to carry out and more comfortable for patients.

The research is part of a pioneering cross-faculty project investigating new methods of diagnosis and surveillance of new diseases, in collaboration with Frimley Health NHS Foundation Trust, and the Universities of Manchester and Leicester.

CASE STUDY: COVID-19 TESTING**Speeding up the testing process**

A team at the University of Surrey's Centre for Vision, Speech and Signal Processing have developed a diagnostic device that could speed up testing for Covid-19 and expand community testing.

The device, known as Virus Hunter 6 (VH6), uses artificial intelligence to speed up processing, communicating results via an app. It can test up to six samples simultaneously, deliver results in under 20 minutes and has been shown to be 99% accurate in trials.

VH6 reduces the need to send tests to a lab and could expand the capacity for community testing across the UK. Developed in collaboration with Brunel University, Lancaster University and commercial partner Vidiia Ltd, it has already been approved by the Medicines and Healthcare products Regulatory Agency and has CE marking.



CASE STUDY: PARTNER-FUNDED RESEARCH

Creating personalised media through AI

Surrey is working with the BBC and Lancaster University on a UK government-funded research project that could change the way we receive and consume media, driving growth and jobs.

The five-year Prosperity Partnership will develop artificial intelligence (AI), advanced software and machine learning technologies that can monitor streamed

and broadcast content and customise it in real time to make it bespoke to each viewer.

This hyper-personalisation will tailor content accurately by adapting to the individual user's interests, devices, location and accessibility requirements. Personalisation is expected to be a major driver of growth in the media industry

over the next 10 years, generating up to 100,000 additional jobs.

Led by Surrey's Professor Adrian Hilton, Surrey's research will focus on developing AI solutions that can transform captured audio and visual content into a form that can be customised in real time.

CASE STUDY: AIR QUALITY

Assessing the impact of indoor air pollution

Professor Prashant Kumar, Chair of Air Quality at Surrey, was part of CArE-Homes, a project focused on improving indoor air quality. As a result of the pandemic, people from all around the world were spending more of their time at home. CArE-Homes created a global knowledge exchange platform that brought together academics, NGOs and homeowners from 11

Development Assistance Countries (DAC) countries. The team developed a scientific framework to assess indoor air pollution levels in low-income homes of each of the 11 countries. Primary aerosol and carbon dioxide concentration data were collected using pollution monitors and analysed to propose exposure reduction strategies.

CASE STUDY: CYBER SECURITY

Helping to improve Apple Pay security

Dr Ioana Boureanu from the University of Surrey's Centre for Cyber Security, Department of Computer Science, working with researchers at the University of Birmingham, discovered important security vulnerabilities in Apple Pay and Visa, whereby hackers could bypass an iPhone's Apple Pay lock screen and perform contactless payments.

The same vulnerabilities would also allow fraudsters to bypass the contactless limit and complete high-value transactions. The research highlights the gap between user demand for easy transactions and the limits of security features, especially when responsibility sits with two distinct organisations – in this case, Apple and Visa.

CASE STUDY: CHILD HEALTH

The impact of school closures on children

Surrey's Dr Jo Blanden was part of a group that looked at school closures and children's emotional and behavioural difficulties. The study by researchers at the Universities of Essex, Surrey and Birmingham, funded by the Nuffield Foundation, found a significant rise in emotional and behavioural difficulties among primary school children following the 2020 spring and summer term school closures. This rise was greater for children who were not prioritised to return to school for six weeks before the summer holiday. The research has recently been cited in government correspondence from the Department of Health and Social Care about vaccinating children and young people aged 12 to 15 years against Covid-19.

CASE STUDY: MATERNAL MENTAL HEALTH

Digital solutions to improve maternal wellbeing

A Surrey University study has shown the value of digital connections in helping women who gave birth under social distancing to overcome the mental health issues it causes.

Dr Ranjana Das from the Department of Sociology has been working on the impacts of the pandemic and social distancing on maternal mental health,

focusing on the role of digital and online support.

She interviewed pregnant women and those who had recently given birth and found that the pandemic has deeply affected many women post-childbirth, leading to feelings of anxiety and social isolation, among other mental health difficulties.

Her study has shown that digital solutions can be a help for new mothers, especially those who have good support networks, but are cut off from them by social distancing. The research may help professionals working with pregnant women to target specific support for mothers giving birth in situations where contact with friends and loved ones is limited.

FOCUS ON: INNOVATION AND TECHNOLOGY

Powering the next digital revolution

As 5G is rolled out across the UK, the University of Surrey has launched a new innovation centre to develop the potential of 6G, the next generation of mobile technology.

The 6G Innovation Centre (6GIC) will be a key UK research hub, involving governments, regulators, mobile operators, vendors, enterprises, and leading research and development centres.

Building on the work of the University's existing 5G Innovation Centre, it will explore the potential of mobile technology to enable new, more immersive digital services and reduce digital inequality. It has two main research themes:

Ambient information: creating a fusion of the virtual and physical worlds through high-resolution sensing, geolocation and wireless technologies. Research will focus on linking human senses with

ambient and remote data to create next level virtual experiences. For example, virtual meetings could be exactly like being in the room; browsing an object online could feel like experiencing it in real life.

Ubiquitous coverage: making the digital divide a thing of the past by significantly improving coverage indoors and researching satellite technology and intelligent surfaces that can make exciting 6G services available everywhere.





Building strong relationships

PRIORITY: CREATING THE CONDITIONS FOR SUCCESS

Summary

We delivered positive societal and economic impacts through our collaborations with industry and business, alumni, the local community and government.

We continued to foster strong supportive links with innovative new businesses, giving them access to our cutting-edge equipment and facilities and helping them to apply our research through knowledge exchange.

Within Guildford, we strengthened our relationships with the local community and supported our local NHS through the pandemic, with personal protective equipment, resources and volunteer time.

We offered a programme of events for alumni, reaching some we had never engaged with before. We also generated more philanthropic income from alumni and donors than last year.

2020-21 highlights

Top 30%

of UK universities for research partnerships in the Knowledge Exchange Framework dashboards



£8.8 million income pledged
in philanthropic support from alumni and donors, exceeding our target of £8 million



£8.7 million secured
for tech start-up companies through our SETsquared Surrey incubator programme



74% of people
in our Guildford Residents' Survey 2021 agreed that the University of Surrey is a force for good in Guildford, up from 73% last year

Research and innovation partnerships

We work with a wide range of external partners to develop our research into real world applications that deliver economic benefits for our communities. We form knowledge exchange innovation partnerships with businesses of all sizes and work with development agencies and government to enable growth and economic activity.

Some of the partnerships that have delivered results during 2020-21 include:

Rapid Covid-19 testing: our partnership with biotech startup Vidiia, along with Lancaster and Brunel universities, helped to develop a new rapid test for Covid-19 which is now being trialled (see case study, page 31).

Airbus satellite coating: our Advanced Technology Institute worked with Airbus' Defence and Space business to develop

a breakthrough nano-barrier that can protect satellites in low-Earth orbit from potentially harmful ultraviolet radiation and atomic oxygen.

EM3 animal health innovation: we supported the work of the Animal Health Innovation Network, a collaboration between the EM3 Local Enterprise Partnership, The Pirbright Institute and government agencies. Projects include solutions to enable the remote monitoring of

animal health, drawing on Surrey's expertise in artificial intelligence and automation.

MyGlobalHome low-carbon living: as part of our Urban Living research theme, we collaborated with smart home company MyGlobalHome (MGH) to develop a prototype of its modular low carbon smart-home concept. A new project worth £7.9m funded by Innovate UK is underway, which will see several smart home units built on our Manor Park campus.



Incubating new enterprise

One key way we facilitate innovation is by making office space available through the Surrey Research Park, supporting businesses within it, and enabling partnerships to thrive. This year, we incubated 77 small and medium-sized companies (SMEs), offering them the opportunity to collaborate with researchers to develop their products and grow their businesses. Highlights include:

- 13 SMEs onboarded to the Blockstart enterprise programme for blockchain technology, which offers funding and business coaching to scale up their solutions.
- Five live projects with small businesses through the UK Knowledge Transfer Partnership (KTP).

- Three projects awarded funding through our Collaborate 21 competition open to all companies on the Surrey Research Park.

Also located at Surrey Research Park is SETsquared Surrey. The SETsquared partnership is a business incubator and accelerator, established by the Universities of Southampton, Exeter, Bristol, Bath and Surrey to help startups and innovative business in the UK. During 2020, 39 SETsquared Surrey incubator members secured a combined value of £2.8m grant funding and an additional £4m in equity funding.

Our innovation partnership activity at a glance 2020-21



Ran 75 events
mix of clinics, workshops, masterclasses and networking events



Incubated 77 companies
from Residential to Alumni



Provided 571+ hrs of business support
through events and 1-2-1 bespoke meetings with Entrepreneurs in Residence and Mentors



20+ customers
signed up for 3 day Blockstart Programme



Helped 39 members win 2.8m grant funding



Supported 264 jobs



Over 36 mentors in the ecosystem
engaged in the network

Supporting our local community

Helping out during Covid-19

Our main priority during 2020-21 was supporting our local community through the pandemic. The University's Faculty of Engineering and Physical Science continued to provide vital personal protective equipment (PPE) for frontline NHS workers. By the end of the academic year 2020-21, we had given more than 120,000 items of PPE to the Royal Surrey County Hospital, local General Practitioner surgeries, hospices and care homes. This was thanks to generous support from former students and international partners.

Paramedic students from our School of Health Sciences volunteered to support medical staff at the Royal Surrey's intensive care unit, performing a range of support tasks including patient care, observations and preparing treatments.

We also opened our computer laboratories, office space and facilities at our Veterinary Pathology Centre to NHS workers, and offered accommodation on campus to support their shift work at the nearby Royal Surrey County Hospital.

Engaging with local people

While many of our in-person events could not happen during lockdowns, we continued to engage with community stakeholders through virtual meetings, supported by print, web and social media

communications. Successes included delivering our annual Pint of Science event, which shares the secrets of our research with local audiences, online for the first time.

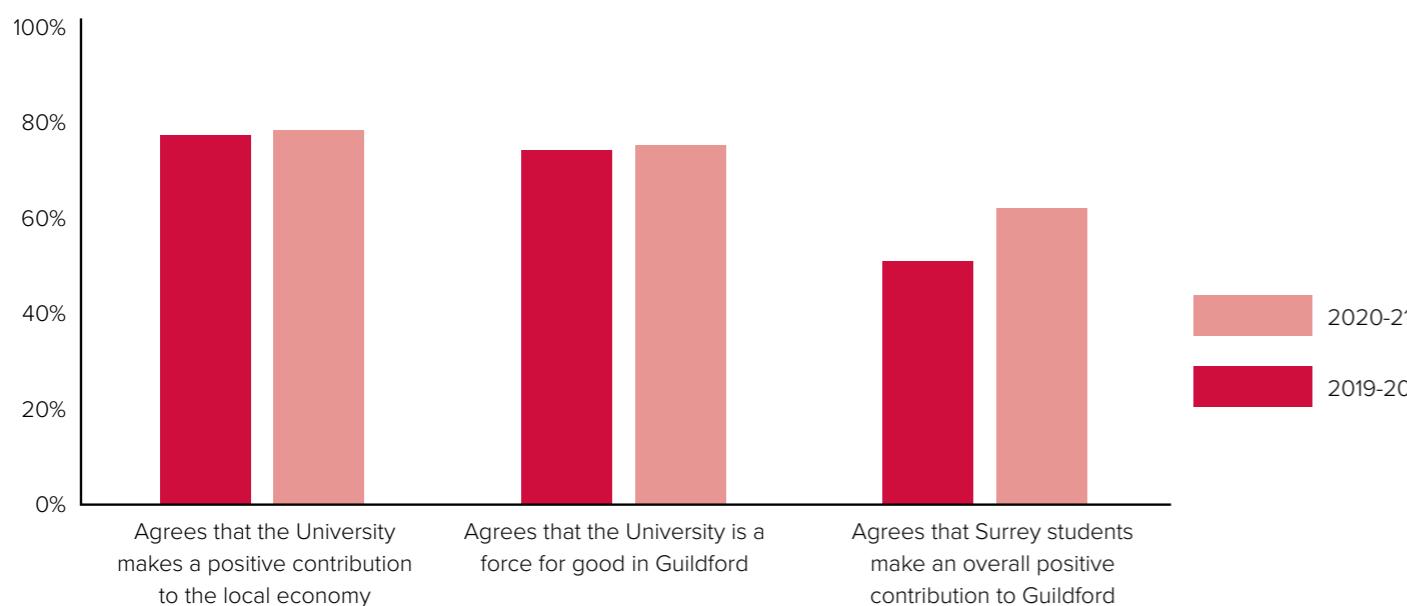
We relaunched our Your University newspaper, making it more engaging and image-led. The newspaper is delivered to 40,000 local residents twice a year, bringing them up to date with the innovative work we do at Surrey and how it impacts our communities.

We continued to support King's College School, Guildford, with 'Finding Our Futures' – an award-winning programme that helps young people navigate through post-16 education and training options.

We also worked with local resident groups, the Borough Council and police to make sure that students based in Guildford were aware of the safety rules around Covid-19. We improved many scores in 2020-21 compared to the previous year including:

- 77% agreed that the University makes a positive contribution to the local economy, up from 76% last year
- 74% agreed that the University is a force for good in Guildford (73% in 2019-20)
- 61% agreed that Surrey students make an overall positive contribution to Guildford (50% in 2019-20).
- Delivery of our Social Impact report 2019-20 reporting on our work in the pandemic alongside other key areas such as sustainability.
- Delivery of the BiGGAR Economic Impact report showcasing the University's economic contribution to the UK, Region and Guildford.

Residents' survey results



- The launch of Professor Amelia Hadfield's comprehensive report entitled, Charting Surrey's Post-Covid Rescue, Recovery and Growth, written for the Future Economy Surrey Commission, under the aegis of the Centre for Britain and Europe (Department of Politics) in autumn 2020, followed by the spring 2021 launch of the Charting Community-Based Growth in Surrey: Local Responses and County Drivers report.

Residents' survey results

Our annual Guildford Residents' Survey provided a measure of our success in maintaining engagement with our local communities during a very difficult year. We improved many scores in 2020-21 compared to the previous year including:



Alumni, supporters and donors

Faced with a lack of opportunities to meet with our alumni face to face during the pandemic, we reimagined our programme to find new ways for them to engage and add value to the University.

By developing an innovative programme of online events, we were able to reach out to a wider cross-section of alumni, some of whom were engaging with us for the first time since leaving university. Popular events included 'What it takes', a series of seminars offering practical tips on personal and career development topics such as getting your first job, being happy at home and at work, and running a sustainable business.

In March 2021 we launched SurreyConnects, our online space for networking and mentoring. It provides an opportunity for students and alumni to connect for mentoring and ad hoc careers advice. This was particularly important for students who were facing an uncertain graduate jobs market and may not have been able to secure a placement.

We also focused on building partnerships with trusts and foundations to increase philanthropic support for our research work. We had the most successful telephone fundraising campaign in Surrey's history, with over £263,000 raised by our team of student telephone callers in

February. This will support students facing financial hardship, give bursaries to students wishing to take a placement and provide vital support to our clubs and societies.

As a result of these and other activities, we received pledges totalling £8.8 million in philanthropic support from supporters and donors. This included our largest ever philanthropic gift from the U.S. Templeton Foundation to Professor Jim Al-Khalili for a major research project on the nature of time (see case study below). This gift will be recognised in the University's financial statements on receipt, in line with similar philanthropic income.

CASE STUDY

Templeton Foundation grants £2.1m to research the nature of time

In July 2021 the University of Surrey was awarded its largest ever philanthropic gift. The John Templeton Foundation pledged US\$3m (£2.1m) to the project "Life on the Edge: quantum thermodynamics, quantum biology and the arrow of time".

Based in the US, the Foundation funds research into the deepest and most perplexing questions facing humankind. The research, led by theoretical physicists Professor Jim Al-Khalili and

thinking workshops, a programme for schools and online content.

Professor Al-Khalili said, "With this generous gift, our researchers will be able to study the way quantum processes underpin the machinery of life. We hope to move closer to an answer for how and why life is so special: is it the way living matter is able to utilise the time symmetry of the quantum domain that distinguishes it from inanimate matter?"

Valuing our people

PRIORITY: CREATING THE CONDITIONS FOR SUCCESS



Summary

During 2020-21 we took positive action to create a more inclusive and supportive environment. We redesigned both our resource allocation model and our support processes to reward excellence, enable growth and to create more capacity for the academic mission.

We offered more support for employee health and wellbeing and developed a new blended working model, so people can continue to work from home post-pandemic as business needs allow. We also continued to promote diversity and inclusion, through awareness training, networks, and peer-to-peer support.

Despite the pandemic and the pressures that entailed, our engagement score remained 69% with a response rate up eight percentage points on the year before.

2020-21 highlights



69% staff engagement
based on responses to the annual People Survey



Blended working helps employees achieve a better work life balance



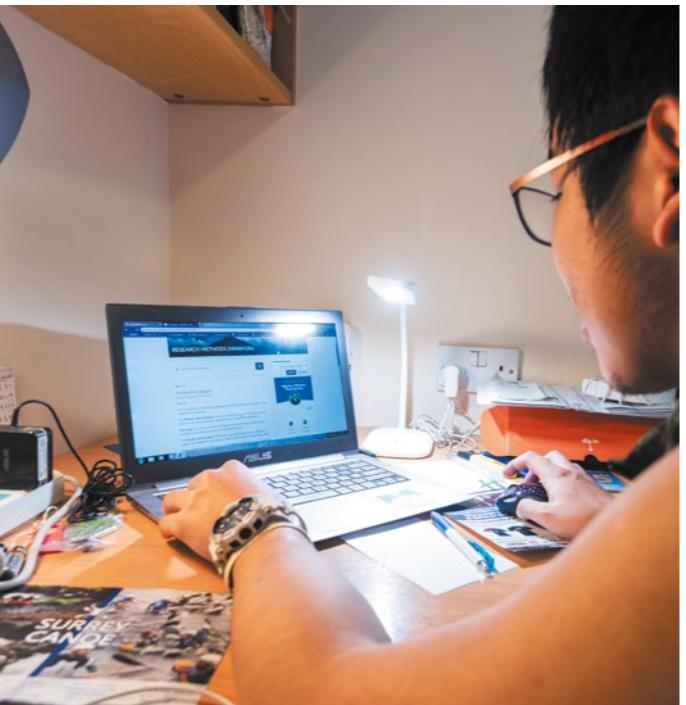
New resource allocation model
enables an improved way of allocating academic staff according to student numbers and research income

Building a flexible working culture

Our employees experienced an extraordinary year. Throughout the pandemic, they have demonstrated a high level of commitment and adaptability, coming together to make sure that we continued to provide excellent learning and teaching and research output.

This experience has also demonstrated the potential for remote working and how it can be of benefit both to colleagues and the University. Overwhelming feedback in our People Survey and Travel to Work and Sustainability Survey told us that colleagues would like to maintain some working from home as we move forward.

We have therefore developed a blended working model which is being implemented for the academic year 2021-22. Employees and teams can decide with their line manager how they can work in an optimally blended way, while meeting and adapting to business needs as they evolve.



Spotlight on our people

We finished the year with 3,131 full and part-time colleagues in post. This includes 1,425 teaching and research staff and 1,706 support staff working in functions such as finance, IT, marketing,

administration, technical and experimental support. The University is also supported by a wider community of Associates, External Examiners, and Emeritus, Visiting and Honorary staff members.



Improving staff services and support

The People Survey results also showed that employees wanted more help with their health and wellbeing. We responded by offering additional support through the University's Centre for Wellbeing. This included wellbeing health reviews, one-to-one counselling sessions and the introduction of a specialist counsellor in race and racial trauma. Feedback was very positive, with most participants saying they felt understood, respected, and listened to in these sessions. So far in 2021, more than 380 staff have accessed wellbeing support through the Centre.

We have launched a new coaching-centric Learning and Development approach to empower individuals and teams to learn, grow and develop as they work. We helped people upskill during the pandemic, offering convenient bite-sized training sessions. So far, staff have accessed almost 2,000 sessions. We are also working on a new onboarding and induction plan to make sure all our new recruits feel at home from day one.



Creating an inclusive environment

We are committed to creating an environment in which everyone is respected, treated fairly, and enabled to excel in their chosen field, regardless of race or ethnicity, sex, gender identity, disability, sexual orientation, age, religion, or belief.

During 2020-21, we continued to take action to make our commitment a reality. This included the following:

- Launched our EDI Plan 2020-2025 to outline our key Equality, Diversity and Inclusion strategic priorities (EDI).
- Developed our Race Equality and BAME awarding gap action for addressing ethnic inequalities within our community.
- Provided enhanced EDI training for staff and PGRs, including sector-leading race equity training essential for all employees (68% of new starters completed our training in their first 90 days) and updated Unconscious Bias training.
- Established the Surrey Embracing Ethnic Diversity (SEED) network to support Black, Asian and minority ethnic colleagues and champion race equality.
- Launched the Menopause project, a new initiative providing support for women to retain talent and to promote wellbeing (webpage of resources, manager guidance, a support network and general awareness-raising for all about the impact of menopause at work).
- Launched a Disability action plan and [Neurodiversity Network](#), with advocacy and peer support for neurodivergent colleagues, and awareness-raising across the University community.
- Developing potential – 32 women completed our Springboard Development Programme during the year.

FOCUS ON RECRUITMENT AND RETENTION

Making Surrey a great place to grow a career

Our ambition is to create the conditions that enable all our colleagues to succeed in their endeavours, and an environment where diversity and wellbeing are championed and where everyone can achieve their potential.

To make this happen, we are reviewing how we engage with our people and what we do to attract, develop and

retain talent. We have already redesigned our resource allocation model during 2020-21 to focus more resources on recruiting staff in key areas and rewarding excellence. And we are looking at how we can support people through digital enablement, removing unnecessary bureaucracy, improving processes and removing duplication.

We will make sure that all staff know how they contribute to the wider university community. And we'll embrace a proactive approach to equality, diversity and inclusion to encourage all staff and students to appreciate and celebrate communities different to their own.



Sustainability and environmental impact

PRIORITY: CREATING THE CONDITIONS FOR SUCCESS

Summary

Following our 2020 commitment to a carbon target of Net Zero by 2030, we continued our work to reduce our impact. We introduced energy- and water-saving technologies, generated more on-site renewable energy and increased the amount of energy we purchased from verified renewable sources.

While the pandemic has had a dramatic effect on reducing carbon emissions and water use on our campus, we were on track to meet our stated targets prior to this.

In recognition of our contributions to meeting the UN Sustainable Development Goals, we were ranked 61st in the world by the Times Higher Education Impact Rankings.

2020-21 highlights



**20% reduction
in carbon
emissions**

compared to 2018-19
(-6% pre-pandemic
comparing academic
YTD Feb 20 to YTD
Feb 19)



**42% reduction
in water use**

compared to 2017-18
(-6% pre-pandemic
comparing academic
YTD Feb 20 to YTD
Feb 19)



**Ranked
61st**

in the world in
the Times Higher
Education Impact
Rankings



Energy consumption

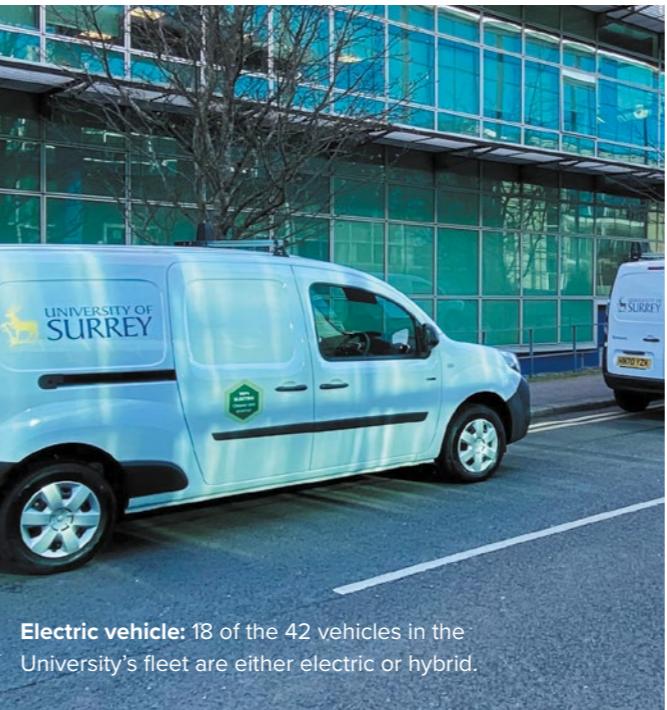
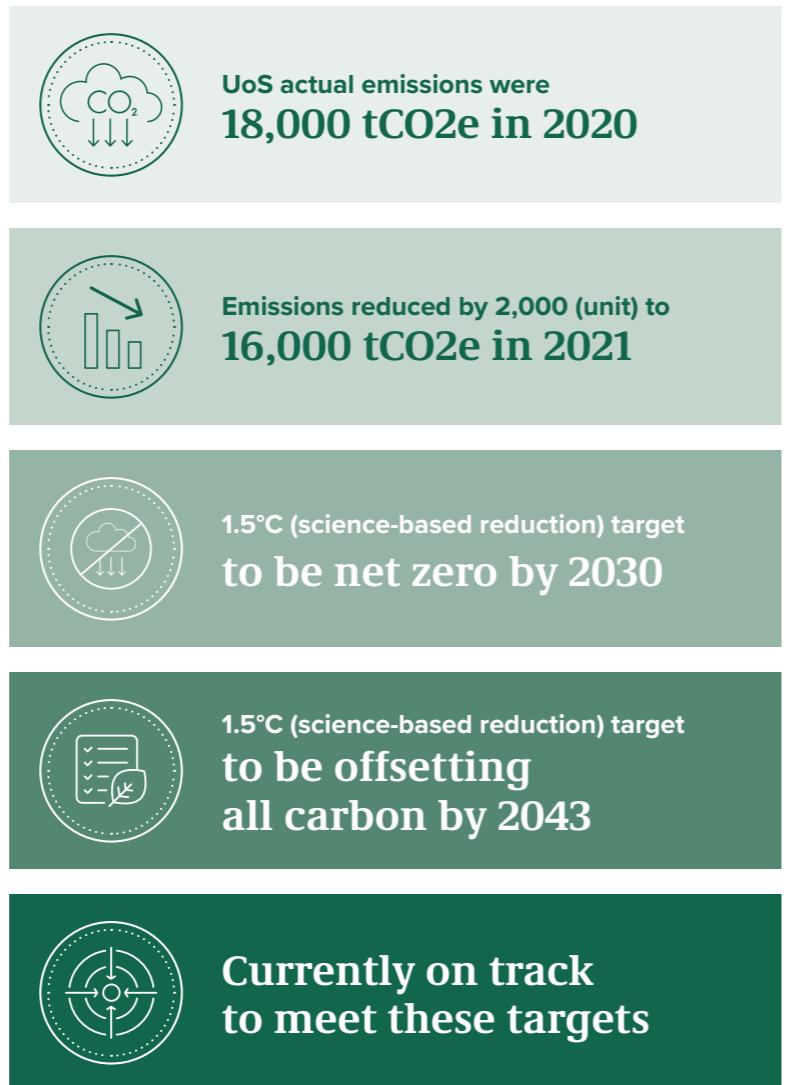
To achieve our emissions targets, we are reducing our demand, increasing on-site renewable energy generation, increasing the amount of energy purchased from verified renewable sources, and considering how transparent schemes of offsetting can cover what we can't eliminate.

During the year, at the Surrey Sports Park we replaced inefficient lighting with LED, improving lighting levels and cutting energy use by 50%. New heating and cooling controls in the Austin Pearce building will lead to improved learning environments using 61% less energy.

We also continued to increase the number of electric vehicles in our fleet. 18 of the 42 vehicles in our fleet are now fully electric or hybrid. By 2025, we plan to increase this to at least 34 with the potential to increase this as the market for commercial EVs develops.

In November 2020, our work on setting an ambitious carbon reduction target was recognised when we were named in a group of universities said to be leading the sector with progressive carbon reduction targets (by a coalition of NUS, Students Organising for Sustainability and the University and Colleges Union¹).

We cut our emissions by 6%, compared to the year before, and by 20% compared to our base year of 2018-19. The focus panel to the right shows our annual energy-reduction performance, compared to the 1.5°C science-based reduction target. Although the pandemic did contribute to a reduction in our use of energy, we were on track to meet our targets beforehand.



Electric vehicle: 18 of the 42 vehicles in the University's fleet are either electric or hybrid.

Water use

The University's Water Policy required us to meet a 15% reduction in absolute water use on 2017-18 levels by the end of the academic year 2020-21. Technology, including presence-controlled water use in bathrooms, a systematic leak detection programme, shower timers in halls of residence and a comprehensive monitoring programme across more than 150 water meters have contributed to the University meeting this target. Combined with the effects of the pandemic, water use was down 42% vs the 2017-18 baseline. However, we were on track to deliver a 6% reduction in water use prior to the pandemic.

Driving awareness of sustainability

In 2020-21, the University committed to integrating sustainability in all programmes as part of the curriculum design review by the end of 2023-24. Our vision is that every Surrey student will leave the University understanding the sustainability impact of their chosen career path and what they can do to mitigate this.

In 2020-21, we ran the Reduce the Juice student engagement campaign for the second year in a row, with 450 students participating directly and 49 of these training as Sustainability Ambassadors. We also launched new sustainability social media channels, engaging over 1,000 people each month.

Meeting UN Sustainable Development Goals (SDGs)

Surrey was ranked 61st in the world, out of 1,115 participating universities, in the Times Higher Education impact rankings, based on our contributions towards the UN SDGs.

The rankings look at how universities' research, innovation and operations contribute towards UN SDGs, in areas such as reducing carbon footprint, partnerships with local, national and international bodies and outreach work.

This year Surrey provided evidence to show it was contributing to 13 of the 17 SDGs, an increase on the eight submitted in the 2020 rankings. The highlight of this year's rankings includes Surrey's being ranked fourth in SDG8 – Decent Work and Economic Growth.

Future plans

In 2021-22, we will continue to develop plans to increase the generation of renewable energy on our land. We will look to establish the first phase of staff and student electric vehicle charging in line with growing demand whilst developing a new staff engagement programme.

Waste and re-use

Building on the success of the disposable cup charge and a move to compostable takeaway packaging and cutlery in University-operated catering outlets, 11 new water refill points were installed. So far, the units have avoided the need for over 74,637 plastic bottles in the space of a year.

1. <https://www.carbontargets.uk/>

Managing our finances

PRIORITY: CREATING THE CONDITIONS FOR SUCCESS

Summary

The University's finances weathered the pressures of the pandemic better than anticipated due to strong academic and operational leadership and sound financial management in what has been a challenging year for our students, our staff and all our stakeholders.

We continued to invest in improving infrastructure, despite the uncertainty and evolving local and national rules and restrictions. We also successfully refinanced our long-term debt to release cash for further investment in our strategy and campus facilities over the coming years.

2020-21 highlights



£12.1 million surplus achieved
driven by a £10.3m upward revaluation of Surrey Research Park



£17.5 million added to our cash balance from debt refinancing and new loans secured for research and other specific purposes



Our income

Our consolidated income for 2020-21 was down 5% compared to the previous year, largely due to the impact of the pandemic. However, this was better than budget.

Although tuition fee income was 3% lower than last year, it was a smaller reduction than forecast. New and returning students were able to arrive on campus in greater numbers than anticipated, particularly those from overseas. We also introduced February starts for some postgraduate students, enabling them to defer their studies by one term.

Thanks to the efforts of our staff and postgraduate students in keeping labs open and finding ways to carry on their work remotely, we were able to recognise income from research grants and contracts at almost the same level as the year before, ending just 2% down.

Income from University-owned halls of residence was £3.5m lower than 2019-20 as national lockdowns continued to keep many of our students away from campus. The fall in income reflects our decision to look after our students by not charging them rent for the weeks they were not here.

Other sources of income were also down by 28% year-on-year. This large reduction includes lower payments from the government's Coronavirus Job Retention Scheme, reduced income from catering and conferences, and from academics providing consultancy services. However, many of these income sources have started to return post-pandemic.

What we spent

We managed to make a small reduction in expenditure (excluding the movement in USS provisions) compared to 2019-20, while meeting increased Covid-related operational costs and providing additional support for students to help them through the pandemic.

Department heads across the University worked hard to control budgets and make sure funds were allocated efficiently and effectively. This effort meant we were able to reduce non-pay costs by 4.4% over the previous year, despite a 1.4% increase in staff costs.

Interest and financing costs were almost 9% down on the previous year. This largely reflects a reduction in interest costs following our successful refinancing of a significant proportion of our long-term debt.

Our balance sheet

After a pause due to the pandemic, we concluded the debt refinancing during the year. We converted £104m of bank loans and associated interest rate hedges to a private placement and swapped annual capital repayments for bullet repayments starting in 20 years' time.

These changes will release cash for investment back into the University's infrastructure and strategy over the coming decade. However, we recognise our overall long-term debt obligations, with £230m repayable between 2041 and 2052, and we are already working to build a repayment fund.

The University benefited from a 10-year, low interest loan from the government to support and sustain research expertise during the pandemic. The funds are being deployed to support existing research activities and launch exciting new initiatives.

The refinancing and research support loan, together with a smaller development loan for a subsidiary company, contributed a total of £18m to our cash balances in 2020-21.

Our debt to net assets ratio (excluding pension liabilities) has stayed within the financial covenant we have with our lenders. No additional financial covenants resulted from the debt refinancing.

Looking ahead

The financial outlook for the sector remains challenging with ongoing uncertainties surrounding the pandemic, the funding of university pensions and the government spending review which could impact our tuition fee income.

However, the University of Surrey is in a robust position to face these challenges, by continuing to generate incomes from a variety of sources, keeping control of our costs and building on our successes through the refreshed *Forward Thinking. And doing* strategy (see page 14).

Thanks to the efforts of our staff and postgraduate students in keeping labs open and finding ways to carry on their work remotely, we were able to recognise income from research grants and contracts at almost the same level as the year before, ending just 2% down.

Managing risk

PRIORITY: CREATING THE CONDITIONS FOR SUCCESS



The pandemic affected our risk profile across everything we do, from teaching and research to financial management, during 2020-21. Here, we look at some of the key challenges we identified and what we did to mitigate them.

Our approach

We have a robust process for identifying, assessing and managing strategic and operational risks that could prevent us from meeting our objectives. The highest-level risks are reviewed regularly by the Executive Board and the Audit and Assurance Committee. The Board holds an annual workshop to consider external opportunities and risks, the outcome of which is used to update our risk appetite and risk register. We also use it to inform our internal audit programme and strategic planning process. (See the Corporate Governance statement, page 58, for more on our risk management process.)

Our risk appetite

At the outset of the pandemic we reduced our risk appetite in the financial, reputational and operational categories from open to cautious. This reflected the very significant financial impacts being felt across the sector. Early in 2021, we assessed that we had successfully navigated the short-term challenges resulting from the pandemic and were preparing to launch a strategy extension that plots our recovery out of these challenges. As part of this process, we decided we needed to be open to an increased level of risk to deliver the level of change required to be successful. Accordingly, the risk appetite was reverted back to pre-pandemic levels of open to financial, reputational, operational, and legal risk. However, we remain minimalist or adverse to regulatory and compliance risk.

Teaching

Risk: the quality of teaching and learning might suffer due to the continuing disruption and uncertainty over potential local or national lockdowns.

Response: we carried out scenario planning and developed a teaching plan that enabled us to maximise face-to-face teaching whilst maintaining a Covid-secure environment with measures such as masks, screens, low-density room occupation and ventilation.

Outcome: we maintained a high level of face-to-face learning and quality learning experiences, as reflected in better than sector average scores in all the National Student Survey Covid-specific questions.

Future direction: we are working to ensure that the learnings and benefits of hybrid education are taken forward to enable ongoing flexible delivery. There is a risk that staff revert to old teaching practices rather than continue to develop a digitally enabled pedagogy and that students' expectations are not met.

Student and staff experience

Risks: lockdowns and remote working could impact student and staff wellbeing, and student perceptions of their experience.

Response: we introduced wellbeing health reviews for staff and students at the Centre for Wellbeing at the start of the year to support people and help them adjust. We worked with the Students' Union to keep events and activities going – for example putting up a 'pub garden' marquee to hold in-person Welcome Week events. We also ran in-person graduation ceremonies and the graduation ball.

Outcome: while the pandemic impacted many students and staff deeply, these measures helped maintain a level of normality in the circumstances. We improved our satisfaction ranking in the National Student Survey.

Future direction: students have returned to campus and a much more normal experience. There remains some risk of disruption, for example if there are local clusters of infection. The impact of the pandemic on wellbeing and mental health is likely to remain for some time to come. We will continue to provide wellbeing services for staff and students and are striving to further build the Surrey Community to give all our staff and students a sense of belonging.

We are also focused on ensuring that every element of the student experience continues to be improved.

Employability

Risk: a difficult job market post-Covid-19 might reduce graduate employment prospects including placement opportunities.

Response: We have delivered skills workshops virtually for our students since the first lockdown, as well as online careers sessions and one-to-one advice and guidance. We also transitioned to digital event careers fairs, live careers webinars and recorded Zoom careers advice sessions. Because of cancelled and shortened placements, we made recommendations for emergency changes to the industrial placement year. This allowed many students to complete their placement and receive credit. The emergency regulations were extended into 2020-21. We increased on-campus placements in response to the reduction in external offers, with 41 students securing a placement internally.

Outcome: Despite fewer placement opportunities and greater uncertainty during the pandemic, 723 students secured a placement during the 2019-20 year, rising to 900 in 2020-21. We maintained high performance in the Graduate Outcomes Survey (see page 23).

Future direction: Availability of placements for our students has been much reduced through the pandemic. We know our placement provision is a key driver of employability success so are working to provide alternatives to the one-year placement.

Student recruitment

Risks: uncertainty about the pandemic and self-isolation requirements, as well as post-Brexit visa arrangements, might impact recruitment, especially of EU and international students.

Response: we introduced late arrival points for those unable to arrive for start of term and provided support for students in self isolation, such as food parcels, a buddy system and access to remote learning. We also introduced February starts for some postgraduate students, enabling them to defer their studies by one term. We planned early for the impact of Brexit on EU student demand and implemented an EU scholarship to help students transition to the new fee regime.

Outcome: we broadly achieved our EU recruitment targets for 2020-21 and exceeded our international recruitment targets.

Future direction: Some limited travel uncertainty remains as does the impact of Brexit and removal of funding for European Union students. There will be continuing uncertainty regarding A level grading and future admissions processes. However, the demographic dip in the UK is reversing and therefore the market dynamics are changing.

Student retention

Risk: the impact of the pandemic could lead to undergraduate and postgraduate students leaving their courses early.

Response: we increased hardship support for students in financial difficulty and took a flexible approach when students felt challenged – for example allowing postgraduate research students to extend the period of their studies and introducing self-certification of extenuating circumstances for students to delay an assessment. A new Student Success team was set up to support students who are at risk of dropping out.

Outcome: Numbers dropped, however this was anticipated and was positive given the circumstances.

Future direction: returning to campus life as normal reduces the likelihood of poor experience or wellbeing leading to increased levels of early withdrawals. The Student Success team remains in place to support those students who need it.

Covid-19 control

Risk: widespread transmission of the virus on campus could add to disruption of teaching and research.

Response: we established a testing facility in Surrey Sports Park and a rapid response team to trace and support potential Covid-19 cases.

Outcome: there were no significant outbreaks of Covid-19 on campus during 2020-21.

Future direction: we continue to follow guidance on infection control and have mechanisms in place to adapt as required if infections increase or decrease.

Research activity

Risk: research activity and income might suffer due to the impact of lockdowns and closure of laboratories.

Response: we reopened our laboratories rapidly after the first lockdown and put Covid-19 safety measures in place to make sure that we could remain operational throughout the rest of the academic year.

Outcome: laboratories-based research activity remained high.

Future direction: delivery of hybrid

education did necessitate directing academic resource away from research towards education. While active projects have continued to be delivered to plan, we had to reduce preparation of bids for new projects. This will have an impact in due course on research income and future activity levels. Work is underway to target support to redress this.

Research income

Risks: the government might not increase spending on research and development. Some of our market share might go to other providers.

Response: we invested in academic posts to increase our capacity for research and education and developed new research institutes to focus resources on key areas of excellence. The first Institute, for people-centred AI, is up and running, while the second, on Sustainability, is in progress.

Outcome: research income exceeded our budget forecast.

Future direction: investment into academic posts continues and work is underway to create more researcher-centric support processes. As well as new recruitment, retention of our talent is a key priority as a more flexible working practice opens up more opportunities for mobility.

Financial risk

Risk: the challenges of the pandemic and uncertainty about the outcome of the post-18 education and funding review could impact our financial health.

Response: we carried out scenario planning and put financial measures in place to make sure we can absorb potential funding shocks. These include refinancing our debt, keeping close scrutiny of costs, and developing sources of additional income. We re-designed the University's resource allocation model to give greater agility and to ensure resources are effectively prioritised.

Outcome: we returned a small underlying surplus during the academic year 2020-21 despite the significant challenges we faced and the additional support we provided for students.

Future direction: The University has established a three-year plan aligned to its strategy that balances investment in strategy with maintenance of business as usual. The plan has been stress tested and progress against key metrics will be carefully monitored so that we can adapt to change and embrace new opportunities that arise.



International engagement

PRIORITY: CREATING THE CONDITIONS FOR SUCCESS



Overview

We continued to reach out to international stakeholders and partners and create opportunities for our students to have a truly global experience, despite the significant barriers created by Covid-19.

Faced with disruption to both international study and work placements, and our research collaborations, we nevertheless maximised opportunities to connect remotely with global networks, funding bodies and universities around the world.

We consolidated our current partners and built new ones, resulting in a range of exciting international opportunities including research partnerships, dual education programmes and scholarships, all of lasting mutual benefit.

We also successfully bid for mobility funding under the UK government's inaugural Turing Scheme, which will provide global work and study placements for hundreds of Surrey students.

2020-21 highlights



International funding
for a range of new scholarships
based at Surrey



£1.7 million awarded
under the new Turing Scheme
to fund international work
placements for Surrey students



**Innovative, new dual
PhD and Masters**
programmes with high-quality
partner universities in Europe
and Asia

Building global networks

With travel restricted, we were unable to network with international stakeholders face-to-face. Work placements and research collaborations were further disrupted. With the UK's exit from the EU in 2020, the mobility team also dealt with visa issues for incoming and outgoing exchange students.

Against this challenging backdrop however, the International Engagement team made the most of digital communication to strengthen our links with our international university networks, building new alliances and consolidating existing ones.

2021 saw us develop a range of new collaborations with our four-partner University Global Partnership Network (UGPN), including enhanced joint research, an innovative new online international learning programme for students, and the first online UGPN Annual Conference (see case study).

We also deepened our involvement with large advocacy bodies for higher education including CESAER, the voice of science and technology universities in Europe, and the European University Association (EUA), which represents 800 universities in 48 countries. We enhanced cooperation with the British Council, and increased work with Universities UK International. Through these and other networks, the University of Surrey is centrally positioned to contribute to, and lead in, strategic discussions on issues affecting universities in the UK, Europe and globally.

Further afield, we joined the UK-Singapore Alliance for Entrepreneurship and Innovation, which brings together universities in Singapore and the UK, in conjunction with the UK Science and Innovation Network.

Surrey is centrally positioned to contribute to, and lead in strategic discussions on issues affecting universities in the UK, Europe and globally.

Creating opportunities for students

We successfully bid for the inaugural round of the UK government's Turing Scheme, receiving an award of £1.7m. This will enable hundreds of undergraduate and postgraduate Surrey students to undertake study and work placements in up to 52 countries from the US to Malaysia, China and Brazil, ranging from four weeks to 12 months in length.

These life-changing experiences include opportunities for 106 students with specific educational needs (SEN), and a further 275 students from disadvantaged backgrounds.

As well as funding regular study exchange and professional training year placements, the University of Surrey's Turing funding will also support nursing and veterinary medicine placements, and newly created PhD and biosciences placements.

Funding international scholarship

Scholarship opportunities will be created through agreements we reached with international funding bodies to encourage investment into our education and research, including:

- A bilateral partnership with the China Scholarship Council (CSC) offering 10 PhD scholarships a year to Surrey from 2022-23.
 - A new scholarships agreement with the Egyptian government which will bring top scholars to Surrey to study for PhDs on full scholarships.
 - A new five-year collaboration with FAPESP, the state research funding organisation in São Paulo, Brazil, providing seed-funding for research collaborations with top Brazilian universities.
- Despite the challenges of 2021, the international engagement team moved at pace to conclude a range of new collaborations with high-quality universities in China, Taiwan, Macau, Australia, Egypt, Bolivia, France and Poland. These agreements will lead to highly innovative and unique jointly run education programmes, including:
- A dual Master's Degree in Business Management with SKEMA Business School in France, enabling students to study in the UK and France and receive awards from both institutions.
 - A dual PhD programme with Beijing Institute of Technology, providing world-class supervision and facilities for PhD students researching 5G communications.
 - A student exchange agreement with the University of Macau, which will provide overseas study opportunities for Surrey students across arts, social sciences, engineering and physical sciences.

The Turing Scheme in numbers



£1.7m
funding



106 students
with SEN



275 students
from disadvantaged backgrounds



52
countries

Developing joint education programmes

- Increase international opportunities for our students, including under-represented groups, through successful delivery of our Turing Scheme activity, our Erasmus partnerships and Santander-funded travel grants.
- Develop new collaborative teaching and learning programmes, including dual degree programmes Collaborative Online International Learning (COIL) programmes.
- Maximise the global impact and profile of Surrey research and build on the successes of existing partnerships, such as (UGPN).

Furthering research collaboration

International research is key to leveraging the University's global ambition. To that end, we launched a new partnership with the Beijing University of Posts and Telecommunications (BUPT) to promote research and education in AI intelligence (AI). The partnership is built around the leading role each institution plays in

this field, through Surrey's world-leading Centre for Vision, Speech and Signal Processing (CVSSP), and BUPT's new School of AI, all of which pave the way for ground-breaking new collaborations over the coming years.

CASE STUDY: GLOBAL COLLABORATIONS DURING COVID-19

The University Global Partnership Network

During the pandemic, we found innovative ways to collaborate with the other members of the University Global Partnership Network (UGPN): North Carolina State University, the University of São Paulo and the University of Wollongong.

UGPN Virtual Conference

More than 700 delegates from the four universities attended the UGPN annual conference online in March 2021, joining live across multiple time zones. With a theme of 'Resilient Universities', the conference was an opportunity to promote innovative collaborations and showcase interdisciplinary research on topics such as remote learning, hybrid education and student mobility.

UGPN Research Collaboration Fund (RCF) Projects

The UGPN's Research Collaboration Fund enables staff from the four universities to collaborate on research addressing the UN Sustainable Development Goals. During the year, eight new projects were awarded funding – five of which involved a Surrey collaborator. Topics included infectious diseases, green infrastructure, clean energy, plastics pollution, media and education.

UGPN Internationalisation at Home Project

In spring 2021, students from all four UGPN partners interacted across multiple digital platforms to address a topic related to Covid-19 and Worldwide Response. The project, which was designed to be accessible to students with limited physical mobility, came second in the 'Most innovative approach to widening participation in the curriculum' category in the Pearson HE Innovate Awards.

"The UGPN is one of the most valuable networks for the University of São Paulo. It expands our collective reach and provides a unique platform for international engagement. In spite of the challenges of connecting virtually with colleagues across three time zones, the UGPN's first ever virtual conference in 2021 was a resounding success, bolstering engagement with the network from academics and professional service staff." - Professor Valmor Tricoli, Provost for International Cooperation, University of São Paulo

International engagement: a bright future

Looking ahead to the academic year 2021-22, we aim to:

- Enhance our transnational education (TNE) programmes and capabilities to ensure that our provision is of the highest quality, including improved pedagogic and research activities with our core TNE activity in China, SII-DUFE. To ensure our future TNE development benefits from the latest best practice, Surrey recently joined the Quality Assurance Agency for higher education's 'quality evaluation and enhancement of UK transnational education' five-year scheme, putting us in a strong position to explore new transnational education opportunities in the future.

Corporate governance statement



The University is a body incorporated by Royal Charter, originally granted in 1966, and an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. Its compliance with charity law is monitored by the Office for Students (OfS) as principal regulator.

The University is committed to exhibiting best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership – and with the [Higher Education Code of Governance](#) published by the Committee of University Chairs (CUC).

Summary of the corporate governance structure

The University's objects, powers and framework of governance are set out in the Charter and its supporting Statutes and Ordinances (the 'governing documents').

The Council

In accordance with the requirements of its governing documents, the Council comprises a majority of external members, together with ex officio and elected University representatives. The role of the Chair of Council is separated from the role of the President and Vice-Chancellor as Chief Executive.

The powers of the Council are set out in the Statutes and Ordinances of the University. Under the terms and conditions of funding for higher education institutions agreed between the OfS and institutions, and the terms and conditions of Research England grant, the Council is collectively responsible for overseeing the University's activities, determining its future direction and fostering an environment in which its mission is achieved. This is an ultimate responsibility that cannot be delegated.

The Council has adopted the following Statement of Primary Responsibilities:

- To approve the mission, strategic vision and long-term academic and business plans of the University and agree key performance indicators and annual budgets to ensure that these meet the interests of stakeholders.

- To ensure that systems of control and accountability are established and monitored, including financial and operational controls and risk assessment, and procedures for handling internal grievances and managing conflicts of interest.

- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against its plans, previous performance and agreed key performance indicators. Where possible and appropriate, these should be benchmarked against other comparable universities.
- To appoint the President and Vice-Chancellor and put suitable arrangements in place for monitoring their performance.

The Council also cannot delegate responsibility for:

- varying the Charter or Statutes
- approving the annual audited financial statements
- appointing the external auditor of the University.

The Council continually assesses its mix of skills, experience and diversity to ensure that they are appropriate. Non-executive candidates are assessed against standard criteria (including diversity) and through an interview process. New members receive an induction programme tailored to their specific needs and there is a rolling cycle of information and training sessions throughout the year.

The effectiveness of the Council is reviewed regularly. The last external review reported in early 2021. The overall conclusion of the review was that the standard of governance by the Council is good and that the University has governance processes, practices and policies which are fit for purpose and meet current expectations for higher education governance. The University was commended for its progressive approach to enhancing the effectiveness of its governance and its commitment to continuous improvement. The review suggested further improvements so that Surrey becomes an example of the very highest standards of governance practice in the sector. These have been considered and are being implemented as appropriate.

As a result of the 2021 external review and an internal governance review, the University has made a number of changes to the Council and its sub-committees. These include:

- an increase in the number of Council meetings to six per annum
- a reduction in the number of Council members from 25 to 18 to streamline the Board and increase member engagement
- the formation of a new Nominations and Governance Committee
- the creation of a new Senior Independent Member role to provide enhanced support to the Chair including supporting communications between the Chair and the other Council members
- the introduction of formal appraisals for all Council members.

All changes were fully implemented for the start of the 2021-22 academic year.

As well as six formal meetings a year, the Council holds two half-day awaydays jointly with the Executive Board to work on strategy and planning. The Council keeps the scheduling of its meetings under regular review.

Council minutes are published on the University website along with the membership and terms of reference of the Council and its sub-committees.

surrey.ac.uk/about/governance/council-minutes

surrey.ac.uk/about/governance/statutory-bodies-committees

Membership of the Council

Council membership between 1 August 2020 and the date of signing the financial statements is shown overleaf. Profiles of Council members (who are the trustees) are available on the University website at surrey.ac.uk/about/governance/members-council

Council members



Michael Queen – Chair

Other statutory body and council sub-committee memberships:

- Finance Committee
- Nominations and Governance Committee (Chair)
- Remuneration Committee



Ajay Ajimobi – President of The University of Surrey Students' Union* (from 1 August 2021)

Other statutory body and council sub-committee memberships:

- Nominations and Governance Committee
- Senate



Professor Esat Alpay – Senate elected member

Other statutory body and council sub-committee memberships:

- Senate



Judith Eden – Senior independent member

Other statutory body and council sub-committee memberships:

- Audit and Assurance Committee



Charlie Geffen – Lay member

Other statutory body and council sub-committee memberships:

- Remuneration Committee (Chair)



Mike Goodfellow – Lay member

Other statutory body and council sub-committee memberships:

- Audit and Assurance Committee (Chair)



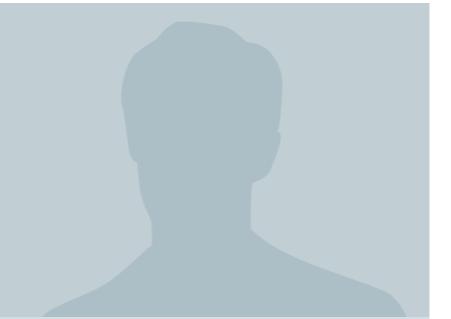
Elliot Antrobus-Holder – Lay member



Vib Baxi – Vice-Chair (joint)

Other statutory body and council sub-committee memberships:

- Finance Committee
- Nominations and Governance Committee
- Student Experience Committee



Tony Bragg – Lay member (to 31 January 2021)



Amelia Hadfield – Senate elected member (to 31 October 2021)

Other statutory body and council sub-committee memberships:

- Senate



Daniel Horton – Senate elected member (from 1 November 2021)

Other statutory body and council sub-committee memberships:

- Senate



Rachel Hubbard – Vice-Chair (joint)

Other statutory body and council sub-committee memberships:

- Nominations and Governance Committee
- Remuneration Committee



Karen Bullock – Senate elected member (from 1 November 2021)

Other statutory body and council sub-committee memberships:

- Senate



Andy Chalklin – Chief Operating Officer*

Other statutory body and council sub-committee memberships:

- Executive Board
- Finance Committee



Patrick Degg – Vice President, External Engagement* (to 31 July 2021)

Other statutory body and council sub-committee memberships:

- Executive Board
- Nominations and Governance Committee
- Senate



Pam Jestic – Lay member

Other statutory body and council sub-committee memberships:

- Finance Committee



Nigel Jones – Lay member

Other statutory body and council sub-committee memberships:

- Audit and Assurance Committee



Professor Michael Kearney – Provost & Executive Vice-President* (to 31 January 2021)

Other statutory body and council sub-committee memberships:

- Executive Board
- Finance Committee
- Nominations and Governance Committee
- Senate



**Professor Osama Khan –
Pro Vice-Chancellor, Education***

Other statutory body and council sub-committee memberships:

- Executive Board
- Nominations and Governance Committee
- Senate (Acting Chair)
- Student Experience Committee



**Professor Max Lu – President
and Vice-Chancellor***

Other statutory body and council sub-committee memberships:

- Executive Board (Chair)
- Finance Committee
- Nominations and Governance Committee



**Peter Maskell – Lay member
(to 31 July 2021)**

Other statutory body and council sub-committee memberships:

- Finance Committee



Robert Napier – Treasurer

Other statutory body and council sub-committee memberships:

- Finance Committee (Chair)
- Nominations and Governance Committee
- Remuneration Committee



Pam Powell – Lay member



**Lizzie Rodulson – President of
The University of Surrey
Students' Union* (to 31 July 2021)**

Other statutory body and council sub-committee memberships:

- Nominations and Governance Committee
- Senate



**Professor David Sampson –
Pro Vice-Chancellor, Research
& Innovation* (to 31 July 2021)**

Other statutory body and council sub-committee memberships:

- Executive Board
- Senate



**Jan Sawkins – Lay member
(to 31 March 2021)**

Other statutory body and council sub-committee memberships:

- Finance Committee



**Nick Standen – Lay member
(to 31 January 2021)**

Other statutory body and council sub-committee memberships:

- Finance Committee

Council sub-committees

The Council has several sub-committees including a Finance Committee, an Audit and Assurance Committee, a Nominations and Governance Committee, and a Remuneration Committee. All are formally constituted with appropriate external membership and terms of reference.

Finance Committee

The Finance Committee, which has a majority of external members, meets at least four times a year. It advises the Council on financial policy and strategy, reviews the University's financial forecasts and recommends them to the Council, and keeps the University's financial position under review.

Audit and Assurance Committee

Under the chairmanship of a lay member of the Council, the Audit and Assurance Committee meets four times a year in the presence of the external and internal auditors. It advises and assists the Council on the entire assurance and control environment of the University. It oversees the risk management process and considers detailed reports from the auditors, including recommendations for improving the University's systems of internal control, together with management's responses to those recommendations and implementation plans.

The Committee also considers elements of the draft annual financial statements in the presence of the external auditors, including the auditor's formal opinion, the statement of members' responsibilities and the statement of internal control. Although senior executives attend meetings of the Audit and Assurance Committee as necessary, they are not members of the Committee, and the Committee may meet with the external and internal auditors independently of executives. The Chair of the Committee has direct access to the Chair of Council.

Nominations and Governance Committee

Under the chairmanship of the Chair of Council, the Nominations and Governance Committee meets as required to consider and make recommendations to the Council on the operation and effectiveness of governance arrangements. It also oversees the appointment of external members to the Council and external co-opted members to Council sub-committees and makes recommendations to the Council on the appointment of the President and Vice-Chancellor, the Chancellor and Pro-Chancellors.

Remuneration Committee

Under the chairmanship of a lay member of the Council, the Remuneration Committee meets twice annually, with additional meetings at the discretion of the Chair. It monitors the performance of the President and Vice-Chancellor and determines the salary and conditions of service of the President and Vice-Chancellor and members of the Executive Board.

The Committee makes sure that there is an effective succession plan for Executive Board-level posts and approves any severance payments made to staff earning over £100,000 per annum. The President and Vice-Chancellor is not a member of the Committee but attends meetings, except when the Committee is discussing the President and Vice-Chancellor's own salary and conditions of service. PricewaterhouseCoopers (PwC) act as advisors to the Committee and also attend Committee meetings.

The Senate

Under the chairmanship of the Provost and Executive Vice-President, the Senate meets four times a year and has responsibility, under the control and approval of the Council, for oversight and assurance of the academic endeavour of the University.

The Executive Board

The Executive Board is the senior management committee of the University and meets once or twice a month under the chairmanship of the President and Vice-Chancellor as Chief Executive. The Executive Board has a number of supporting executive and advisory committees, all of which are formally constituted with appropriate terms of reference and which include external members where appropriate.

A Gold Command Covid-19 Committee was set up in response to the Covid-19 pandemic. The membership mirrored that of the Executive Board with the addition of the Chair of Council. The Committee had the same powers as the Executive Board. Its purpose was to set the strategic direction on Covid-19, including post-incident recovery. The Committee held its last meeting in May 2021.

Meeting regulatory requirements

The University has processes in place to ensure that it meets the OfS conditions for registration on an annual basis and that reportable events are notified to the OfS in a timely manner. The University maintains a table which sets out the conditions for registration, together with the postholders responsible and accountable for ensuring each condition is met, how it will be met and the relevant timeline. The University also maintains an OfS Reportable Events Plan, which sets out the specific criteria and materiality thresholds that the University will apply in determining whether an event is reportable under the OfS regulatory framework.

The University has policies and processes in place to ensure regularity and propriety in the use of public funding from the OfS, UK Research and Innovation including Research England, and other sources. These include the control measures shown in the statement of internal control below, and:

- An Ethical Conduct policy which sets out the University's expectations for the highest standards of ethical behaviour and financial probity, together with the processes in place to prevent, identify, report and investigate suspected cases of bribery, fraud and corruption.
- A Public Interest Disclosure policy ('Whistleblowing policy') which encourages staff to report reasonable belief of wrongdoing, provides guidance on how to raise concerns, and reassurance that they can raise genuine concerns without fear of reprisal, even if they turn out to be mistaken.

Public benefit statement

The University's charitable purposes are defined in its Royal Charter as the advancement of education, learning and teaching. The members of Council, as trustees, have due regard to the Charity Commission's guidance on public benefit in determining the University's strategic, operational and financial objectives.

The University brings a wide range of benefits to individual students and to society as a whole through:

- The quality of the education it offers and the quality of the graduates and postgraduates it produces
- The dissemination and practical application of the outcomes of its research
- Its engagement with other universities, industry and wider local, national and international communities.

The University has an Access and Participation Plan approved by the Office for Students which shows progress to date and future plans for improving equality of opportunity for under-represented groups to access, succeed in and progress from higher education.

This Annual Report describes how the University has carried out its charitable purposes for the public benefit through its educational, research and engagement activities during 2020-21.

Statement of internal control

The Council, as governing body, is responsible for ensuring that the University has a sound system of internal control and for reviewing its effectiveness. Such a system is designed to understand and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Key elements of the University's system of internal control include:

- A comprehensive Scheme of Delegation, approved by the Council. This records the powers the Council reserves to itself, and those it delegates to its sub-committees, to the President and Vice-Chancellor, and to the Senate and its sub-committees. The Scheme of Delegation is reviewed and updated on an annual basis.
- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic faculties and professional services departments.
- A comprehensive medium and short-term planning process, supported by detailed annual income, expenditure, capital and cash flow budgets.

- Regular reviews of academic performance and monthly reviews of financial results, including variance reporting and updates to the forecast outturn for the financial year.

• Clearly defined requirements for approval and control of expenditure. Investment decisions involving capital or revenue spend are subject to formal detailed appraisal and review according to approval levels set by the Council.

- Financial regulations, approved by the Finance Committee, together with supporting financial policies and procedures.

• A professional Internal Audit team, supported by bought-in services from external providers, whose annual programme is approved by the Audit and Assurance Committee. The Internal Audit team provides in-year progress reports to the Committee and an annual opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance.

The University's Governance and Risk Assurance function, established in 2019-20, brings together the Information Governance, Health and Safety, Internal Audit and Insurance functions with the aim of improving the control environment. It uses enhanced analytics and reporting to provide a clearer assessment of compliance, governance and risk in the areas of health and safety, governance, information governance, insurance, legal, internal audit and operational risk.

Risk management

The University has a Risk Management Policy and a Risk Management Strategy which have been approved by the Council. The Risk Management Strategy describes the University's approach to risk management and defines relevant roles and responsibilities.

The University's risk management process is designed to ensure a consistent approach throughout the University to identifying, assessing and managing Level 1 and Level 2 risks (see below). It highlights all strategic and operational risks that may prevent the University from fulfilling its objectives and is used to



improve decision-making. This consistency of approach helps risk owners respond appropriately to the risk and decide whether it should be accepted, transferred or mitigated, as well as making sure that mitigations are effective, appropriate, proportionate, affordable and flexible.

Level 1 risks

These are high-level risks, which if they occur, could undermine the viability, reputation or strategic objectives of the University. They are reviewed by their risk owners regularly, with the Executive Board reviewing priorities and risk to delivery on a quarterly basis. In addition, the Executive Board holds an annual workshop where the whole risk profile is reviewed and refreshed. The output of this is an updated Level 1 risk register which is reviewed in its entirety by the Council. The Council then notes updates to the register periodically as required. The Audit and Assurance Committee receives the full register at each meeting.

Level 2 risks

These are risks which have the potential to significantly affect a specific department or area of the University, or a large University-driven project or programme, but would not de-stabilise the viability, reputation or strategic objectives of the University.

Conclusion

The Council is of the view that:

- There is a sound system of internal control based on an ongoing process for identifying, evaluating and managing the principal risks to achievement of the University's objectives
- The system has been in place for the year ended 31 July 2021 and up to the date of signing the financial statements
- It accords with guidance from the OfS and Research England.

on their own. The deans and heads of professional services are responsible for embedding the Level 2 risk management process in their areas. They are supported by the Governance and Risk Assurance function, which seeks to build operational risk maturity across the University. Level 2 risks should be reviewed frequently and appropriate mitigating actions put in place. Where the actions required are outside of the discretion of the risk owner, the risk is escalated as appropriate.

Internal audit

The internal audit programme is risk-based and is informed by the strategic risk register as well as by prior internal audit activity and regular meetings with key stakeholders to identify emerging risks and trends.

None of the internal audit reports issued during 2020-21, or up to the date of signing the financial statements, received an 'unsatisfactory' rating. The internal audit team is satisfied that other matters raised in its audits have been properly acknowledged by management and that reasonable action plans have been put in place to address any control weaknesses identified. No control weaknesses are considered to be significant.

Statement of Council responsibilities in respect of the financial statements

The Council is responsible for preparing the financial statements in accordance with the requirements of the Office for Students' terms and conditions of funding for higher education institutions; Research England's terms and conditions of Research England grant; and applicable law and regulations.

It is required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared and in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, and in accordance with the requirements of the Accounts Direction issued by the Office for Students.

The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the Council is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

- Assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council is also responsible for:

- Ensuring that funds from whatever source administered by the group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- Ensuring that funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them

Financial review

Scope of the financial statements

The consolidated financial statements cover the University (including Surrey Research Park) and its subsidiary companies, notably Surrey Sports Park Limited.

Income and expenditure

The headline result for 2020-21 was a consolidated surplus of £12.1 million. This was driven by a £10.3 million upward revaluation of Surrey Research Park.

In reviewing financial performance, we focus on the underlying operating surplus. This excludes certain items, including the annual research park revaluation, over which we have little or no control and which we do not include in our budgets.

The other items we exclude from the underlying operating surplus are:

Table 1: Reconciliation to underlying operating (deficit)/surplus

	2020-21	2019-20
	£m	£m
Consolidated surplus for the year	12.1	44.3
Movement on USS provision	(0.3)	(38.4)
(Decrease)/increase in interest rate swaps liability	(1.8)	1.2
(Gain)/loss on Surrey Research Park revaluation	(10.3)	8.4
Other investment gains	-	(3.5)
Endowment and restricted income (net of expenditure)	(1.2)	(3.3)
Underlying consolidated operating (deficit)/surplus for the year	(1.5)	8.7

Income

Consolidated income of £299.8 million was £15.4 million (5%) lower than the previous year. This was nevertheless a strong result given the challenges of the pandemic.

Table 2: Consolidated income

	2020-21	2019-20
	£m	£m
Funding council grants	41.7	40.9
Tuition fees and education grants	160.6	166.3
Research grants and contracts	43.4	44.2
Accommodation income	25.4	28.9
Other income	15.7	21.8
Investment income, donations and endowments	13.0	13.1
Total consolidated income	299.8	315.2

- Movements on the provision for payments under the Universities Superannuation Scheme (USS) deficit recovery plan
- Movements in the fair value of interest rate swaps which do not qualify for hedge accounting
- Investment gains
- Endowment and restricted income/expenditure

In contrast to the previous two years, there was no significant movement on the provision for USS deficit recovery payments in 2020-21 as we were between valuations.

Adjusting for the Research Park revaluation and other smaller items, there was an underlying operating deficit for 2020-21 of £1.5 million. With the Covid-19 pandemic continuing to have a substantial impact on certain income streams, this was a good result and one which reflected outperformance of the budget set at the start of the financial year.

Tuition fee income was £5.7 million (3%) lower than in 2019-20. This was better than forecast due to a range of actions taken to mitigate the risk of the pandemic to student recruitment and retention. These included implementation of a fully hybrid learning experience and the offer of late arrival points which enabled students to commence their studies online and travel to campus when they were able to do so. We also introduced February starts for some postgraduate students, enabling them to defer their studies by one term. This is something we plan to continue in 2021-22 and subsequent years.

Income from research grants and contracts ended the year at £43.4 million, just £0.8 million (2%) down on the previous year. This was thanks to the efforts of our staff and postgraduate students in keeping laboratories open and finding ways to carry on their work remotely.

Expenditure

Total expenditure for 2020-21 was £297.0 million. Ignoring the distorting impact of movements on the USS provision, this represented a £5.5 million (2%) decrease from the previous year. This was despite higher Covid-related operational costs and increased investment in student support to help our students through the pandemic.

Table 3: Consolidated expenditure

	2020-21	2019-20
	£m	£m
Staff costs – operational	163.5	161.3
Staff costs – movement on USS provision	(0.3)	(38.4)
Other operating expenses	88.1	92.0
Depreciation and amortisation	33.5	36.1
Interest and other finance costs	12.2	13.4
Total consolidated expenditure	297.0	264.4

With no cost of living increase awarded for 2020-21, operational staff costs rose by a modest £2.2 million (1%) to £163.5 million. Other operating expenses fell by £3.9 million (4%) to £88.1 million, giving a cumulative fall over the past two years of £14.4 million (14%). This reflected the hard work done by department heads to control budgets and ensure funds were allocated efficiently and effectively, as well as the postponement and cancellation of some activities due to Covid.

Analysis of underlying operating (deficit)/surplus

The underlying operating surplus can be further analysed between the University's core activities, Surrey Research Park and subsidiary companies (notably Surrey Sports Park Limited) as shown below.

Table 4: Analysis of underlying operating (deficit)/surplus

	2020-21	2019-20
	£m	£m
University core activities	(9.1)	1.3
Surrey Research Park	7.7	7.2
Surrey Sports Park Limited (SSPL)	0.1	0.5
Other subsidiaries	(0.2)	(0.3)
Underlying consolidated operating (deficit)/surplus	(1.5)	8.7

Income from student accommodation fees was £3.5 million (12%) lower than for 2019-20 as travel restrictions at the start of the year and subsequent national lockdowns continued to keep many students away from campus. As was the case the previous year, we took the decision not to charge students for the weeks they were absent from campus.

The £6.1 million (28%) fall in other income included both the impact of the pandemic on catering and conference activity and a reduction in claims under the government's Coronavirus Job Retention Scheme (CJRS). Income from catering and conferences was £1.7 million (71%) down on the previous year at just £0.7 million. 2020-21 income from the CJRS of £1.4 million was £2.1 million (60%) lower than the previous financial year, with the University able to operate more facilities through the two 2020-21 national lockdowns than during the first national lockdown in 2019-20.

University core activities

The underlying deficit for 2020-21 reflected the impact of the pandemic on our core operations. Key drivers were the lower income from tuition and accommodation fees described earlier in this review.

Surrey Research Park

As shown above, Surrey Research Park generated an operating surplus for 2020-21 of £7.7 million (2019-20: £7.2 million).

Income increased by £0.8 million to £11.5 million. This increase was driven largely by lease surrender premiums, with the balance attributable to higher service costs and tenant fit-out costs. This increase in service costs and tenant fit-out costs accounted for a corresponding £0.3 million increase in expenditure from £3.5 million in 2019-20 to £3.8 million in 2020-21.

We were able to keep the Park open throughout the national lockdowns, with staff on site every day to support tenants. Where needed, we continued to provide financial support, through temporary discounts and/or lease payment deferrals, in order to preserve tenancies and occupancy levels. However, most tenants were proactive in adapting their businesses and/or taking advantage of new opportunities and did not require further financial support. Most of the financial support provided has now been repaid and vacancies are at an all-time low.

Surrey Sports Park

2020-21 was the second year that Surrey Sports Park Limited (SSPL) operated under a new agency agreement with the University. In accordance with this agreement, the company delivers student and outreach sport as the University's agent and uses spare operational capacity to generate profit from commercial activities.

Table 5: Movement in consolidated net assets

	2020-21	2019-20
	£m	£m
Opening consolidated net assets	454.7	433.7
Underlying operating (deficit)/surplus	(1.5)	8.7
Local Government Pension Scheme (LGPS) actuarial gains/(losses)	7.1	(22.0)
Movement on USS provision	0.3	38.4
Movement in fair value of interest rate swaps	7.0	(2.5)
Surrey Research Park revaluation	10.3	(8.4)
Other investment gains	-	3.5
Endowment and restricted income (net)	1.2	3.3
Closing consolidated net assets	479.1	454.7

The pandemic continued to have a significant impact on the Sports Park's operations through 2020-21. The facilities were closed to students and the general public for circa five months during national lockdowns. For the rest of the year the Sports Park operated at reduced capacity due to social distancing requirements.

The reduction in profit from £0.5 million in 2019-20 to £0.1 million in 2020-21 was largely due to constraints on the Sports Park's ability to generate income from public memberships when it was operating at reduced capacity. In line with government guidelines, the facilities remained open throughout the year for professional sport. SSPL continued to generate income from Harlequins Rugby Union who use the facilities as their training base, but the professional basketball and netball teams had to play behind closed doors, with associated loss of ticket revenue. The impact of lockdowns on commercial income was, however, largely mitigated by income from the government's Coronavirus Job Retention Scheme (CJRS) and savings on estates costs which were borne by the University for the closure periods in line with the underlying principles of the agency agreement.

In accordance with the agency agreement, the financial impact of the pandemic on student sport has been reflected in the University's financial statements.

Net assets

Consolidated net assets increased by £24.4 million in 2020-21 to £479.1 million, driven by:

- The £10.3 million upward revaluation of Surrey Research Park
- Actuarial gains on the Local Government Pension Scheme of £7.1 million
- Favourable movements in the fair value of interest rate swaps.

Surrey Research Park valuation

Surrey Research Park, is shown on the balance sheet as an investment property asset and revalued annually by external valuers. The recent trend in the Park's value is shown below. Completed investment properties and development land are shown at valuation, properties under development are shown at cost. The 31 July 2021 completed investment properties valuation of £118.8 million reflected an upward revaluation on a like-for-like basis (i.e. excluding additions and disposals) of £9.5 million (9%).

Table 6: Surrey Research Park valuation at 31 July

	2017	2018	2019	2020	2021
	£m	£m	£m	£m	£m
Completed investment properties	111.7	115.9	115.1	107.8	118.8
Properties under development	0.1	-	0.3	0.8	1.1
Development land	7.5	7.3	6.8	5.5	6.2
Total	119.3	123.2	122.2	114.1	126.1

Pension provisions

As explained in the principal accounting policies, we participate in the following defined benefit schemes:

- The Universities Superannuation Scheme (USS) for academic staff and the majority of professional and technical staff
- The Local Government Pension Scheme (LGPS) for other staff groups. Due to rising costs, we closed this scheme to new members with effect from 1 January 2016.

In common with sector colleagues, we are carrying significant liabilities on our balance sheet in respect of these schemes, as shown below.

Table 7: Pension provisions at 31 July

	2017	2018	2019	2020	2021
	£m	£m	£m	£m	£m
Obligation to fund USS pension deficit	33.8	30.5	84.4	45.8	43.9
LGPS pension liability – funded	35.3	26.8	39.4	65.9	59.9
LGPS pension liability - unfunded	1.4	1.3	1.2	1.2	1.2
LGPS – GMP benefits*	N/A	N/A	1.5	-	-
Total	70.5	58.6	126.5	112.9	105.0

*Included in LGPS funded pension liability figure for 2020 onwards

The challenges of funding the rising costs of current USS benefits persisted throughout 2020-21. As explained in note 39 to the financial statements, the March 2020 valuation was signed and filed with the Pensions Regulator with an effective date of 1 October 2021.

The valuation was completed on the basis of the Joint Negotiating Committee's recommendations on benefit change, a 20-year moratorium on employers exiting the scheme and new debt monitoring arrangements, effective 1 October 2021. This allows for a total contribution rate from 1 October 2021 of 31.2%. This is 0.5% higher than the pre-October 2021 rate, but 3.5% lower than the combined rate that would otherwise have been triggered from 1 October 2021 under the 2018 valuation. The employer's element of this is 21.4%, with employees contributing 9.8%. A back-stop position, in the event that benefit change has not been implemented by 28 February 2022, would see employer and employee contributions rising every six months to a combined total of 57% by October 2025. This would be totally unaffordable for employers and employees.

There was a further £0.7 million uplift in the value of undeveloped land. This gave a total upward revaluation for the year of £10.2 million, more than reversing the previous year's £8.4 million decline (all figures on a like-for-like basis). This reflected positive investor sentiment in the research park/life sciences sector and strong occupier demand, as well as an increase in rents receivable from new tenancies and longer unexpired lease terms.

Cash flow

The consolidated cash flow statement on page 81 shows a rise in cash and cash equivalents in the year of £42.9 million. £3.0 million of this came from a withdrawal of cash deposits which are shown on the balance sheet under current asset investments. The underlying increase in available cash (defined as cash and cash equivalents plus fixed term cash deposits) was therefore slightly lower at £39.9 million. This £39.9 million increase in available cash represented a significant turnaround from 2019-20's decline of £16.2 million. However, there were a number of one-off contributory factors:

- £17.5 million of the £39.9 million represented new borrowings. These are largely earmarked for specific purposes and increase the University's liability for future capital repayments.
- With all but essential capital expenditure paused since the start of the pandemic, cash outflow on capital projects was nearly £20 million lower than the previous financial year at just £23.6 million.
- There was a high concentration of spend in the closing weeks of 2020-21, the cash impact of which will not be seen until 2021-22.

Table 8: Movement in consolidated available cash

	2020-21	2019-20
	£m	£m
Opening consolidated available cash	65.8	82.0
Net cash inflow from operating activities	46.7	34.0
Surrey Research Park net cash inflow	10.8	5.9
Capital investment – University	(21.5)	(41.0)
Capital investment – Surrey Research Park	(2.1)	(1.7)
Capital grants received	5.7	3.0
Investment income	0.4	5.1
Disposal of non-current asset investments	0.2	-
New borrowings (net of refinancing)	17.5	-
Debt service costs (net of refinancing)	(17.9)	(22.1)
Endowment cash received	0.1	0.6
Closing consolidated available cash	105.7	65.8
Movement	+39.9	-16.2

The closing available cash balance of £105.7 million includes nearly £40 million from borrowings:

- £20 million unspent monies from the 2016 private placement
- £17.5 million from 2020-21's new borrowings, of which £11.6 million is ring-fenced for specific purposes under the terms of the loans.

Plans to spend the final £20 million of the 2016 private placement monies were put on hold at the start of the pandemic. The University's current focus is on investing in the strategic workstreams which will support it in delivery of its new strategy. This is a three-year programme of significant revenue and capital investment which is expected to result in net cash out flows over this period. The University is also mindful of the need to plan for the bullet repayments due on its £230 million of private placement borrowings, starting in 20 years' time.

Indebtedness

Gross debt increased in 2020-21 by £21.8 million to £285.0 million. This exceeded, by £179.3 million, the available cash of £105.7 million. Both figures exclude the £10 million undrawn revolving credit facility.

Table 9: Net debt

	2020-21	2019-20
	£m	£m
Bank loans	35.9	135.2
Private placement	230.0	120.0
Other loans	12.2	0.6
Finance leases	6.9	7.4
Gross Debt	285.0	263.2
Cash and cash equivalents	81.6	38.8
Short term deposits	24.1	27.0
Net Debt	179.3	197.4

Treasury management

Our investment, borrowing and hedging strategies are determined by our Finance Committee in accordance with a Treasury Management Policy approved by the University Council.

Borrowings

Mention has been made in the cash flow section above of £17.5 million of new borrowings received during 2020-21.

This comprised:

- £5.9 million surplus proceeds from a major refinancing exercise
- A £9.1 million loan received as part of the government's Sustaining University Research Expertise (SURE) initiative. This carries a fixed interest rate of 0.5% and is repayable over 10 years
- A £2.5 million development loan received by Blackwell Park Ltd, the University's wholly owned subsidiary company.

After a pause due to the pandemic, we resumed work in late 2020 on proposals to restructure our debt portfolio. On 1 April 2021 we priced a £110 million private placement with Pricoa (one of the University's existing private placement investors) and Northwestern Mutual (a new investor). We drew down the full £110 million in the second half of April, with the funds deployed at the end of the month as follows:

- £90.3 million paid out in settlement of outstanding loans
- £13.8 million paid out in termination payments on interest rate hedging arrangements and a fixed rate loan
- £5.9 million surplus proceeds earmarked for investment in support of the new strategy.

These termination payments reflect an acceleration of payments that we would otherwise have been liable to pay over the remaining term of the agreements.

The refinancing exercise was a great success. We achieved both our primary aim to release cash over the short to medium term for strategic investment and transformation, and our secondary aim to simplify our debt portfolio.

- The cash release from deferred capital payments is just under £10 million for 2021-22 and a total of £73 million over the first 10 years.
- Post-refinancing we have one term loan with Santander, one associated interest rate swap with Lloyds, two private placements across four investors (with very similar terms across both placements) and a £10 million undrawn revolving credit facility with Lloyds. This reflects a reduction of two banks, six loans and six interest rate swaps, with one additional private placement investor.

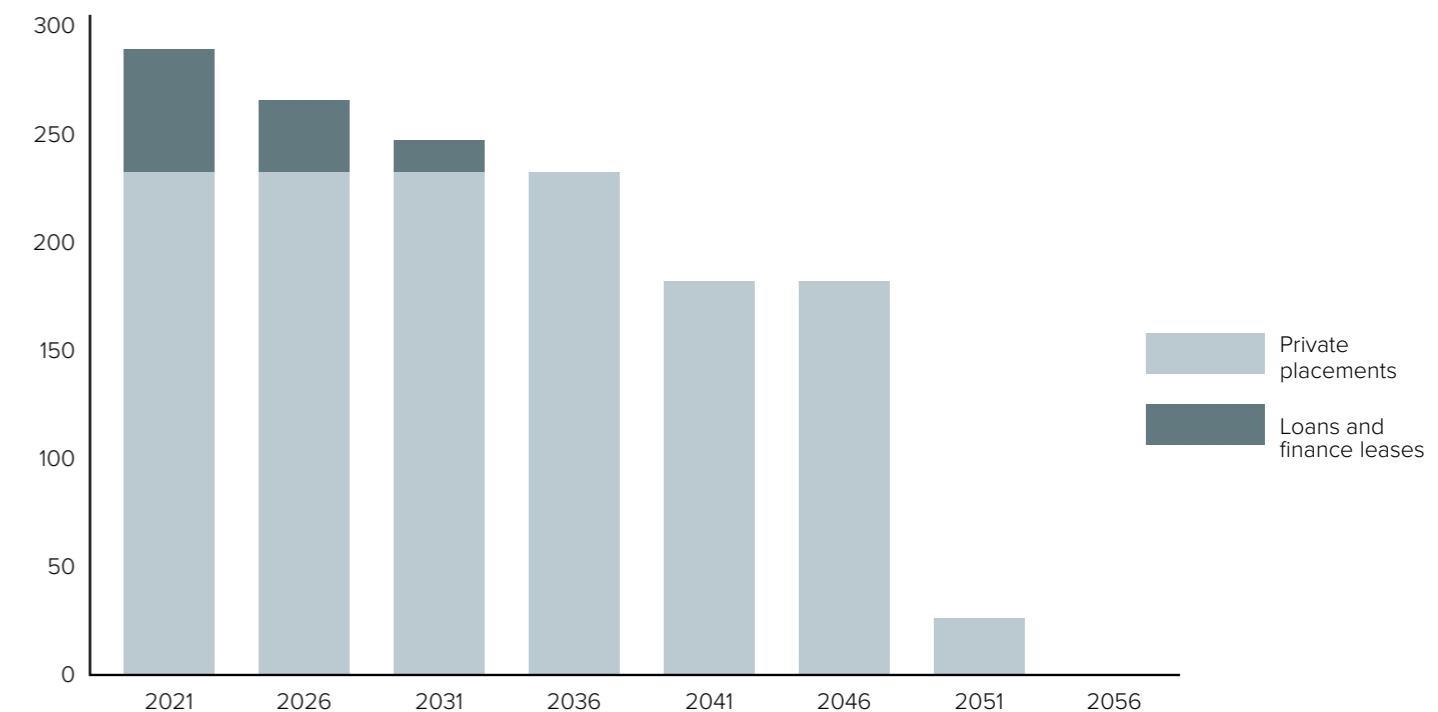
Over the term of the new private placement we are no better or worse off than if we had retained our previous debt structure. Refinancing has deferred capital payments, releasing cash over the decade ahead. However, the balances on which we pay interest will not reduce and we will need to make bullet repayments in the future.

We remain in the fortunate position of having only one financial covenant – debt must not exceed 75% of net assets (excluding pension provisions). Despite a net increase in borrowings during 2020-21 we are still comfortably below the 75% threshold, with a ratio of 48.8% at 31 July 2021. This compares with 46.8% 12 months previously.

The overall weighted average cost of capital on bank debt and private placement funds at 31 July 2021 was 3.33% compared with 3.58% 12 months previously.

We recognise that we have relatively high levels of debt to consider against our cash position and we will be making plans in 2021-22 to build a fund to meet the private placement bullet repayments which commence in 2041.

Drawn debt profile at 31 July (excludes undrawn £10million RCF available to 30 April 2024)



Going concern

The University Council has carried out an assessment of the University's ability to continue as a going concern. This has included consideration of the ongoing uncertainties associated with the pandemic, also potential changes to the UK undergraduate tuition fee regime. Based on this assessment, a summary of which is provided in Note 1 to the financial statements on page 82, the Council has a reasonable expectation that the University has adequate resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements. The going concern basis has therefore been adopted in the preparation of these financial statements.

Future outlook

While the outlook for the higher education sector and the wider economy remains challenging, the University of Surrey is well-placed to advance through its exciting strategy refresh, underpinned by a robust balance sheet. Through investment into a number of clearly defined workstreams the University will continue to drive improvement in the student experience, focus its research intensity and create the conditions for success across the institution.

Phil Grainge
Chief Financial Officer

Financial statements

Independent auditor's report to the Council of the University of Surrey

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the University of Surrey ('the University') for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Balance Sheet, the Consolidated and University Statement of Changes in Reserves, and the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the University's affairs as at 31 July 2021, and of the group's and the University's income and expenditure, gains and losses and changes in reserves, and of the group's cash flows, for the year then ended.
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the University or to cease their operations, and as they have concluded that the group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

In our evaluation of the Council's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- We have not identified, and concur with the Council's assessment, that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Council, the Audit and Assurance Committee, and the internal audit function; and inspection of policy documentation as to the group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Executive Board, Audit and Assurance Committee, Council and Finance Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, budget targets and income targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees, research grants and contracts, and other income are recorded in the wrong period and the risk that group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included manual year-end adjustments, users with minimal postings throughout the year and unusual journals combinations.
- Substantive audit procedures including assessment of income recorded around the end of the year, and accrued and deferred income to confirm recognition within the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Council and other management (as required by auditing standards), and from inspection of the group's regulatory and legal correspondence, and discussed with the Council and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: Health and Safety Legislation, Data Protection and Employment Legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our audit procedures are designed to detect material misstatement. We are not

responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Council is responsible for the other information, which comprises the Annual Report (including the Corporate Governance Statement). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the other information
- In our opinion the information given in the Annual Report (including the Corporate Governance Statement) is consistent with the financial statements.

Council responsibilities

As explained more fully in their statement set out on page 66, the Council is responsible for:

- The preparation of the financial statements and for being satisfied that they give a true and fair view.
- Such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- Assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our audit procedures are designed to detect material misstatement. We are not

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at frc.org.uk/auditorsresponsibilities.

Report on other legal and regulatory requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- Funds from whatever source administered by the group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Income has been applied in accordance with the University's Statutes.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 14 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the group's and the University's grant and fee income, as disclosed in Note 5 to the financial statements has been materially misstated.

We have nothing to report in these respects.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council and in accordance with the Articles, Charters, Statutes or Ordinances of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an

**Dean Gibbs (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants
15 Canada Square
London
E14 5GL

15 December 2021

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 University and the Council for our audit work, for this report, or for the opinions we have formed.

Consolidated and University statement of comprehensive income for the year ended 31 July 2021

	Note	Consolidated		University	
		2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Income					
Funding council grants	2	41,702	40,944	41,702	40,944
Tuition fees and education grants	3	160,554	166,276	160,582	166,318
Research grants and contracts	4	43,368	44,231	43,368	44,231
Other income	6	41,157	50,652	40,445	49,967
Investment income	7	11,451	11,053	11,677	11,308
Donations and endowments	8	1,537	2,009	1,537	2,009
Total income		299,769	315,165	299,311	314,777
Expenditure					
Staff costs – operational	9	163,540	161,320	162,588	160,809
Staff costs – movement on USS provision	9	(286)	(38,435)	(286)	(38,435)
Other operating expenses	11	88,080	92,042	88,328	92,302
Depreciation and amortisation		33,457	36,079	33,445	36,060
Interest and other finance costs	12	12,216	13,399	12,198	13,380
Total expenditure		297,007	264,405	296,273	264,116
Surplus before other gains and losses		2,762	50,760	3,038	50,661
Loss on disposal of fixed assets		(1,011)	(1,756)	(1,011)	(1,756)
Gain/(loss) on investments	13	10,334	(4,919)	10,309	(5,999)
Surplus before taxation		12,085	44,085	12,336	42,906
Taxation	15a	13	168	15	102
Surplus for the year		12,098	44,253	12,351	43,008
Actuarial gain/(loss) in respect of pension schemes		7,077	(22,010)	7,389	(21,638)
Change in fair value of hedging financial instruments		5,197	(1,198)	5,197	(1,198)
Total comprehensive income for the year		24,372	21,045	24,937	20,172
Represented by:					
Endowment comprehensive income for the year		346	740	346	740
Restricted comprehensive income for the year		824	2,583	824	2,583
Unrestricted comprehensive income for the year		23,202	17,722	23,767	16,849
		24,372	21,045	24,937	20,172

All income and expenditure relates to continuing operations.
The accompanying notes form part of these financial statements.

Consolidated and University statement of changes in reserves for the year ended 31 July 2021

	Consolidated	Income and expenditure account			Cash flow	
		Endowment £000	Restricted £000	Unrestricted £000	Hedge reserve £000	Total £000
Balance at 1 August 2019		3,579	427	443,949	(14,274)	433,681
Surplus from the income and expenditure statement		1,110	2,208	40,935	-	44,253
Reclassification of prior year income and expenditure		-	1,120	(1,120)	-	-
Other comprehensive income		-	-	(22,010)	(1,198)	(23,208)
Release of restricted funds spent in year		(370)	(745)	1,115	-	-
Total comprehensive income for the year		740	2,583	18,920	(1,198)	21,045
Balance at 1 August 2020		4,319	3,010	462,869	(15,472)	454,726
Surplus from the income and expenditure statement		628	2,272	9,198	-	12,098
Reclassification of prior year income and expenditure		80	(90)	10	-	-
Other comprehensive income		-	-	7,077	5,197	12,274
Release of endowment and restricted funds spent in year		(362)	(1,358)	1,720	-	-
Total comprehensive income for the year		346	824	18,005	5,197	24,372
Balance at 31 July 2021		4,665	3,834	480,874	(10,275)	479,098
University						
	University	Income and expenditure account			Cash flow	
		Endowment £000	Restricted £000	Unrestricted £000	Hedge reserve £000	Total £000
Balance at 1 August 2019		3,579	427	453,933	(14,274)	443,665
Surplus from the income and expenditure statement		1,110	2,208	39,690	-	43,008
Reclassification of prior year income and expenditure		-	1,120	(1,120)	-	-
Other comprehensive income		-	-	(21,638)	(1,198)	(22,836)
Release of restricted funds spent in year		(370)	(745)	1,115	-	-
Total comprehensive income for the year		740	2,583	18,047	(1,198)	20,172
Balance at 1 August 2020		4,319	3,010	471,980	(15,472)	463,837
Surplus from the income and expenditure statement		628	2,272	9,451	-	12,351
Reclassification of prior year income and expenditure		80	(90)	10	-	-
Other comprehensive income		-	-	7,389	5,197	12,586
Release of endowment and restricted funds spent in year		(362)	(1,358)	1,720	-	-
Total comprehensive income for the year		346	824	18,570	5,197	24,937
Balance at 31 July 2021		4,665	3,834	490,550	(10,275)	488,774

The accompanying notes form part of these financial statements.

Consolidated and University balance sheet

as at 31 July 2021

	Note	Consolidated		University	
		2021		2020	
		£000	£000	£000	£000
Non-current assets					
Intangible assets	16	1,317	1,669	1,317	1,669
Tangible assets	17	780,714	790,441	780,540	790,259
Investment properties	18	126,886	115,031	126,411	114,616
Other investments	19	2,658	2,408	9,353	8,693
Non-current receivables	20	-	-	8,750	8,750
		911,575	909,549	926,371	923,987
Current assets					
Stocks		6,305	5,766	450	437
Trade and other receivables	20	26,955	30,855	27,455	31,473
Investments	22	24,171	27,083	24,171	27,083
Cash and cash equivalents		81,626	38,779	77,961	37,064
		139,057	102,483	130,037	96,057
Creditors: amounts falling due within one year	23	(113,896)	(102,013)	(111,529)	(102,213)
Net current assets		25,161	470	18,508	(6,156)
Total assets less current liabilities		936,736	910,019	944,879	917,831
Creditors: amounts falling due after more than one year	24	(352,548)	(342,406)	(352,548)	(342,406)
Provisions	26	(105,090)	(112,887)	(103,557)	(111,588)
Total net assets		479,098	454,726	488,774	463,837
Restricted reserves					
Income and expenditure reserve:					
- endowment reserve	27	4,665	4,319	4,665	4,319
- restricted reserve	29	3,834	3,010	3,834	3,010
Unrestricted reserves					
Income and expenditure reserve - unrestricted		480,874	462,869	490,550	471,980
Cash flow hedge reserve	30	(10,275)	(15,472)	(10,275)	(15,472)
Total reserves		479,098	454,726	488,774	463,837

The accompanying notes form part of these financial statements.

The financial statements and notes on pages 78 to 114 were approved by the Council on 25 November 2021 and signed on its behalf on 6 December 2021 by:

Professor G Q Max Lu AO DL
President and Vice-Chancellor

Michael Queen
Chair of the Council

Consolidated cash flow statement

for the year ended 31 July 2021

	Note	Consolidated	
		2020-21	
		£000	£000
Cash flow from operating activities			
Surplus for the year before tax		12,085	44,085
Adjustments for non-cash items			
Depreciation	17	32,477	35,093
Amortisation of intangibles	16	980	986
Gain/(loss) on investments	13	(10,334)	4,919
Impairment of fixed assets		1,011	2,054
Increase in stocks		(539)	(697)
(Increase)/decrease in receivables		1,076	3,440
Increase/(decrease) in creditors		14,806	(14,494)
Decrease in pension provision		(1,931)	(37,910)
Receipt of donated equipment		(391)	-
Adjustment for investing or financing activities			
Net income from Surrey Research Park		(8,032)	(7,197)
Other investment income		(241)	(733)
Interest payable	12	12,216	13,399
Endowment income	27	(50)	(1,156)
Capital grant income		(6,508)	(7,875)
Cash flows from operating activities before taxation			
Taxation		46,625	33,914
Net cash inflow from operating activities		64	73
		46,689	33,987
Cashflows from investing activities			
Capital grant receipts		5,706	2,925
Disposal of non-current asset investments		234	76
Withdrawal of deposits		3,000	8,044
Surrey Research Park net cash inflow		10,777	5,921
Investment income		339	5,111
Payments made to acquire fixed assets		(20,863)	(40,189)
Payments made to acquire intangible assets		(628)	(861)
New non-current asset investments		(2,065)	(1,672)
		(3,500)	(20,645)
Net cash inflow from financing activities			
New loans		121,618	-
Interest paid		(8,384)	(9,453)
Interest element of finance lease payments		(268)	(503)
Endowment cash received		50	575
Repayments of amounts borrowed		(99,311)	(11,449)
Loan and interest rate swap breakage costs		(13,763)	-
Capital element of finance lease payments	31	(284)	(697)
		(342)	(21,527)
Increase/(decrease) in cash and cash equivalents in the year		31	42,847
Cash and cash equivalents at beginning of the year			38,779
Cash and cash equivalents at end of the year			81,626

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 (2019 SORP) and in accordance with Financial Reporting Standard FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets, investment properties, other investments and derivative financial instruments). The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS102) not to produce a cash flow statement for the University as it is the ultimate parent entity.

Going concern

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Annual Report. The Annual Report also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities.

The University has prepared cash flow forecasts and modelled potential risks to those cash flow forecasts for the period to 31 December 2022. Risks and opportunities are monitored on an ongoing basis and discussed monthly by the Executive Board. Further mitigating actions will be taken if needed.

The University has considered its borrowing arrangements, including the impact of the refinancing that took place during 2020-21 and the availability of a £10m revolving credit facility that remains undrawn. The University is satisfied that the terms of its

borrowings provide appropriate security of funding, and affordability and certainty of debt servicing costs. The University has forecast compliance with its financial covenants and is satisfied that it has more than adequate headroom for any potentially conceivable adverse scenario.

Based on the above, the Council has a reasonable expectation that the University has adequate resources to continue in operation for a period of at least 12 months from the date of signing the financial statements. The going concern basis has therefore been adopted in the preparation of these financial statements.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year ended 31 July 2021. Intra group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the University of Surrey Students' Union as the University does not exert control or dominant influence over its policy decisions.

Recognition of income

Income from the sale of goods or services is credited to the statement of comprehensive income and expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is credited to the statement of consolidated income and expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Internally-funded bursary and scholarship payments are accounted for gross as expenditure and not deducted from income.

Where students are invoiced for tuition fees for a period that spans the financial year end, that income is apportioned between financial years based on the total time the student is studying at the University, not just teaching time.

Grant funding

Government revenue grants, including funding council block grants and research grants, are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are accounted for as donations and endowments. Donations and endowments are recognised in income either when the charitable donation has been received, or before receipt if there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Income from donations and endowments with donor-imposed restrictions is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is

released to general reserves through a reserve transfer.

Investment income and appreciation of endowments is recorded in income in the year in which it arises as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are three main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are initially recorded in creditors and released to the statement of comprehensive income and expenditure over the expected useful lives of the related assets. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Pension schemes

The principal pension schemes are the Universities Superannuation Scheme (USS) and the Surrey County Council Local Government Pension Scheme (Surrey Pension Fund).

The USS, which covers most academic and academic related staff, is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits (for some members). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the USS, the scheme's assets are not hypothecated to individual universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other

universities' employees and is unable to identify its share of the underlying assets and liabilities of the USS on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102, accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme in respect of the accounting period.

Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the USS will fund the overall deficit, the University recognises a liability within provisions for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The Surrey County Council Local Government Pension Scheme (Surrey Pension Fund) is a defined benefit pension scheme with assets held in a separate trustee-administered fund. The University is able to identify its share of the underlying assets and liabilities of the Surrey Pension Fund and therefore fully adopts Section 28 of FRS 102 in respect of this scheme. The scheme closed to new members with effect from 1 January 2016.

The University also operates the following pension schemes for current employees:

- a. Defined contribution schemes for staff groups previously eligible for membership of the Surrey Pension Fund, temporary employees and certain employees of a subsidiary undertaking. Contributions are charged to the statement of comprehensive income and expenditure as they become payable in accordance with scheme rules.

b. The National Health Service Pension Scheme is available to staff who immediately prior to appointment at the University were members of that scheme. This is a statutory, unfunded, multi-employer, defined benefit scheme in which the University is unable to identify its share of the underlying assets and liabilities. It is therefore accounted for on a defined contribution basis.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Agency arrangements

Funds received and disbursed as paying agent on behalf of a funding body are excluded from the statement of comprehensive income and expenditure where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Tangible fixed assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain assets, that were revalued to fair value on the date of transition to the 2015 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

a. Land and buildings

Under the transition rules of FRS 102, land and buildings were revalued on 1 August 2014 to fair value which is then used as its deemed cost at that date. Depreciation and impairment losses are subsequently charged on the revalued amount. Additions subsequent to this date are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Costs incurred in relation to land and buildings after initial purchase, construction or valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of up to 80 years.

No depreciation is charged on assets in the course of the construction.

Tangible fixed assets (continued)**b. Equipment**

Equipment costing less than £10,000 per individual item, or group of related items, is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its useful life, as follows:

Motor vehicles:	5 years
Other computing equipment:	3 years
Equipment acquired for specific research projects:	Project life
Other equipment:	5 to 20 years
Furniture:	10 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

Finance costs

Borrowing costs and interest receivable which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Intangible assets

Intangible assets are amortised over a period of up to seven years representing the estimated economic life of the assets and are subject to periodic impairment reviews as appropriate.

Fixed asset impairments

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate the carrying amount of the asset may not be recoverable, the impact thereof is calculated and the arising impairment is charged against the asset and the statement of comprehensive income and expenditure.

Leased assets**a. Operating lease**

Costs in respect of operating leases are charged to the statement of comprehensive income and expenditure on a straight line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

b. Finance lease

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the statement of comprehensive income and expenditure each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Maintenance of premises

The University has a cyclical long term maintenance plan, varying between four and five year cycles, which forms the basis of the ongoing maintenance of the estate. Expenditure on long term maintenance which does not meet the FRS 102 criteria for capitalisation, and expenditure on all routine corrective maintenance, is charged to the statement of comprehensive income and expenditure as incurred.

Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the statement of comprehensive income and expenditure. Properties are not depreciated but are revalued annually according to market conditions as at 31 July each year.

Investments

Non-current asset investments are held on the balance sheet at fair value where this is readily available. Otherwise they are recorded at amortised cost less impairment.

Current asset investments are held at fair value with movements recognised in the statement of comprehensive income and expenditure.

Stocks

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if in practice they are available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments, with a maturity date of three months or less from the date of acquisition, that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly Schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1, Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471 and 478-489 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University and its subsidiaries receive no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiary undertakings are subject to corporation tax in the same way as any commercial organisation, although they may be able to take advantage of Section 471 CTA 2010 to mitigate the corporation tax liability through gift aid.

Non-current asset investments are held on the balance sheet at fair value where this is readily available. Otherwise they are recorded at amortised cost less impairment.

Deferred taxation

Deferred tax is provided in full on subsidiary undertaking losses that are expected to be recovered in the future and on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

Financial instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS102 in full. Financial assets and financial liabilities are recognised in the balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

With the exception of derivatives, all material financial assets and liabilities meet the criteria for basic financial instruments prescribed within FRS 102 section 11.8 and are initially recognised at the transaction price plus any additional directly attributable transaction costs.

a. Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income and expenditure in other operating expenses.

b. Derivatives

Derivatives are held on the balance sheet at fair value. The University has adopted and complied with the requirements of hedge accounting in respect of certain interest rate swaps. Movements in fair value are recorded in the surplus/deficit for the year where hedge accounting is not adopted and within other comprehensive income where it is.

Research and development

Expenditure on general research and development is accounted for as an expense in the statement of comprehensive income in the year in which it is incurred.

Design and content costs relating to the development of websites to support specific teaching or training courses, or for specific research projects, are capitalised. These are amortised over the useful economic life of projects. Where there is uncertainty over the life of the course or its viability such costs are written off as incurred, as are design and content costs for websites that are for the general use of the University and its staff.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a probable asset, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowments made to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Key sources of estimation uncertainty

The Financial Statements are based on a number of key estimates and assumptions concerning the future. The resulting accounting estimates 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 addressed below.

a. Pensions

The various assumptions and parameters used in the valuation of the pension liabilities are disclosed in note 36, together with the key sensitivities in relation to the impact of those assumptions on the net pension liabilities.

In accordance with FRS 102, since the USS scheme meets the definition of a multi-employer scheme, the University recognises the discounted fair value of the contractual contributions under the USS deficit recovery plan in existence at the date of signing the financial statements.

The valuation of the balance sheet liability in respect of the University's share of the USS pension deficit requires assumptions relating to future salary increases and growth in headcount. These assumptions, which are derived from the University's latest planning round, are set out in note 36.

As described in note 36, the current USS pension deficit liability is based on the recovery rates and period from the 2018 valuation, which are considered the appropriate assumptions to use for calculating the deficit at 31 July 2021. As set out in note 39, the 2020 valuation was signed and filed with the Pensions Regulator with an effective date of 1 October 2021. The potential impact of the 2020 valuation on the deficit liability has been disclosed in that note.

The Surrey Pension Fund actuaries included an estimate of the cost of the impact of the McCloud judgment (a Public service pensions age discrimination case) in the pension liability valuation at 31 July 2020. No further adjustment has been made in the pension liability valuation at 31 July 2021.

The full impact of the indexation from the guaranteed minimum pension (GMP) benefits court case was included in the valuation of the Surrey Pension Fund liability at 31 July 2020, which was used as the starting point for the accounting rollforward calculations. An allowance for the full GMP indexation was therefore included in the valuation at 31 July 2021. The actuaries consider that further ruling regarding the historic transfers from GMP equalisation is unlikely to be significant in terms of impact on the pension obligations and so no allowance for this has been made at 31 July 2021.

Other court cases that could impact the Surrey Pension Fund, such as the Goodwin, Walker and O'Brien cases are not considered to have a significant impact on the Fund and so are not reflected in the provision at 31 July 2021.

The discount rates used in calculating the pension liabilities were determined with reference to market yields on high quality corporate bonds at 31 July, as follows:

- (i) For the Surrey Pension Fund, a Hymans Robertson corporate bond yield curve was constructed based on the constituents of the iBoxx AA corporate bond index.

(ii) For the USS pension deficit liability, a Mercer Yield Curve UK was used. A single discount rate was used for all years of the deficit recovery period that assumes a constant 5% salary growth. This is broadly consistent with the University's assumptions of 4% for future salary increases and 0.1% for headcount growth.

b. Fixed assets

Management assesses the useful economic life of buildings and equipment by considering the expected usage, estimated technical obsolescence, residual value and physical wear and tear of the asset. Differences between such estimates and actual results may have a material impact on the carrying values of the assets and may result in adjustments to future depreciation.

c. Investment property

Investment property has been valued on the basis of fair value. This is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. It is assumed that the property would be sold subject to any existing leases. In valuing the properties on the Research Park, the valuer has used a combination of 'Market Approach, Income Approach and Cost Approach' dependent upon the accepted basis for the asset type and its categorisation. The most appropriate valuation technique was adopted to determine the fair value of each asset based on assumptions relating to market rental yields determined from current leases and benchmarking against other research parks.

Due to Covid-19, the valuation of the Research Park completed buildings as at 31 July 2020 was made on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS valuation – Global Standards 2020. Despite the ongoing Covid-19 pandemic, the valuers consider that the valuation property markets were mostly functioning at 31 July 2021. The valuation based on 'material valuation uncertainty' was therefore not used for the valuation as at 31 July 2021.

d. Fair value of swaps and their effectiveness as a hedged instrument

The University has entered into a number of interest rate swaps to hedge against variable interest rate loans. During 2020-21 all but one of the swaps was terminated as part of a larger refinancing exercise. The remaining swap has been valued at the year end using a mark-to-market value provided by the University's treasury advisors from Bloomberg data. Any ineffectiveness in the swap is charged/credited to the statement of comprehensive income for the year.

Key judgements

With the exception of judgements involving estimation uncertainty disclosed above, no key judgements have been made that have a significant effect on the amounts recognised in the financial statements.

2. Funding council grants

		Consolidated & University	
	2020-21	2019-20	
	£000	£000	
Recurrent grant			
OfS and Research England			
Teaching	13,579	14,047	
Research	18,480	18,005	
	32,059	32,052	
Specific grants			
Higher Education Innovation Fund	4,045	3,470	
Other	2,578	1,956	
Deferred capital grants released in year			
Building	2,405	2,569	
Equipment	615	897	
	41,702	40,944	

3. Tuition fees and education grants

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
UK & EU undergraduates	95,270	94,401	95,270	94,401
UK & EU postgraduates	7,694	7,914	7,694	7,914
Non-EU undergraduates	27,469	29,972	27,469	29,972
Non-EU postgraduates	18,958	23,024	18,958	23,024
Non-credit bearing courses	1,986	2,913	1,986	2,913
Nurse training contract	4,574	3,870	4,574	3,870
Research training support grants	4,603	4,182	4,631	4,224
	160,554	166,276	160,582	166,318

4. Research grants and contracts

	Consolidated & University	
	2020-21	2019-20
	£000	£000
Research councils	19,777	16,907
UK based charities	2,833	2,193
Other UK government, health and hospital authorities	5,784	6,239
UK industry and commerce	3,180	2,738
EU government bodies	5,388	7,240
EU industry and commerce	1,666	3,832
Other grants and contracts	4,740	5,082
	43,368	44,231

5. Grant and fee income

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
The source of grant and fee income, included in notes 2 to 4 above is as follows:				
Grant income from the OfS	14,040	14,591	14,040	14,591
Grant income from other bodies	71,030	70,584	71,030	70,584
Fee income for taught awards (exclusive of VAT)	152,129	156,632	152,129	156,632
Fee income for research awards (exclusive of VAT)	2,394	3,123	2,422	3,123
Fee income from non-qualifying courses (exclusive of VAT)	6,031	6,521	6,031	6,563
	245,624	251,451	245,652	251,493

Grant income from other bodies above includes grant income from Research England and HEFCE.

6. Other income

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Residences, catering and conferences	26,214	31,472	25,955	31,025
Other services rendered	1,974	2,662	1,976	2,669
Income from use of University facilities	2,795	3,284	1,413	1,402
Other income	10,174	13,234	9,807	12,905
	41,157	50,652	39,151	48,001
Add: amounts relating to agency activities	-	-	1,294	1,966
	41,157	50,652	40,445	49,967

7. Investment income

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Investment income on endowments	46	70	46	70
Investment income on restricted reserves	2	6	2	6
Research Park income	11,210	10,320	11,252	10,361
Income from cash deposits	126	558	126	553
Other investment income	67	99	251	318
	11,451	11,053	11,677	11,308

8. Donations and endowments

	Consolidated & University	
	2020-21	2019-20
	£000	£000
New endowments (note 27)	195	1,156
Donations with restrictions	1,290	615
Unrestricted donations	52	238
	1,537	2,009

9. Staff

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Staff costs – operational:				
Wages and salaries	126,836	125,826	124,957	123,518
Social security costs	12,340	12,058	12,202	11,904
Pension costs	23,290	22,626	23,158	22,494
Compensation for loss of office	1,074	810	1,074	800
Add: amounts relating to agency activities	-	-	1,197	2,093
	163,540	161,320	162,588	160,809
Movement on USS provision	(286)	(38,435)	(286)	(38,435)
	163,254	122,885	162,302	122,374

Compensation for loss of office costs of £1,074,000 shown above were in respect of 75 employees on a consolidated and University basis.

Corresponding figures for 2019-20 of £800,000 on a University basis comprise £118,000 in respect of six employees, plus £682,000 of additional costs for 117 employees over and above the estimated figures for those employees recognised in the 2018-19 financial statements. The 2019-20 consolidated figures include an additional £10,000 for a further two employees.

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	Number	Number	Number	Number
Full-time equivalent staff numbers:				
Research and teaching	1,230	1,211	1,230	1,211
Professional	1,056	1,097	1,012	1,037
Technical and experimental	142	145	142	145
Operational	338	342	304	308
Other	9	9	9	9
	2,775	2,804	2,697	2,710

The full-time equivalent staff numbers for the University above exclude those relating to activities carried out by Surrey Sports Park Limited as the University's agent.

Access and participation

Included in staff costs above are the following costs that are shown as part of the access and participation costs included in note 14:

	Consolidated & University	
	2020-21	2019-20
	£000	£000
Access Investment	1,197	1,265
Financial Support	-	-
Disability Support (excluding expenditure included in Access Investment above)	1,229	1,170
Research and Evaluation	262	273
	2,688	2,708

Staff costs are calculated on an actual basis by referencing each individual's pay plus employer's NI and pension costs. For most departments a standard percentage of staff costs has been used, reflecting the proportion of home/EU students meeting the Widening Participation criteria.

10. Emoluments of higher paid staff

	Consolidated & University	
	2020-21	2019-20
	£000	£000
Emoluments of President and Vice-Chancellor:		
Salary	293	293
Bonus/performance related pay	-	12
Taxable benefits	27	27
Allowance in lieu of pension contributions	47	47
	367	379
Pension contributions	6	6
	373	385

In accordance with the Accounts Direction issued by the Office for Students (OfS), bonuses are reflected in emoluments in the year during which they are awarded. No bonus was awarded in 2020-21. The 2019-20 bonus of £12,000 reflects 2018-19 performance.

Taxable benefits for the Vice-Chancellor include £24,000 (2019-20: £24,000) relating to the provision of accommodation and associated utilities and £3,000 (2019-20: £3,000) for the cost of private healthcare cover.

Summary justification for total remuneration package for the President and Vice-Chancellor

In determining the Vice-Chancellor's remuneration the University has complied with the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC).

The Vice-Chancellor commenced employment at the University of Surrey on 25 April 2016. His salary is determined by the Remuneration Committee, based upon an assessment of his performance and benchmarking to sector norms. Professor Lu asked the Remuneration Committee to reduce his salary by £25,000 per annum with effect from 1 April 2019. His current salary is 5.35% lower than when he started at the University.

Professor Lu, like other senior staff, did not receive any bonus or performance related pay in 2020-21. This measure was taken to mitigate the potential financial difficulties the University faced as a result of the Covid-19 pandemic in solidarity with other staff members.

Pay ratios

Ratios of the President and Vice-Chancellor's emoluments to the median pay of all other employees (on a full-time equivalent basis) were as follows:

	Consolidated	
	2020-21	2019-20
Basic pay	7.4	7.5
Total remuneration	7.8	8.4

In accordance with the Accounts Direction issued by the OfS, the calculation for the pay ratio above is based on all employees (including associate staff) that are included in real-time reporting to HMRC. The calculation excludes Unitemps* workers who are included in real-time reporting to HMRC but are not classed as employees.

*Unitemps is the University's in-house recruitment agency

10. Emoluments of higher paid staff (continued)

	Consolidated	
	2020-21	2019-20
Basic salary of higher paid staff including the Vice-Chancellor (on a full-time equivalent basis):		
£100,000- £104,999	5	8
£105,000- £109,999	11	10
£110,000- £114,999	11	12
£115,000- £119,999	2	3
£120,000- £124,999	3	3
£125,000- £129,999	7	10
£130,000- £134,999	5	9
£135,000- £139,999	5	3
£140,000- £144,999	1	3
£145,000- £149,999	4	2
£150,000- £154,999	2	1
£155,000- £159,999	1	1
£160,000- £164,999	1	1
£165,000- £169,999	-	-
£170,000- £174,999	-	1
£175,000- £179,999	1	1
£180,000- £184,999	-	1
£185,000- £189,999	1	-
£190,000- £194,999	1	1
£290,000- £294,999	1	1
	62	71

In accordance with the Accounts Direction issued by the Office for Students (OfS), bonuses are reflected in emoluments in the year during which they are awarded. No bonus was awarded in 2020-21. The 2019-20 bonus of £12,000 reflects 2018-19 performance.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University defines its "key management personnel" to be the Executive Board members.

Key management personnel compensation is included in staff costs. The full-time equivalent number of key management personnel was 11.4 (2019-20: 11.7).

	2020-21	2019-20
	£000	£000
Salary, social security costs, pension contributions, compensation for loss of office and other emoluments	2,354	2,500

11. Other operating expenses

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Other operating expenses (including irrecoverable VAT) include:				
External auditors remuneration in respect of the audit of these financial statements	121	74	121	74
External auditors remuneration in respect of other services:				
Audit of the University's subsidiaries	23	15	-	-
Audit related services	6	3	6	3
Operating lease rentals:				
Land and buildings	2,117	3,216	2,310	3,216
Other	1,181	1,253	1,138	1,200
Foreign exchange losses/(gains)	189	(9)	189	(9)

The total consolidated statutory audit fee payable directly to KPMG, net of VAT, was £117,500 (2019-20: £84,852).

11. Other operating expenses (continued)

Trustees

No trustee received payment for serving as a trustee during the year (2019-20: £nil).

No trustee received payment for services provided to the University (2019-20: £nil).

No expenses were paid to or made on behalf of any trustees during the year (2019-20: £260 to one trustee).

12. Interest and other finance costs

	Consolidated		University	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
On bank loans and other loans:				
Loans wholly repayable within five years	5,568	619	5,568	619
Loans not wholly repayable within five years	6,596	8,772	6,596	8,772
	12,164	9,391	12,164	9,391
On finance leases	268	503	268	503
(Decrease)/increase in fair value of derivatives	(1,709)	1,254	(1,709)	1,254
Release of cash flow hedge reserve	211	-	211	-
Net charge on pension scheme	1,279	2,243	1,261	2,224
Other interest payable	3	8	3	8
	12,216	13,399	12,198	13,380

13. Gain/(loss) on investments

	Consolidated		University	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Gain/(loss) on revaluation of Research Park	10,251	(8,409)	10,251	(8,409)
Other investment property losses	(197)	(421)	(217)	(486)
Gain on sale of investments	86	4,344	86	4,344
Gain/(loss) on revaluation of other investments	190	(433)	185	(1,448)
Gain on sale of endowment investments	4	-	4	-
	10,334	(4,919)	10,309	(5,999)

14. Access and participation

	Consolidated & University	
	2020-21 £000	2019-20 £000
Access Investment	1,833	1,826
Financial Support	2,013	2,060
Disability Support	1,372	1,374
Research and Evaluation	359	362
	5,577	5,622

The figures above show expenditure only and do not reflect any grants or allowances received.

Expenditure has been included in the disclosure for Disability Support at an allocation rate of 13% representing the percentage of enrolled students declaring a disability.

The full access and participation plan for the University for this year and future years can be accessed here:
surrey.ac.uk/about/governance/access-plans

15a. Taxation

	Consolidated	
	2020-21 £000	2019-20 £000
Recognised in the statement of comprehensive income		
Theatre tax credit	(114)	(143)
Tax on profits of subsidiary undertakings	2	(66)
Foreign tax	99	41
Tax credit	(13)	(168)

15b. Factors affecting tax credit

	Consolidated	
	2020-21 £000	2019-20 £000
Surplus before taxation	12,085	44,085
Surplus multiplied by standard rate of corporation tax in the UK of 19% (2019-20: 19%)	2,296	8,376
Factors affecting charge:		
University surplus exempt from tax	(2,344)	(8,340)
Balances eliminated on consolidation exempt from tax	24	(20)
Tax charged on profits earned overseas	99	41
Theatre tax credit	(114)	(143)
Utilisation of losses not previously recognised	(24)	(78)
Deferred tax losses not previously recognised	-	(162)
Losses carried forward	1	3
Expenses disallowable for tax in subsidiaries	4	3
Revaluation in subsidiary disallowable for tax purposes	-	56
Other	43	162
Total tax credit excluding deferred tax	(15)	(102)
Deferred tax net charge/(credit) in subsidiaries	2	(66)
Total tax credit (note 15a)	(13)	(168)

16. Intangible assets

	Consolidated & University
	£000
Software	
Cost	
At 1 August 2020	12,387
Additions at cost	628
At 31 July 2021	13,015
Amortisation	
At 1 August 2020	10,718
Charge for the year	980
At 31 July 2021	11,698
Net book value	
At 31 July 2021	1,317
At 31 July 2020	1,669

17. Tangible fixed assets

Consolidated	Land and buildings		Assets under construction	Plant and equipment	Total
	Freehold	Leasehold			
	£000	£000	£000	£000	£000
Cost					
At 1 August 2020	829,055	8,780	31,860	151,949	1,021,644
Additions at cost	3	-	19,269	4,039	23,311
Transfers	-	-	(7,968)	7,968	-
Disposals at cost	-	-	-	(1,183)	(1,183)
At 31 July 2021	829,058	8,780	43,161	162,773	1,043,772
Depreciation					
At 1 August 2020	103,009	1,476	-	126,718	231,203
Charge for the year	21,512	246	-	10,719	32,477
Disposals	-	-	-	(622)	(622)
At 31 July 2021	124,521	1,722	-	136,815	263,058
Net book value					
At 31 July 2021	704,537	7,058	43,161	25,958	780,714
At 31 July 2020	726,046	7,304	31,860	25,231	790,441
University					
	Land and buildings		Assets under construction	Plant and equipment	Total
	Freehold	Leasehold			
	£000	£000	£000	£000	£000
Cost					
At 1 August 2020	828,923	8,780	31,860	151,945	1,021,508
Additions at cost	-	-	19,269	4,038	23,307
Transfers	-	-	(7,968)	7,968	-
Disposals at cost	-	-	-	(1,183)	(1,183)
At 31 July 2021	828,923	8,780	43,161	162,768	1,043,632
Depreciation					
At 1 August 2020	103,055	1,476	-	126,718	231,249
Charge for the year	21,501	246	-	10,718	32,465
Disposals	-	-	-	(622)	(622)
At 31 July 2021	124,556	1,722	-	136,814	263,092
Net book value					
At 31 July 2021	704,367	7,058	43,161	25,954	780,540
At 31 July 2020	725,868	7,304	31,860	25,227	790,259

At 31 July 2021 freehold land and buildings included £143,909,000 (2020: £143,909,000) in respect of freehold land which is not depreciated.

The freehold and leasehold land and buildings comprising the University's estate were valued as at 1 August 2014 by an external valuer, Gerald Eve LLP, a regulated firm of chartered surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Professional Standards (January 2014 amendment), FRS 102 and the 2015 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a fair value basis, with non-specialised operational properties valued on a fair value basis equating to market value on the assumption of a continuation of the existing use. The valuation is reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

17. Tangible fixed assets (continued)

During the year there were no borrowing costs capitalised in fixed assets (2019-20: £121,000 at a capitalisation rate of 3.38%).

Tangible fixed assets include the following with respect to assets held under finance leases:

	Consolidated & University	
	2021	2020
	£000	£000
Net book value		
Land & buildings	7,058	7,303
Equipment	16	170
	7,074	7,473
Depreciation charge for year		
Land & buildings	246	246
Equipment	7	52
	253	298

18. Investment properties

Consolidated	Research Park Buildings			Other Buildings	Total
	Undeveloped land	Under development	Completed buildings		
	£000	£000	£000	£000	£000
At 1 August 2020	5,473	834	107,814	910	115,031
Additions	-	1,756	186	40	1,982
Transfers	-	(1,478)	1,478	-	-
Disposals	-	-	(217)	(180)	(397)
Change in market value	747	-	9,503	20	10,270
At 31 July 2021	6,220	1,112	118,764	790	126,886
University					
	Research Park Buildings			Other Buildings	Total
	Undeveloped land	Under development	Completed buildings		
	£000	£000	£000	£000	£000
At 1 August 2020	5,473	834	107,814	495	114,616
Additions	-	1,756	186	-	1,942
Transfers	-	(1,478)	1,478	-	-
Disposals	-	-	(217)	(180)	(397)
Change in market value	747	-	9,503	-	10,250
At 31 July 2021	6,220	1,112	118,764	315	126,411

The Research Park completed buildings, which have a historical cost of £58,685,000 (2020: £57,239,000), were valued as at 31 July 2021 by an external valuer, Deloitte LLP. The valuation of the property was in accordance with Valuation Practice Standard 3 of the RICS Valuation – Global Standards 2017 (revised July 2017) ('The Red Book').

The valuation was prepared on the basis of fair value, defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

19. Other non-current investments

Consolidated	Subsidiary companies	Other non-current investments	Total
	£000	£000	£000
At 1 August 2020	-	2,408	2,408
Additions	-	84	84
Change in market value	-	166	166
At 31 July 2021	-	2,658	2,658

University	Subsidiary companies	Other non-current investments	Total
	£000	£000	£000
At 1 August 2020	6,491	2,202	8,693
Additions	500	-	500
Change in market value	(73)	233	161
At 31 July 2021	6,918	2,435	9,353

Significant shareholdings in subsidiaries

Name	Nature of business	Class of share	% held
Blackwell Park Ltd (BPL)	Property development	Ordinary	100
Surrey Sports Park Limited (SSPL)	Sports park management	Ordinary	100
University of Surrey Seed Fund Limited	Technology investment	Ordinary	100

All subsidiaries are registered in England and Wales.

20. Trade and other receivables

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade receivables	6,748	11,807	6,758	12,343
Amounts owed by subsidiary undertakings	-	-	9,385	9,140
Other receivables including taxation	153	160	131	141
Deferred tax (note 21)	118	294	-	-
Prepayments	5,394	5,479	5,394	5,479
Accrued income	14,542	13,115	14,537	13,120
	26,955	30,855	36,205	40,223

Deferred tax receivable relates to deferred tax credits arising in subsidiary companies. The recoverability of £118,000 of this balance (2020: £58,000) is dependent on future trading profits of Surrey Sports Park Limited and Blackwell Park Ltd.

Amounts owed by subsidiary undertakings includes £8,750,000 that is receivable after more than one year.

21. Deferred tax asset

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
The deferred tax asset comprises:				
Accelerated capital allowances	10	7	-	-
Short term timing differences	108	50	-	-
Pension	-	237	-	-
	118	294	-	-
Deferred tax asset excluding pension:				
Balance at 1 August	57	59	-	-
Charge to the statement of comprehensive income	61	(2)	-	-
Balance at 31 July	118	57	-	-
Deferred tax pension asset:				
Balance at 1 August	237	146	-	-
(Charge)/credit to the statement of comprehensive income	(62)	66	-	-
(Charge)/credit to other comprehensive income	(175)	25	-	-
Balance at 31 July	-	237	-	-

22. Current asset investments

	Consolidated & University	
	2021	2020
	£000	£000
Short term deposits (maturing within 1 year)	24,074	27,000
Other investments	97	83
	24,171	27,083

Short term deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months and less than 12 months maturity at inception.

23. Creditors: amounts falling due within one year

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Unsecured loans (note 25a)				
Obligations under finance leases	5,181	11,489	2,681	11,489
Payments received on account	735	756	735	756
Trade creditors	11,022	8,532	11,022	8,532
Amounts owed to group undertakings	6,520	4,239	6,539	4,207
Other creditors including taxation and social security	12,595	14,101	12,684	14,044
Government deferred capital grants	4,004	5,612	4,004	5,612
Accruals	22,445	14,638	22,312	14,572
Deferred income	51,394	42,646	51,410	42,911
	113,896	102,013	111,529	102,213

23. Creditors: amounts falling due within one year (continued)

Deferred income

Included within deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated & University	
	2021	2020
	£000	£000
Research grants received on account	11,513	7,614
Other grant income	1,134	591
	12,647	8,205

24. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Unsecured loans (note 25a)	272,901	244,286	272,901	244,286
Obligations under finance leases	6,209	6,619	6,209	6,619
Government deferred capital grants	63,189	64,063	63,189	64,063
Derivatives	10,249	27,438	10,249	27,438
	352,548	342,406	352,548	342,406

The derivatives relate to interest rate swaps that the University has entered into in order to fix the interest rate payable on certain of its borrowings.

During 2020-21 a hedging gain of £5,197,000 (2019-20: £1,390,000 loss) was recognised in the statement of comprehensive income for changes in fair value of interest rate swaps and £5,197,000 was reclassified from the statement of comprehensive income to the cash flow hedge reserve (2019-20: £1,198,000 reclassified from the cash flow hedge reserve to the statement of comprehensive income).

25. Borrowings

a. Unsecured loans

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Unsecured loans are repayable as follows:				
Within one year or on demand	5,181	11,489	2,681	11,489
Between one and two years	2,743	11,279	2,743	11,279
Between two and five years	8,907	29,988	8,907	29,988
Over five years	261,251	203,019	261,251	203,019
	278,082	255,775	275,582	255,775
Due within one year or on demand	(5,181)	(11,432)	(2,681)	(11,432)
Due after more than one year	272,901	244,286	272,901	244,286
Unsecured loans repayable by 2052	278,082	255,775	275,582	255,775

25. Borrowings (continued)

Unsecured loans at 31 July 2021 were as follows:

	£000	Interest rate basis	Maturity	Borrower
Bank: Santander	35,887	variable	2035	University
Private placement: Pricoa	40,000	fixed	2041	University
North Western Mutual	10,000	fixed	2041	University
Legal & General	40,000	fixed	2046	University
Pricoa	55,000	fixed	2046	University
North Western Mutual	60,000	fixed	2051	University
BAE Systems Pension Fund	25,000	fixed	2052	University
Other: Department of Business Energy and Industrial Strategy (BEIS)	9,077	fixed	2031	University
Other	577	nil	Not fixed	University
Other	41	fixed	2022	SSPL^
University	275,582			
Other	2,500	fixed	2022*	BPL
Consolidated	278,082			

During 2020-21 the University refinanced the majority of its bank loans and interest rate swaps with a £110m private placement.

Details of the refinancing are shown on page 72.

All loans are unsecured. The bank loan agreement and the private placement note purchase agreements include a negative pledge clause whereby the University undertakes not to grant security over its assets to third parties.

*The loan to Blackwell Park Ltd is repayable on 30 April 2022 unless otherwise agreed between the two parties.

^Relates to activities carried out by SSPL as the University's agent.

The weighted average interest rate for 2020-21, inclusive of lender margins and swap costs, was 3.23% (2019-20: 3.64%).

b. Finance leases

The total minimum lease payments relating to finance lease obligations are as follows:

Consolidated & University	2021		2020			
	Land & buildings	Plant & equipment	Total	Land & buildings	Plant & equipment	Total
	£000	£000	£000	£000	£000	£000
Within one year	1,603	9	1,612	1,159	54	1,213
Between two and five years	4,637	11	4,648	4,662	133	4,795
Over five years	2,539	-	2,539	3,672	-	3,672
Total minimum lease payments	8,779	20	8,799	9,493	187	9,680
Less: interest payable	(1,853)	(2)	(1,855)	(2,301)	(4)	(2,305)
Net finance lease obligation	6,926	18	6,944	7,192	183	7,375

The total minimum lease payments figures shown above include the following amounts in respect of a building lease which was terminated after the year end:

Within one year £347,000

Between two and five years £1,387,000

Over five years £1,440,000

The full outstanding liability was settled on termination.

26. Provisions

Consolidated	Obligation to fund deficit on US\$ pension	Defined benefit obligations	Pension enhancements on termination	Other	Total
	£000	£000	£000	£000	£000
At 1 August 2020	45,760	65,914	1,213	-	112,887
Utilised in year	(1,917)	(1,366)	(12)	-	(3,295)
Charged/(credited) to statement of comprehensive income	53	(4,647)	42	50	(4,502)
At 31 July 2021	43,896	59,901	1,243	50	105,090
University	Obligation to fund deficit on US\$ pension	Defined benefit obligations	Pension enhancements on termination	Other	Total
	£000	£000	£000	£000	£000
At 1 August 2020	45,760	64,615	1,213	-	111,588
Utilised in year	(1,917)	(1,366)	(12)	-	(3,295)
Charged/(credited) to statement of comprehensive income	53	(4,831)	42	-	(4,736)
At 31 July 2021	43,896	58,418	1,243	-	103,557

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated salary inflation and future staff levels within the USS scheme for the duration of the contractual obligation. Key assumptions are set out below and further information is provided in note 1.

Included in the Obligation to fund the USS pension deficit are deficit recovery contributions due within one year of £5,445,000 (2020: £1,899,000).

The defined benefit obligations comprise the deficits on the local government pension scheme (Surrey Pension Fund). Obligations and payments are subject to revision following each triennial valuation. In July 2018 a discounted lump sum payment of £2,046,000 was made in respect of payments due for the period 1 August 2018 to 31 March 2020. The current agreed repayment plan is for the University to make monthly payments to the Surrey Pension Fund to repay the deficit in full by 31 March 2034. As from 1 August 2020 payments totalling £1,366,000 p.a. are being made until 31 July 2023. Future payments will be subject to revision following each triennial valuation.

For the assumptions on the discount rate and inflation used for calculating the provision for pension enhancements on termination see note 36b.

27. Endowment reserve

Consolidated & University	Restricted permanent	Restricted expendable	2021 Total	2020 Total
	£000	£000	£000	£000
Balances at 1 August				
Capital	1,484	2,371	3,855	2,092
Accumulated income	263	201	464	1,487
	1,747	2,572	4,319	3,579
New endowments	-	195	195	1,156
Investment income	32	18	50	70
Expenditure	(33)	(329)	(362)	(370)
Increase/(decrease) in market value of investments	235	148	383	(116)
Transfer from other reserves	-	80	80	-
	234	112	346	740
At 31 July	1,981	2,684	4,665	4,319
Represented by:				
Capital	1,508	2,336	3,844	3,855
Accumulated income	473	348	821	464
	1,981	2,684	4,665	4,319
Analysis by purpose:				
Scholarships and bursaries	952	951	1,903	1,716
Prize funds	-	796	796	756
Hardship funds	1,003	94	1,097	939
Educational	-	727	727	782
Research support	-	11	11	53
Other	26	105	131	73
	1,981	2,684	4,665	4,319
Analysis by asset:				
Investment property			315	581
Listed investments			2,349	1,856
Cash held as part of investment portfolio			41	150
Cash held at bank for endowment funds			1,960	1,732
			4,665	4,319

28. Connected charitable institutions

A number of charitable institutions are administered by the University and have been established for its general or specific purposes. As a result, under paragraph 28 of schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. All connected institutions are included in these consolidated financial statements. The movements in the year on the total funds of connected institutions, as reported in their own accounts, were as follows:

Connected institutions with income under £100,000

	At 1 August 2020	Income	Expenditure	Change in market value	At 31 July 2021
	£000	£000	£000	£000	£000
Restricted expendable endowment funds:					
Scholarship (1 fund)	602	9	(34)	122	699
Studentship (1 fund)	34	-	(27)	-	7
	636	9	(61)	122	706

There were no connected institutions with income over £100,000.

29. Restricted reserves

Consolidated & University

	Donations	2021 Total	2020 Total
	£000	£000	£000
At 1 August 2020	3,010	3,010	427
New donations	2,272	2,272	2,208
Reclassification of prior year income and expenditure	(90)	(90)	1,120
Expenditure	(1,358)	(1,358)	(745)
At 31 July 2021	3,834	3,834	3,010
Analysis of restricted reserves by purpose:			
Studentships	277	205	
Prize funds	846	370	
Hardship fund	298	326	
Research support	2,326	2,065	
Other	87	44	
	3,834	3,010	

30. Cash flow hedge reserve

	Consolidated & University	
	2021	2020
	£000	£000
At 1 August 2020	(15,472)	(14,274)
Hedging gain/(loss)	4,986	(1,198)
Balance released on hedge termination	211	-
At 31 July 2021	(10,275)	(15,472)

31. Analysis of changes in net debt

	At 1 August 2020	Cash flows	Non-cash changes	At 31 July 2021
	£000	£000	£000	£000
Loans due within one year (note 23)	(11,489)	8,063	(1,755)	(5,181)
Loans due after one year (note 24)	(244,286)	(30,370)	1,755	(272,901)
Finance leases (note 25b)	(7,375)	284	147	(6,944)
Financing	(263,150)	(22,023)	147	(285,026)
Cash and cash equivalents	38,779	42,847	-	81,626
Short term deposits (note 22)	27,000	(2,926)	-	24,074
	(197,372)	17,898	147	(179,326)

32. Capital commitments

	Consolidated & University	
	2021	2020
	£000	£000
Commitments contracted at 31 July	5,029	7,133
Authorised but not contracted at 31 July	19,812	15,511
	24,841	22,644

33. Lease obligations

Total future minimum lease payments payable under non-cancellable operating leases are as follows:

Consolidated	2021		2020	
	Land & buildings	Plant & equipment	Land & buildings	Plant & equipment
	£000	£000	£000	£000
Expiry date:				
Within one year	63	674	2,053	460
Between two and five years	156	523	-	643
Over five years	-	-	-	-
	219	1,197	2,053	1,103

University

	2021		2020	
	Land & buildings	Plant & equipment	Land & buildings	Plant & equipment
	£000	£000	£000	£000
Expiry date:				
Within one year	60	502	2,053	460
Between two and five years	156	221	-	632
Over five years	-	-	-	-
	216	723	2,053	1,092

33. Lease obligations (continued)

Total future minimum lease payments receivable under non-cancellable operating leases are as follows:

Consolidated	2021	2020
	Land & buildings £000	Land & buildings £000
Expiry date:		
Within one year	6,976	6,639
Between two and five years	20,075	17,682
Over five years	20,552	17,818
Total	47,603	42,139

University	2021	2020	2018 valuation £000
	Land & buildings £000	Land & buildings £000	
Expiry date:			
Within one year	6,493	6,631	63,700,000
Between two and five years	19,429	17,361	(67,300,000)
Over five years	20,552	17,818	(3,600,000)
Total	46,474	41,810	95%

34. Contingent assets and liabilities

There are no known contingent assets or liabilities.

35. Financial commitments

There are no known financial commitments.

36. Pension schemes

The total pension cost for the University and its subsidiaries was:

	Consolidated		University	
	2020-21 Total £000	2019-20 Total £000	2020-21 Total £000	2019-20 Total £000
USS	17,916	18,321	18,056	18,388
Local government pension scheme	3,944	3,968	3,855	3,914
Other pension schemes	1,144	337	961	192
Total pension cost	23,004	22,626	22,872	22,494

36. Pension schemes (continued)

a. Universities Superannuation Scheme (USS)

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 was completed after the year end and relevant disclosures have been made in note 39 to these financial statements.

Since the University cannot identify its share of the Retirement Income Builder section (i.e. the defined benefit section) of the scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%. FRS 102 valuations of these assets and liabilities at 31 March 2018 were:

	2018 valuation £000
Scheme assets	63,700,000
Total scheme liabilities	(67,300,000)
FRS 102 total scheme deficit	(3,600,000)
FRS 102 total funding level	95%

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the USS 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%
Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
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:

Mortality base table

2018 valuation	Pre-retirement	Post-retirement
Male members' mortality	71% of AMC00 (duration 0)	97.6% of SAPS S1NMA "light"
Female members' mortality	112% of AFC00 (duration 0)	102.7% of RFV00

Future improvements in mortality rates (2018 valuation):

CMI_2017 (2017 valuation: CMI_2016) with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2021	2020
Males/females currently aged 65	24.6/26.1 years	24.4/25.9 years
Males/females currently aged 45	26.6/27.9 years	26.3/27.7 years

36. Pension schemes (continued)

Recovery plan

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, then 6% from 1 October 2021 through to 31 March 2028. The 2021 deficit recovery liability reflects this plan. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit.

The University has used a financial model to estimate its liability to USS under the USS deficit recovery plan. The model was developed by the British Universities Finance Directors Group (BUFDG), with the support of the USS trustee company. The following assumptions were used in that model:

	2021	2020
Opening discount rate	0.74%	1.62%
Closing discount rate	0.89%	0.74%
Salary inflation	4.00%	2.00% for 2020-21, 4.00% thereafter
Staff changes	0% to 1.0%	-1.8% to 1.0%

A further full valuation as at 31 March 2020 was signed and filed with the Pensions Regulator on 4 October 2021. The financial impact on the pension liability of the deficit recovery plan agreed as part of that valuation is shown in note 39.

b. Surrey County Council local government pension scheme (Surrey Pension Fund)

The Surrey Pension Fund is valued every three years by professionally qualified independent actuaries using the projected unit method. In the intervening years the actuary reviews the progress of the scheme.

The contribution rate payable by the employer as a percentage of payroll is 18.9%. This percentage reflects the future service contribution. The past service deficit will be met by the payment of monetary amounts. In July 2018 the University agreed with Surrey County Council to prepay the monthly deficit payments for the period 1 August 2018 to 31 March 2020 with a single discounted lump sum payment. A new repayment plan commenced from August 2020. Payments made in respect of the past service deficit during the year were £1,366,000 (2019-20: £nil).

Under the definitions set out in section 28 of FRS 102, "Employee benefits", the Surrey Pension Fund is a multi-employer defined benefit pension scheme. The actuary has identified the University's share of its assets and liabilities as at 31 July 2021.

A full actuarial valuation was carried out as at 31 March 2019 and updated to 31 July 2021 on an FRS102 basis by a qualified independent actuary. The material assumptions used by the actuary were:

	2021	2020
Pension increase rate (CPI)	2.9%	2.2%
Salary increase rate	3.8%	3.1%
Discount rate	1.6%	1.4%

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. The model also assumes an allowance for smoothing of recent mortality experience and a long-term rate of improvement of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 for males and females are summarised below:

	2021		2020	
	Males	Females	Males	Females
Current pensioners	22.3 years	24.7 years	22.1 years	24.3 years
Future pensioners (assumed age at 31 March 2019 is 45 years)	23.4 years	26.4 years	22.9 years	25.7 years

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post-April 2008 service.

36. Pension schemes (continued)

b. Surrey County Council local government pension scheme (Surrey Pension Fund) (continued)

The Group's estimated share of the assets in the scheme was:

	2021	2020
	£000	£000
Equities	92,187	72,067
Bonds	21,178	18,271
Property	8,720	8,120
Cash	2,492	3,045
	124,577	101,503

The following amounts were measured in accordance with the requirements of FRS 102:

Analysis of amounts shown in the balance sheet

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Fair value of employer assets	124,577	101,503	122,124	99,532
Present value of funded liabilities	(184,478)	(167,417)	(180,542)	(164,147)
Net underfunding in funded plans	(59,901)	(65,914)	(58,418)	(64,615)
Present value of unfunded liabilities	(1,189)	(1,147)	(1,189)	(1,147)
Net liability	(61,090)	(67,061)	(59,607)	(65,762)

Analysis of amounts recognised in the consolidated statement of comprehensive income

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Current service cost	3,880	3,968	3,819	3,914
Net interest	940	876	922	857
Past service cost (including curtailments)	36	-	36	-
	4,856	4,844	4,777	4,771
Actual return on plan assets	23,418	(6,780)	22,960	(6,533)

36. Pension schemes (continued)

b. Surrey County Council local government pension scheme (Surrey Pension Fund) (continued)

Analysis of amounts recognised in other comprehensive income

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Changes in financial assumptions	(14,906)	(13,163)	(14,349)	(12,601)
Changes in demographic assumptions	(2,149)	(3,826)	(2,098)	(3,754)
Other experience gains	2,306	2,558	2,266	2,025
Less: release of prior year GMP provision	-	1,481	-	1,481
Return on assets excluding amounts shown in net interest	22,000	(9,085)	21,570	(8,789)
Total measurements recognised in other comprehensive income	7,251	(22,035)	7,389	(21,638)

Changes in the present value of the defined benefit obligation

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Opening defined benefit obligation	168,564	151,099	165,294	148,044
Current service cost	3,880	3,968	3,819	3,914
Interest cost on defined benefit obligation	2,358	3,181	2,312	3,113
Contributions by members	488	523	476	511
Changes in financial assumptions	17,055	16,986	16,447	16,351
Other experience gains	(2,306)	(2,558)	(2,266)	(2,025)
Past service cost (including curtailments)	36	-	36	-
Estimated benefits paid	(4,325)	(4,548)	(4,304)	(4,527)
Unfunded benefits paid	(83)	(87)	(83)	(87)
Closing defined benefit obligation	185,667	168,564	181,731	165,294

The 31 March 2019 triennial funding valuation included an allowance for full GMP indexation. The roll forward position to 31 July 2021 therefore includes this allowance.

In response to the ongoing reform of RPI, the actuary has taken a revised approach to setting the CPI assumption: an increase in the inflation risk premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £10.3m increase to the defined benefit obligation at 31 July 2021.

36. Pension schemes (continued)

b. Surrey County Council local government pension scheme (Surrey Pension Fund) (continued)

Changes in the fair value of employer assets

	Consolidated		University	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Opening fair value of employer assets	101,503	110,561	99,532	108,358
Interest on assets	1,418	2,305	1,390	2,256
Contributions by members	488	523	476	511
Contributions by the employer	3,493	1,747	3,460	1,723
Contributions in respect of unfunded benefits	83	87	83	87
Return on assets less interest	22,000	(9,085)	21,570	(8,789)
Estimated benefits paid	(4,325)	(4,548)	(4,304)	(4,527)
Unfunded benefits paid	(83)	(87)	(83)	(87)
Closing fair value of employer assets	124,577	101,503	122,124	99,532

c. London Pensions Fund Authority local government pension scheme (LPFA Pension Fund)

On 7 August 2012 the University entered into a deficit repayment plan ('the Agreement') with the LPFA in relation to the pension liabilities of former employees of the University's predecessor institution in the Fund. The Agreement stated the LPFA had the right to review and amend the annual deficit payment and/or the repayment period where it was estimated, on a cessation basis calculated by the Fund actuary, that the deficit amounted to £100,000 or less. The Agreement also stated that the LPFA had the right to terminate the agreement if this was the case and thus instruct the Fund actuary to carry out a final cessation valuation determining the final amount for the employer to pay.

A final cessation valuation was carried out as at 31 August 2019. This showed a surplus of £68,000 and, under the terms of the Agreement, the actuary confirmed that the University could exit the Fund with nothing further to pay. This surplus was paid to the University in November 2020 at which point the scheme closed.

The cessation valuation did not include any allowance for unfunded benefits in respect of pension enhancements on termination. An amount of £54,000 is included in provisions at 31 July 2021 (2020: £66,000) in respect of these unfunded benefits, representing the 31 July 2019 valuation of £77,000 less payments made since totalling £23,000 (see note 26).

37. Related party transactions

All transactions involving entities in which a member of the Council or the Executive Board may have an interest, including those identified below, are conducted in accordance with the University's financial regulations and normal procurement procedures. The University has taken advantage of the exemption under FRS 102 not to disclose transactions with subsidiaries that are wholly owned. The table below shows transactions with related parties not covered by the exemption.

Related parties include Council and Executive Board members and entities over which the Council and Executive Board members have significant influence.

2020-21	Recognised income	Recognised expenditure	Balance due to/(from) the University		
	£000	£000	£000		
Committee of University Chairs	-	2	-		
Farnborough College of Technology	38	23	(2)		
University of Surrey Students' Union	218	1,396	45		

2019-20	Recognised income	Recognised expenditure	Balance due to/(from) the University		
	£000	£000	£000		
BNP Paribas	1	48	-		
Farnborough College of Technology	-	13	-		
Guildford Cathedral	-	2	-		
SPIE The International Optics and Photonics Society	2	15	-		
University of Surrey Students' Union	73	1,248	5		
Watts Gallery	20	2	-		

38. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial instruments include:

	2021	2020
	£000	£000
Assets measured at fair value through the statement of comprehensive income	129,332	116,971
Liabilities measured at fair value through the statement of comprehensive income	(10,249)	(27,438)

Assets

The fair value of the financial assets measured at fair value through the statement of comprehensive income is determined by reference to their quoted bid price at the balance sheet date.

During the year income arising from assets measured at fair value of £7,768,000 (2019-20: £7,250,000) and net gains on changes in fair value of £10,818,000 (2019-20: £8,203,000 losses) were recognised in the statement of comprehensive income.

38. Financial instruments (continued)

Liabilities

The University uses interest rate swaps as cash flow hedges against the risk of fluctuations in cash flows arising from interest rate changes on certain of its borrowings. These swaps, included in liabilities above, are as follows:

Bank	Interest rate %	Maturity	Interest payment frequency	2021	2020
Lloyds	5.09	2032	Quarterly	-	1,767
Lloyds	5.38	2032	Quarterly	-	3,339
Lloyds	5.49	2022	Quarterly	-	195
Lloyds	4.00	2038	Quarterly	-	901
National Westminster	4.74	2024	Quarterly	-	944
National Westminster	4.52	2024	Quarterly	-	6,982
Lloyds	4.33	2035	Quarterly	10,249	13,311
				10,249	27,439

The fair value of interest rate swaps, recorded in liabilities, is based on broker quotes using forecast projections of LIBOR. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

During the year, as part of a refinancing exercise, the University paid £10,494,000 to terminate six swaps. This resulted in credits of £1,612,000 to interest payable and £2,022,000 to other comprehensive income. Changes in fair value of the remaining swap resulted in a credit of £97,000 to interest payable (2019-20: £1,254,000 charge for all swaps) and £2,964,000 to other comprehensive income (2019-20: £1,198,000 charged for all swaps).

39. Post balance sheet events

Non adjusting

Since the year end, following completion of the 2020 Universities Superannuation Scheme actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. There will be no deficit recovery contributions from this date until 1 April 2022, when a rate of 6.3% will apply. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £140.6m, an increase of £96.7m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee's recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They will then remain at this level until 31 July 2032. Negotiations continue and an increase to this level is considered remote.

If the schedule of contributions remains unchanged, the University's financial statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

40. US supplementary schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

All figures are on a consolidated basis.

40. US supplementary schedule (continued)

Primary reserve ratio

Page		2020-21		2019-20	
		£000	£000	£000	£000
Expendable net assets					
80	Balance Sheet – unrestricted reserves	Net assets without donor restrictions	-	470,599	-
80	Balance Sheet – restricted reserves	Net assets with donor restrictions	-	8,499	447,398
110	Notes to the Financial Statements – 37 Related Party Transactions	Secured and Unsecured related party receivable	45	-	5
110	Notes to the Financial Statements – 37 Related Party Transactions	Unsecured related party receivable	-	(45)	(5)
94 & 95	Notes to the Financial Statements – 17 Tangible Fixed Assets total less Leased assets, 18 Investment properties	Property, plant and equipment, net (includes Construction in progress)	900,526	-	897,999
94 & 95	Notes to the Financial Statements – 17 Tangible Fixed Assets total less Leased assets, 18 Investment properties, less construction-in-progress, less post-implementation additions below	Property, plant and equipment – pre-implementation	-	(787,320)	(784,636)
-	Notes to the Financial Statements – Balance Sheet – Property, plant and equipment – post-implementation with outstanding debt for original purchase	Property, plant and equipment – post-implementation with outstanding debt for original purchase	-	-	-
114	See table at end of note	Property, plant and equipment – post-implementation without outstanding debt for original purchase	-	(70,045)	(71,344)
94	Notes to the Financial Statements – 17 Tangible Fixed Assets	Construction in progress	-	(43,161)	(31,860)
95	Notes to the Financial Statements – 17 Tangible Fixed Assets	Lease right-of-use asset, net	7,074	-	7,473
95	Notes to the Financial Statements – 17 Tangible Fixed Assets	Lease right-of-use asset pre-implementation	-	(7,074)	-
-	Notes to the Financial Statements – Balance Sheet – Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation	-	-	-
-	Balance Sheet – Goodwill	Intangible assets	-	-	-
80	Balance sheet – Intangible Assets	Intangible assets	-	(1,317)	(1,669)
80	Balance Sheet – Provisions	Post-employment and pension liabilities	-	105,040	112,887
99	Notes to the Financial Statements – 25 Borrowings	Long-term debt – for long term purposes	278,082	-	255,775
99	Notes to the Financial Statements – 25 Borrowings	Long-term debt – for long term purposes pre-implementation	-	266,464	255,775
-	Balance Sheet – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes post-implementation	-	-	-
-	Balance Sheet – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process	-	-	-

40. US supplementary schedule (continued)

Primary reserve ratio (continued)

Page		2020-21		2019-20	
		£000	£000	£000	£000
99 Notes to the Financial Statements – 25 Borrowings					
99	Notes to the Financial Statements – 25 Borrowings	Lease right-of-use asset liability	-	6,944	-
99	Notes to the Financial Statements – 25 Borrowings	Pre-implementation right-of-use leases	-	6,944	7,375
-	Balance Sheet – Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases	-	-	-
-	Balance Sheet – Annuities	Annuities with donor restrictions	-	-	-
-	Balance Sheet – Term endowments	Term endowments with donor restrictions	-	-	-
-	Balance Sheet – Life Income Funds	Life income funds with donor restrictions	-	-	-
101	Notes to the Financial Statements – 27 Endowment Reserve	Net assets with donor restrictions: restricted in perpetuity	-	(1,981)	(1,747)
Total expenses and losses					
78	Statement of Comprehensive Income – Expenditure	Total expenses without donor restrictions – taken directly from Statement of Comprehensive Income	-	297,007	303,277
78	Statement of Comprehensive Income – Investment income, Gain/loss on investments, Actuarial gain in respect of pension schemes, Change in fair value of hedging instruments	Non-Operating and Net Investment (loss)	-	(34,059)	17,074
78	Statement of Comprehensive Income – Investment income, Gain/loss on investments	Net investment losses	-	(21,785)	(6,134)
-	Statement of Comprehensive Income – Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	-	-	-
Modified net assets					
80	Balance Sheet – Unrestricted reserves	Net assets without donor restrictions	-	470,538	447,398
80	Balance Sheet – Restricted reserves	Net assets with donor restrictions	-	8,499	7,328
-	Balance Sheet – Goodwill	Intangible assets	-	-	-
110	Notes to the Financial Statements – 37 Related Party Transactions	Secured and Unsecured related party receivable	45	-	5
110	Notes to the Financial Statements – 37 Related Party Transactions	Unsecured related party receivable	-	45	(5)
Modified assets					
80	Balance Sheet – Non-current assets + current assets	Total Assets	-	1,050,632	1,012,031
95	Notes to the Financial Statements – 17 Tangible Fixed Assets	Lease right-of-use asset pre-implementation	-	(7,074)	(7,473)
99	Notes to the Financial Statements – 25 Borrowings	Pre-implementation right-of-use leases	-	6,944	7,375
-	Balance Sheet – Goodwill	Intangible assets	-	-	-
110	Notes to the Financial Statements – 37 Related Party Transactions	Secured and Unsecured related party receivable	45	-	5
110	Notes to the Financial Statements – 37 Related Party Transactions	Unsecured related party receivable	-	(45)	(5)

40. US supplementary schedule (continued)

Primary reserve ratio (continued)

Page		2020-21		2019-20	
		£000	£000	£000	£000
Net Income Ratio					
80	Balance Sheet – Change in unrestricted reserves	Change in Net Assets Without Donor Restrictions	-	23,141	-
78	Statement of Comprehensive Income – Total income less Investment income, Loss on disposal of fixed assets	Total Revenue and Gains	-	287,307	-
					300,113

Analysis of fixed asset additions

	Freehold and leasehold land and buildings	Equipment	Investment property	Total	Construction in progress
Net Book Value	£000	£000	£000	£000	£000
Assets acquired pre 1 August 2019	654,163	16,640	123,591	794,394	10,017
Assets acquired post 1 August 2019	57,432	9,318	3,295	70,045	33,144
	711,595	25,958	126,886	864,439	43,161



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