



University of
Reading

**ANNUAL
REPORT AND
FINANCIAL
STATEMENTS**

2021–2022



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PRESIDENT'S FOREWORD

Helen Gordon

I am honoured to have been appointed as the new President of Council at the University of Reading. This is a time of great change and opportunity for the University, especially as it approaches its centenary in 2026. I look forward to working closely with members of Council and the Vice-Chancellor to support the delivery of our strategy that will benefit students, staff and the wider community. I would also like to thank my predecessor, Dr Paul Preston, for his service and excellent guidance to the University during his term as President of Council.

Having already served on the University's Council, I know that there are a number of challenges facing the higher education sector and Reading specifically. We are still feeling some financial impact from the pandemic which we continue to closely monitor. Brexit has affected student recruitment from EU countries, and we've also seen reduced access to EU research funding. And static fees for UK students on undergraduate degrees means that we are seeing income shortfalls due to inflationary pressures.

Universities across the UK are having to deal with all these compounding issues, but I think it is testament to the dedication and skill across the University community that Reading has been able to do so without any detriment to its core mission of delivering high-quality teaching and research.

Indeed, the University has had a most successful year, with rises in some of the most prominent national and international league tables, a strong overall outcome in the Research Excellence Framework, and a record undergraduate intake – not to mention reaching the final of *University Challenge*.

New collaborations with the European Centre for Medium-Range Weather Forecasts (ECMWF) and the Natural History Museum build on the existing relationships we have with the likes of Shinfield Studios, the British Museum, the Royal Berkshire Hospital and the Berkshire Healthcare NHS Foundation Trust. These relationships help to amplify the impact that we have in the local area and the local economy.

The University continues to support diversity and inclusion within our student and staff population. This year we published the Disability and Neurodiversity Review, which suggests changes on improving the working experience of disabled, neurodivergent colleagues, or those with chronic conditions or long-term illnesses. The University is also currently progressing the recommendations set out in the Race Equality Review that was published in May 2021, to ensure fairer and more equal treatment for all staff and students.

Reading is a truly global institution, and while many ongoing international events appear concerning, they highlight the importance of maintaining our presence and working for the good of others on the world stage. Our branch campuses have a key role to play. Following some challenging early years for the University of Reading Malaysia (UoRM), the campus underwent a restructure in 2019 and is now in a stronger operational and financial position. This year we received full accreditation for our law programme, and we are proudly the only branch campus in Malaysia with a law school, with our first cohort graduating this year.

It has also been wonderful to see an increasing number of students from UoRM taking up the opportunity to transfer to the UK campus, in line with the University's international strategy.

As we look towards the year ahead, I have no doubt there will be many more successes to celebrate, as well as some challenges to overcome. Together we will meet these head on and continue making strides towards our four strategic principles of community, excellence, sustainability – both financial and environmental – and being a university fully engaged with the world around us.

Helen Gordon

President of the Council

30 November 2022

VICE-CHANCELLOR'S FOREWORD

Professor Robert Van de Noort

This has been a year of collaboration and community.

After two years of significant disruption, I am pleased to say that the 2021/22 academic year brought some normality back to life at the University. At the beginning of the year, we saw many more students and colleagues back on campus and the University returned to being a thriving community. A university is fundamentally a group of people. The learning and growth of our students, and the research and teaching successes of our colleagues, can only occur in a flourishing, thriving community. This principle is everyone's responsibility.

The National Student Survey published in 2022 showed significant increases in scores across the board. It is evidence that the remarkable efforts of colleagues to support our students' learning through and since the pandemic have been very effective and much appreciated.

Research and discovery are at the heart of our work. I would like to thank all colleagues involved in the latest Research Excellence Framework (REF), a periodic assessment of university research quality, the results of which were announced in May 2022. The results demonstrate our increased research power within the UK, as well as our international standing, with 86% of our research judged to be world-leading or internationally excellent.

I am delighted that we have two new people in key positions, who have already demonstrated their commitment to our community: our new Chancellor, Paul Lindley OBE, and President of Council, Helen Gordon. I am pleased to welcome them to their new positions and am sure they will both play an important role as we approach the beginning of our second century as a university from 2026.

This year we welcomed the news that our Whiteknights campus will be the agreed location of a new state-of-the-art headquarters for the European Centre for Medium-Range Weather Forecasts (ECMWF). Sitting alongside the University's Department of Meteorology, the move will see our Whiteknights campus become home to the largest cluster of weather and climate scientists in the world. The Reading School of Art will move to a building specifically adapted for its new residents, with new specialist workshops, studio and gallery spaces.

We also announced that the Natural History Museum will open a major new research facility at the University's Thames Valley Science Park, adding to the existing organisations that are based there, including Shinfield Studios and the British Museum. Working with these world-renowned institutions will create unrivalled opportunities for our students and researchers alike.

We continue to be world leaders in environmental research and to help raise awareness of the fight against climate change. In an innovative move, we forged new links with Reading Football Club to help the club reduce its environmental impact, and the club's home and away kits for this season prominently feature the climate stripes, the striking image depicting the warming of the planet, designed at the University by Professor Ed Hawkins. A collaboration with Reading Buses has also seen the climate stripes emblazoned on one of its gas-powered buses, which can be seen all over Reading.

Perhaps most significantly, we have worked closely with STEM Learning to launch the Climate Ambassadors Scheme. Endorsed by the Department for Education, this scheme provides climate knowledge and experience to pupils and students at schools, colleges and nurseries across the country.

These are just some of the examples where our collective efforts are making a difference to the world around us.

I have been pleased to continue our commitment to deepen our engagement with our neighbours in Reading, with a number of events and activities reinstated and planned. This kind of collaboration is vital if we are to be a University *for* Reading, and not just *of* Reading.

I look forward to an exciting period ahead for the whole University, in which we can play a deeper role in the life of our town and our world. With increasing uncertainty worldwide, we all need principled values more than ever.

Professor Robert Van de Noort

Vice-Chancellor

30 November 2022

STRATEGIC REPORT

The University of Reading has its roots in University College Reading, which was established in 1892.

It received its Royal Charter in 1926 and has since developed into a leading force in British and international higher education. It is a global university that enjoys a world-class reputation for teaching, research and enterprise.

Principal operations

Research and teaching are currently grouped into schools, which are situated on three campuses in the UK. The University is very active internationally and has operations in many countries including campuses in Malaysia and South Africa. It has in excess of 25,000 students across a broad range of disciplines and attracts high-quality students and academics from around the world.

The University has more than 4,000 members of staff, with 35% of our academic staff and 16% of our professional and administrative staff from overseas. Our campuses offer extensive teaching space and laboratories, where students have access to cutting-edge research.

A new strategic direction

Following the appointment of Professor Robert Van de Noort as Vice-Chancellor in 2019, the University has undergone a process of strategic renewal.

Our new strategy aims to galvanise the University community around a set of shared ideals, and to guide our decision-making in the years leading to our centenary in 2026.

OUR FOUR PRINCIPLES

1. Community

The University is a diverse, inclusive and supportive community.

Our strategy was shaped by the community itself – from discussions with students, colleagues, alumni, the University Council, and a range of external stakeholders.

The strategy aims to foster a people-orientated environment at Reading by:

- working with the students' union to strengthen the student voice in our decision-making
- introducing a new change governance process to better involve our community
- investing in staff development, including effective use of the apprenticeship levy, to improve colleagues' work and create career development opportunities.

Our progress under this strategic principle is monitored through two KPIs: our performance on the 'employer of choice' measure in our Staff Survey (KPI 1) and our performance on the 'community' question in the National Student Survey (NSS) (KPI 2). Please see pages 10–11 for further details.

2. Excellence

By 2026, we aspire to be in the top quartile in the UK for our undergraduate and postgraduate teaching and research.

To achieve this ambition, we will:

- create an environment where students and staff can excel academically and personally
- increase research influence and income, including strategic research partnerships
- work with government, business, charities and other organisations to enhance student learning and career development, and to extend the impact of our research.

Our progress under this strategic principle is monitored through two KPIs: our average score across the education-specific questions in the NSS (KPI 3) and our performance in the THE World University Rankings (KPI 4).

3. Sustainability

Our principle of sustainability is based on two interlinking concepts: environmental and financial sustainability.

While we are committed to carbon neutrality by 2030, we also acknowledge that a solid financial base is essential to achieving our strategic goals.

The emphasis on environmental sustainability offers major financial benefits. We have already achieved:

- £44m in cumulative revenue savings from reducing our carbon emissions by 51% since 2009
- £635,000 cumulative revenue savings from our strategy.

However, reducing our carbon footprint and our environmental impact comes at a financial cost. To manage the process responsibly, the University Executive Board will:

- review current offerings to ensure they meet demand and deliver on financial and strategic requirements
- develop a commercial strategy to increase our income through commercialisation and engagement with business
- review the University's investment portfolio in light of the changing operational context, including around climate change and long-term viability.

We gauge our progress under the two elements of this strategic principle by monitoring our performance in the UK People and Planet University Green League Ranking (KPI 6) and our cash flow from operating activities as a percentage of income (KPI 5).



4. Engaged University

The University is a major contributor to Reading and the Thames Valley, working with local partners to play a positive role in the social, cultural and economic life of our wider community.

For example, we:

- support our staff to volunteer for good local causes
- open our superb sporting facilities to local clubs and athletes
- use our research strengths to support local and regional improvement.

Overseas, we maintain global connections through our teaching, research and active engagement. We use our global links to benefit the towns and regions in which we operate, and use these local connections to strengthen our work around the world.

Our progress under this principle is monitored through three KPIs: our performance in the Knowledge Exchange Framework (KPI 7), our international outlook as measured in the THE World University Rankings (KPI 8), and our economic impact (KPI 9).



OUR MEASURES OF SUCCESS

Measure	Previous	Current	Target
KPI-1 Staff Survey: 'employer of choice' score (which brings together multiple measures including diversity and inclusion)	Third quartile (53rd percentile)	Awaiting next staff survey	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-2 National Student Survey: 'I feel part of a community of staff and students' (Question 21)	Second quartile (27th percentile)	Third quartile (57th percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-3 National Student Survey: average of education-specific questions (Questions 1–25)	Bottom (First) quartile (24th percentile)	Third quartile (62nd percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-4 Rank amongst UK universities in THE World University Rankings	Equal 29th	Equal 26th	Top 25
KPI-5 Cashflow from operating activities as a percentage of income	5.9%	3.3%	10%
KPI-6 UK People and Planet University League ranking	29th (1st class award)	15th (1st class award)	Top 5
KPI-7 Knowledge Exchange Framework metrics			To be determined
KPI-8 The World University Rankings international outlook – UK universities	Third quartile (74th percentile)	Top (Fourth) quartile (75th percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-9 Economic impact on UK economy (Gross Value Added)	£0.8 billion	No data	£1.0 billion



"As the University approaches its centenary in 2026, these targets are useful indicators of how we are progressing against the goals we set out in the University Strategy. We've seen progress in most areas, but I am particularly pleased with the significant increases in our scores across the board for the 2022 National Student Survey, which we now see reflected in these targets. In addition, our rise to the global top 200 in the Times Higher Education World University Rankings 2023 has seen us progress in a further two of our targets. Overall, these results demonstrate that the University is on the right track to achieving our long-term goals."

Professor Robert Van de Noort
Vice-Chancellor



IN THE TOP 20% OF WORLD INSTITUTIONS FOR OVER FIVE YEARS IN A ROW¹




25,120  **STUDENTS** from around **160 countries³**

14,965 **UNDERGRADUATE STUDENTS** and **10,155**  **POSTGRADUATE STUDENTS⁴**

86% **OF OUR RESEARCH IS WORLD LEADING OR INTERNATIONALLY EXCELLENT²**



80% **OVERALL STUDENT SATISFACTION**  above the sector average⁵

ACROSS ALL LEVELS OF STUDY
54% of our students are women
36% of our students are from a Black, Asian and Minority Ethnic (BAME) background
14% have declared a disability⁶

87% **of GRADUATES IN FULL-TIME WORK** are in **PROFESSIONAL OR MANAGERIAL ROLES**  (defined as Standard Occupation Classification groups 1, 2 and 3), 15 months after graduation⁷

¹ The University of Reading was ranked 229th out of 1422 institutions ranked in the QS World University Rankings 2023. We have been ranked in the top 20% in the 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 rankings. Source: www.topuniversities.com/university-rankings/world-university-rankings/2023

² Based on our submissions judged to be world leading and internationally excellent in overall quality by the Research Excellence Framework (REF) 2021.

³ HESA 2021/22 Student Record and Aggregate Offshore Record, figures rounded to the nearest five.

⁴ HESA 2021/22 Student Record and Aggregate Offshore Record, figures rounded to the nearest five.

⁵ Reading received a score of 80% for Overall Student Satisfaction in the National Student Survey (NSS) 2022. The average overall satisfaction rate for the higher education sector is 76%.

⁶ HESA 2021/22 Student Record and Aggregate Offshore Record.

⁷ Graduate Outcomes Survey 2019/20, based on first degree/ other undergraduate, postgraduate (taught), and postgraduate (research) responders.

COVID-19

Financial impact

The financial impact of COVID-19 has compounded existing financial challenges facing the higher education (HE) sector, such as income shortfalls due to inflationary pressures, Brexit and static UK undergraduate fees.

Although costs in directly responding to the pandemic greatly reduced in 2021/22, the most serious challenge continues to be loss of income, which was still impacted during this academic year.

Student recruitment overall has remained stable but market uncertainty remains, particularly lower-than-expected recruitment of international students.

Alternative sources of income, including revenue from student accommodation and conference and hospitality facilities on our campuses are up from 2019/20 and 2020/21, but remain lower than pre-pandemic levels.

The University's Post-COVID-19 Response Programme was set up in 2020 to urgently address the immediate financial issues raised by the pandemic, in consultation with the University and College Union and our Staff Forum. A series of measures relating to staff costs were agreed to immediately reduce the University's largest expenditure. The majority of these measures, including a three-year vacancy freeze, were implemented. Fortunately, more significant measures, such as pay reduction and the agreement that the University should not participate in the implementation of the national pay award for a period of three years, have not been required thus far. By implementing the pay award for both 2021/22 and 2022/23 (there was no national pay award in 2020/21), the University has been able to match all of the national pay increases negotiated through the Joint Negotiating Committee for Higher Education Staff (JNCHES), ensuring it keeps pace with the wider HE sector.

The University remains committed to continuing to review its financial position for the remaining **duration of the agreement, and will continue to take a cautious and measured approach.**

Teaching and learning

As a campus university, we are committed to creating a supportive and inclusive community, based on face-to-face learning on our active and vibrant campuses.

The main mode of teaching from autumn 2022 has been on-campus face-to-face, with students expected to engage in their programmes in-person. This means there is no longer the option for students to study 'at a distance' (except for programmes that have been specifically designed and marketed as distance-learning programmes, and postgraduate research programmes/students where distance study has been approved).

Students joining us, or returning, will have been affected to a greater or lesser extent by the pandemic. We have developed an Academic Transitions Toolkit for staff that brings together a wealth of good practice and valuable resources on Academic Transitions and belonging.

As before the pandemic, we are committed to encouraging innovation in teaching approaches and technology enhanced learning. Where appropriate, we have encouraged colleagues to reflect on their experience and student feedback from the past two years to explore and integrate digital learning activities where appropriate, to complement face-to-face activities, enhance the student experience and support inclusive practice.

For many subject areas, the experience of running exams online over the last couple of years has been successful. Where online exams have proved to be an effective way of assessing learning outcomes, they will be retained.

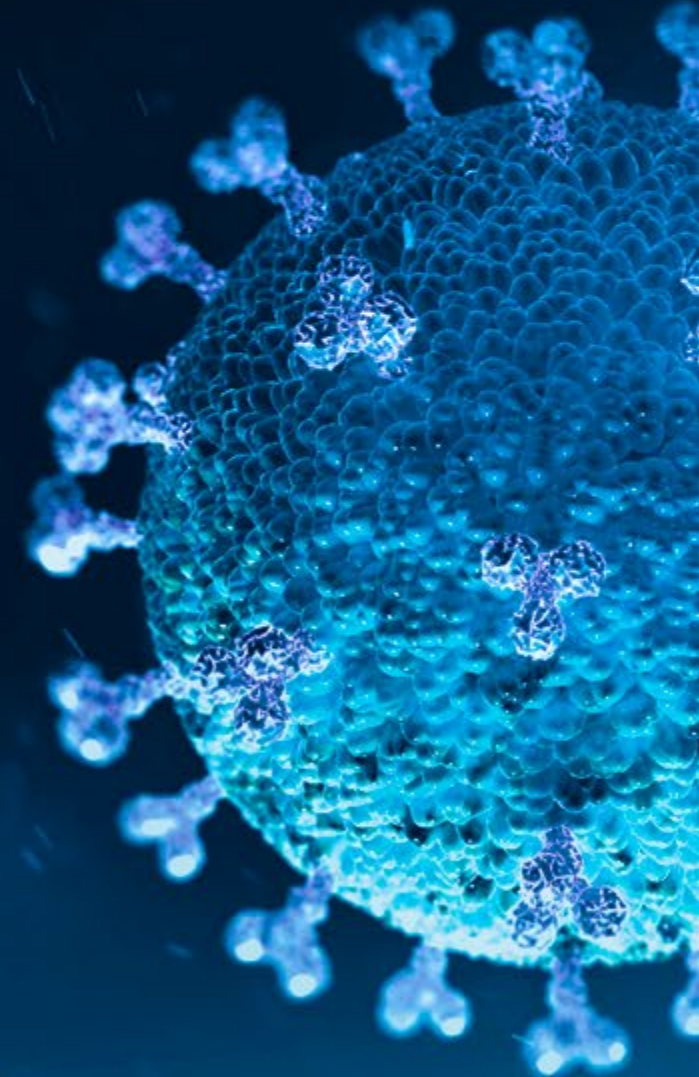
Smart Working

While being on our campuses is a fundamental part of our culture and identity as a university community, the way we work has changed and the University recognises the institutional and personal benefits of this increased flexibility.

Smart Working is our framework for where and how colleagues work, learning from the experience of working remotely during the COVID-19 pandemic. It enables the University to further support staff well-being and work-life balance, while capturing the benefits of a mixed working model.

The Smart Working framework provides a toolkit for colleagues and their line managers to develop informal arrangements, in the first instance, about flexibility of location and working patterns within the working week.

This framework reflects staff and manager feedback on their experiences of remote working. It also takes account of the principles developed at the Strategic Foundations Programme Ways of Working workshops, by a wide range of colleagues across grades, role type, and academic schools and professional functions.



DEVELOPMENT AND PERFORMANCE

The University continues to grow with more than 14,900 undergraduate and over 10,100 postgraduate students now studying at Reading, both in the UK and abroad.

We are among the top 20% of world institutions ranked in the QS World University Rankings 2023, a position we have held for eight consecutive years. Reading is ranked in the top 200 universities in the 2023 Times Higher Education (THE) World University Rankings, and retains its position among the top 30 UK institutions ranked in both the THE and QS tables. Reading was also ranked 31st nationally in the *Complete University Guide 2023*.

Consistent with both our world-leading academic credentials in climate science and our institutional commitment to sustainability, we hold a 'First Class' rating in the 2021 People & Planet University League. Our environmental and ethical performance saw the University ranked 15th out of 154 institutions assessed in the scheme. Our 134-hectare Whiteknights campus also won its twelfth Green Flag Award in 2022, recognising it as one of Britain's top green spaces.



Henley Business School is a triple-accredited business school and has been part of the University of Reading since 2008. It is ranked among the UK top five business schools for Executive MBA programmes (Economist, 2020) and Executive Education programmes (Financial Times, 2020). In 2021, Henley Business School was re-accredited for a further five years by the AACSB, representing the highest level of recognition. As such, since 2001, it maintains its place as one of the world's leading business schools, holding accreditation from all the major international bodies, including EFMD's European Quality Improvement System (EQUIS) and AMBA.

With the continued demand for coaching qualifications and skills development, the opportunities in this area are growing. Henley's expertise in this field has enabled the introduction of a new team coaching qualification, a corporate coaching service and an online version of some programmes. The qualification programmes are variously accredited by the three largest international coaching bodies and the Henley Centre for Coaching has grown to over 1,000 members.



The University of Reading Malaysia (UoRM) has been delivering undergraduate degrees in Malaysia since 2014. Its EduCity@Iskandar campus opened in 2015 and the first group of students graduated in 2017. This modern, purpose-built campus provides flexible space to teach students in a range of subjects, including business, real estate, quantity surveying, law and psychology.

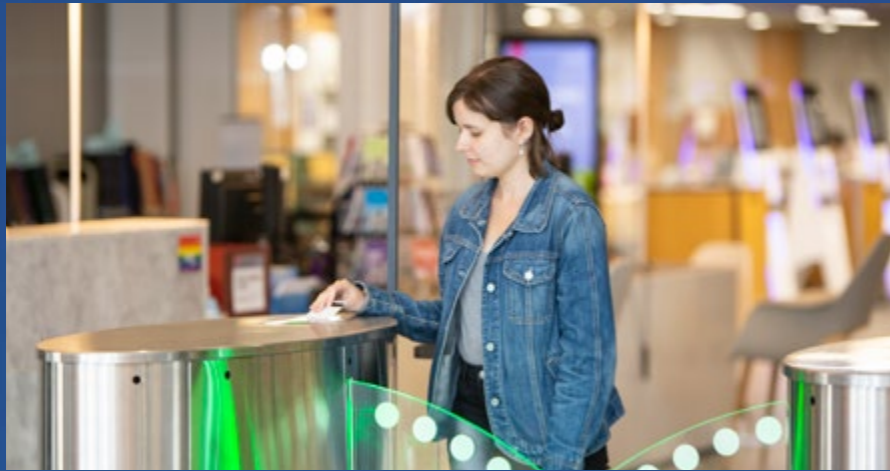
Following a successful restructure in 2019, the campus is in a stronger operational and financial position. The campus currently has 650 foundation and undergraduate students, with a capacity of up to 1,300.

UoRM provides a world-class education in an international environment. Graduates of UoRM receive the same University of Reading degree as their counterparts in the UK, following identical curriculum and quality standards. All programmes offered at UoRM are accredited both in the UK and Malaysia. With the recent full accreditation of the law programme, UoRM is the only branch campus in Malaysia with a law school, and successfully graduated its first cohort in August this year. There is also an increasing number of students undertaking mobility and transfer to the UK campus from UoRM, providing a significant feeder of international students and fee income in line with the University's international strategy.



The University of Reading has a long-established relationship with the Nanjing University of Information Science and Technology (NUIST), China's premier university in meteorology. The joint academy established by the two institutions enables Chinese students to work towards one of eight UK undergraduate degrees. Since 2018/19, the academy has operated a model whereby undergraduate students can complete the final year of their four-year degree in Reading or in Nanjing, under China's Ministry of Education (MoE) rule – the only exception being BA Law, where students complete the final year in Reading. In 2020/21, two new postgraduate programmes, MSc Data and Decision Analysis and MSc Data Science, were approved by China's MoE, with MSc Data and Decision Analysis starting in 2021/22 and MSc Data Science starting in 2022/23.





Since 2016, the University has invested more than £200m into developing our campus facilities – including a new Health and Life Sciences building, a major upgrade to the Library, and the refurbishment of lecture theatres and the students’ union. Many of these investments were a result of student feedback about the need for more study space and better technical resources. Sustainability has been another important driver, including improving energy efficiency and reducing our carbon emissions. By July 2021, we had reduced our carbon emissions by 46% (COVID-adjusted) compared to our 2008/09 baseline, meeting our 5-year target for the same date.

Following the successful completion of the Library refurbishment in 2019, we have focused on the development of an ambitious new Health and Life Sciences building. An investment of more than £55m has been made to enhance our teaching and research space, improve the student experience, and integrate the School of Biological Sciences.

Construction of the new Health and Life Sciences building was completed in the summer of 2020, and staff and students have now moved into the building for teaching and research.

The building incorporates many new features that will contribute to future financial and environmental sustainability. Research lab space caters for both biomedical sciences and whole-organism biology; this allows for wider usage, including undergraduate student projects.

The building’s key facilities include:

- a teaching lab that can be used as a single space or sub-divided to provide flexibility to timetabling and increase utilisation
- a state-of-the-art Bioresource Unit will allow new types of research to be carried out
- the Cole Museum of Zoology in the public foyer, designed to share this rich heritage collection and secure it for future reference and research.



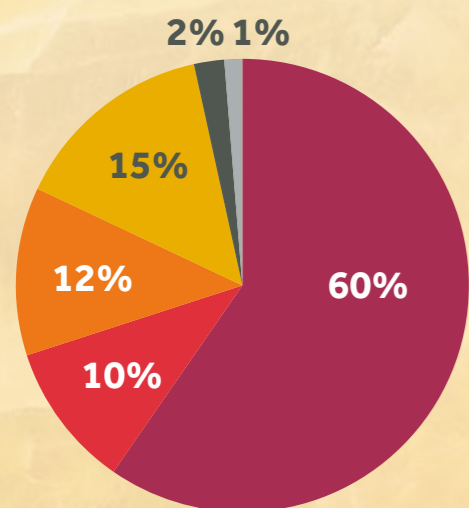
PROVIDING VALUE FOR MONEY

In this section we outline how we create, sustain and improve value for our stakeholders.

The Office for Students (OfS) has included value for money as a key regulatory objective, and the Higher Education and Research Act 2017 gives OfS the power to ensure that universities monitor how they provide value for money. In achieving this, we need to recognise the close interrelationships between our education and research activities, and that we should demonstrate value for money for both students and the taxpayer.

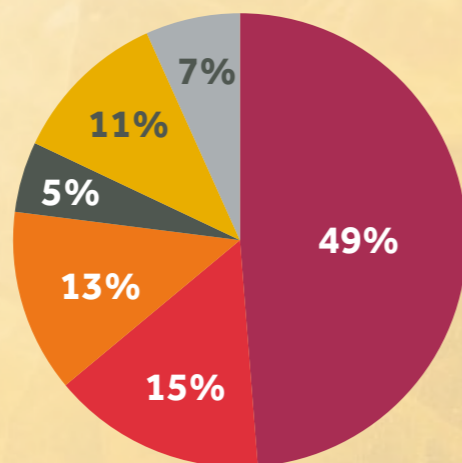
By attending university, our students are making a considerable investment in their future, both in time and money. University is a hugely personal experience and there are a range of ways that the University provides value for money. This will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access.

The higher education sector in the UK makes a major contribution to society and the economy, and contributes enormously to a student's personal development. It is also one of the most respected higher education systems in the world, and one that international students strive to access.



Income streams

- Tuition fees and education contracts
- Funding body grants
- Research grants and contracts
- Other income
- Investment income
- Donations and endowments



Breakdown of expenditure

- Academic and related expenditure
- Administration and central services
- Premises
- Catering and conferences
- Research grants and contracts
- Other expenses



There are four main ways that the University of Reading offers value for money:

- The value that our students get from their experience of university – both now and in the long term – as alumni of a well-respected university with global presence.
- The wider benefit that studying provides, including transferable skills and developing career prospects.
- The way that higher education institutions benefit society as a whole economically, socially and culturally – through both the education of our students and through the contribution of our research to solving global challenges.
- The efficiency and effectiveness with which a university's finances are managed, with financial sustainability being one of the emerging principles underlying the University's new strategy.



We are a major employer in the Thames Valley region.

In addition, our international sites both serve to benefit the host country (for example employment, skilled development and knowledge exchange) and to generate benefits for Reading, the Thames Valley and the UK through export earnings, international networks and an enhanced profile for Reading.

We also work closely with the Reading University Students' Union (RUSU) – run by students, for students, to represent our student community – to ensure that a student perspective is reflected in our decision-making. This covers the full range of university life, like teaching, welfare, diversity initiatives, our environment and life after University.

Examples include:

- access to learning resources and online teaching materials
- targeted support for those from low household incomes
- dedicated welfare and wellbeing support services
- ongoing career support after graduation.



By studying with us, our students see the benefits of a University of Reading experience in a number of ways, including:

- directly in relation to their course – including teaching, supervision and materials, one-to-one supervision, and investment in continual teaching and technological improvement.
- the wider university experience – including services and facilities like the Library and study space, the high-spec SportsPark, placement opportunities, the award-winning Careers Service, and relaxing parkland and grounds.



FULFILLING POTENTIAL

We are committed to providing our diverse community of students and staff with what they need to fulfil their potential.



Providing the best academic support

Our enhanced Academic Tutor system provides all undergraduate and postgraduate taught students with personalised support from a member of our academic staff throughout their course of study. Tutors work in partnership with students and the University's wider support services to support academic, personal and professional development.

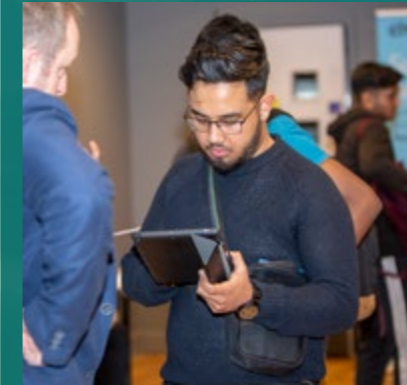
Enhancing Student Wellbeing Services

The University's Student Wellbeing Service is here to support students with a wide range of needs. The department consists of four teams.

- The Welfare Team joined in 2018 and is made up of professional welfare staff who can advise and support students on a wide range of personal and wellbeing issues – from settling in and adjusting to University life, to crisis support, managing money or drug/alcohol issues and more.
- The Life Tools Programme equips students with key skills to support their time at university and future career skills. It is designed to help students focus on their studies and gain understanding of the psychological issues that may arise due to pressure.
- The Counselling & Wellbeing team provides short-term emotional support and operates a 'First Contact Resolution' assessment process. They provide each assessed student with details about their support recommendations in their very first appointment, and ensure students understand and engage in self-support techniques through the Strategies for Success document.
- The Disability Advisory Service advises on adjustments to access learning, creating a holistic approach to student wellness. They support staff in understanding disabilities and they are a key component to enabling equity at UoR.

We have a wide range of support for students, including:

- the new online student 'Wellness Checker', introduced to help students self-identify the best support for their needs
- the Student Hardship Fund, supporting students facing financial struggles through extra funding



Preparing for employment

The University of Reading has been ranked 4th in the UK for Careers Services and 11th for Job Prospects². By streamlining our placement administration processes, we've aimed to improve the student experience and increase team capacity to handle the growing volume of placement activities across the university. We've also established an effective, hybrid-delivery model for careers events and one-to-one support – designed to increase student choice and accessibility – and reverted two careers fairs to in-person delivery which have exceeded pre-pandemic levels of engagement.



Diverse and inclusive

- We have been awarded an Athena SWAN Silver award from Advance HE recognising our work on gender equity.
- The University has achieved a prestigious silver award in the Stonewall Workplace Equality Index (WEI) 2022 for excellence in LGBT+ inclusion including initiatives to promote trans and bi inclusion.
- Following the publication of the UoR Race Equality Review in May 2021, we published the UoR Disability and Neurodiversity Review in April 2022, which aims to "suggest changes on improving the working experience of disabled, neurodivergent colleagues, or chronic conditions or long term illnesses".
- In September 2022, we launched our Decolonising the Curriculum resource, which has received excellent external recognition.



Enriching opportunities

We encourage our students to study abroad and experience life in another country as part of their degrees. Students with international experience are not only more likely to find graduate employment, but also start work on a higher wage¹. It's a valuable opportunity to learn a new language and gain skills and life experiences that employers are looking for.

¹ UUKi (2017) Gone International: Mobility Works

² Best UK Universities in StudentCrowd University Awards 2022.

UNDERSTANDING OUR RISKS

In common with all organisations, we are affected by a large number of different risks. Risk can simply be defined as the potential effects of uncertainty on achieving our objectives. There are risks associated in everything we do; however, informed risk-taking is essential if the University is to innovate and succeed.

Effective risk management is about ensuring that all significant risks are understood and prioritised as part of business as usual to increase the probability of successful outcomes, whilst protecting the reputation and sustainability of the University.

Our approach to risk management

The University has a responsible approach to risk management, seeking to recognise and manage exposure to risks. The pursuit of knowledge, innovation, strategic aims, and implementing strategic developments will always have risks. Risk also has to be balanced against the University's obligations to use charitable funds and public money responsibly and prudently. Effective risk management increases the probability of successful outcomes, whilst promoting the reputation and sustainability of the University. A balanced assessment of risks has to be taken; there will be occasions when taking calculated risks will be appropriate if commensurate with potential reward. There are also risks involved in doing nothing.

Process

The University's approach to the management, oversight and monitoring of risks has been to build risk management into its structures and processes through a framework comprising:

- Governance
- Risk Appetite Statement
- Identification, evaluation and management of significant risks
- Policy
- Audit and Review.

The University's approach is to minimise its exposure to compliance, reputational and financial risk. The University has a very low appetite for risk where there is a likelihood of significant and lasting damage to its provision of teaching and research, loss of life or harm to students, staff and visitors, significant and lasting reputational damage, significant financial loss or negative variations to financial plans, illegal or unethical activity, and breaches of regulatory compliance. The University will endeavour to manage and reduce such risks to the lowest practical level by putting in place effective mitigation.

The University has a high appetite for risk in the context of encouraging and promoting critical enquiry, academic freedom, and open debate. The University is open to innovation in education and student experience if this has the potential to support and enhance its reputation and position, and does not expose it to unacceptable levels of financial, compliance, or reputational risk. It recognises that outcomes of research are often uncertain, and accepts the risk of embarking upon research projects that are high risk but where the outcomes would be of significant scientific, economic, or social value. It acknowledges that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject to ensuring that potential benefits and risk are fully understood before activities are agreed, and that measures to mitigate risk are identified, put in place, and effectively monitored.

The Risk Management Group monitors and reviews emerging and changing risks throughout the year. It reports to both the University Executive Board and to the Audit Committee. Each year an annual report on its work is produced. Risk Appetite is also reviewed on an annual basis.

Risk owners assess risk regularly, and risk registers are reviewed by the Risk Management Group. In addition, School and Function risk registers form part of the yearly submission to the University's planning process. All major projects have individual risk registers, and risk assessment is incorporated into planning and decision-making processes.

Each year Internal Audit base their audit plan around the Risk Register, undertaking reviews of key areas according to a rolling plan.

Effective risk management is built on continuous review and improvement. Risk registers will be reviewed regularly throughout the year.

Summary of the University’s Structure of corporate governance and responsibility pertaining to risk management

Committee	Role	Responsibility
Council	Oversight	<ul style="list-style-type: none"> To ensure that the University has established, and is operating, appropriate risk management systems To set the tone and influence the risk culture within the University.
Audit Committee	Challenge and oversight	<ul style="list-style-type: none"> To keep under review the effectiveness of the risk management structures and processes.
University Executive Board	Ownership	<ul style="list-style-type: none"> The monitoring and management of such risks as may be assigned to it within the University’s Risk Register To agree risk appetite To implement policies on risk management.
Risk Management Group	Implementation, Coordination and Advice	<ul style="list-style-type: none"> To keep under review the Risk Register To maintain and develop the systems that support risk management.
Internal Audit	Assurance and Testing	<ul style="list-style-type: none"> To report on the effectiveness of the University’s risk management processes.

Risk Register

The University’s Risk Register is formally reviewed by the Audit Committee. The 2022/23 Risk Register was approved at the Audit Committee on 26 May 2022.

The list below sets out those risks considered the most material, drawn from the risk register. The list is not exhaustive and is in no particular order.

- **Financial risks** – failure to recruit sufficient numbers of students, failure to maintain or improve research income, etc.
- **Physical and digital space risks** – failure to have enough and suitable physical and digital space.
- **Reputational risks** – failure to manage national and international partnerships, failure to respond to changing expectations of students, etc.
- **Cyber risks** – loss of service due to cyber-attack.
- **Staffing risks** – failure to recruit/retain/develop staff, capacity/demand imbalances, etc.
- **Regulatory** – failure to adhere to increasing regulatory burden and compliance requirements.

Our appetite for risk is detailed within our Risk appetite statement below

Our appetite for risk:

Area of Activity	Averse	Cautious	Moderate	Open	Mature
Reputation	Orange	Green	Green	Green	Green
Compliance and Legal	Orange	Orange	Green	Green	Green
Financial Performance and Sustainability	Orange	Orange	Green	Green	Green
Research	Green	Green	Orange	Orange	Orange
Commercialisation	Green	Green	Orange	Orange	Orange
Teaching and Learning	Green	Orange	Orange	Orange	Orange
Wider Student Experience	Green	Green	Orange	Orange	Orange
Global Engagement	Green	Green	Orange	Orange	Orange
People and Culture	Green	Orange	Orange	Orange	Orange
Community, Environment and Social Responsibility	Green	Green	Orange	Orange	Orange
Strategic Change, Major Change and Continuity	Green	Orange	Orange	Orange	Orange

Professor Robert Van de Noort
 Vice-Chancellor
 30 November 2022

Andrew Grice
 Director of Finance
 30 November 2022

FINANCIAL PERFORMANCE IN THE YEAR

The financial year 2021–22 was challenging for the whole higher education sector, but the University was able to maintain its income levels and control costs enough to keep the underlying performance relatively steady, in spite of the unavoidable impact of the pandemic. A number of one-off items set out below resulted in an accounting deficit, but did not impact upon underlying cash generation, which remained positive.

As the University has concluded its third consecutive year of COVID-19-related impacts, income for 2021–22 has remained stable at £316.9m (2020–21: £311m). The pre-pandemic plans for growth have been impacted and delayed, particularly around international students, and despite student recruitment remaining buoyant, halls rooms were not at the normal occupation rates over the whole year and there were inevitable income losses across the campus operations that service students and staff.

COVID-19 has also impacted the cost base and has had an overall adverse impact of circa £20m in 2020–21 and £13m in 2021–22. Overall, a deficit of £48.5m is reported (2020–21: surplus £26.3m).

Within this result, the University investment asset portfolio showed significant growth in value, recording a £39m gain during the year. However, this has been offset by the significant in-year movement of the Universities Superannuation Scheme (USS) pension provision. This is recognised under FRS 102 for any estimated future contributions in the formal deficit recovery plan that exists at the balance sheet date. For the University of Reading, this resulted in an increase in the provision to £118m, the movement showing as an increase of £72m in staff costs in year. The current deficit recovery plan in place is linked to the 2020 valuation of USS (which was finalised in April 2022) and is based on a sixteen-year period to April 2038. It assumes additional contributions of 6.2% from April 2022 to March 2024, rising to 6.3% until April 2038.

Last year there was a small positive movement in this USS provision, generating a credit of £4.5m. The table below shows a comparison after removing these items. The pandemic largely explains the underlying deficit for the last two financial years.

	2022 £'000	2021 £'000
(Deficit)/Surplus for the year	(48,463)	26,314
Add/(Remove): USS provision movement	72,007	(4,537)
(Remove): Investment asset gains	(38,709)	(32,123)
Underlying performance for the year	(15,165)	(10,346)

Group expenditure for the year was £406.5m (2021: £316.4m). See explanation on page 29 for more detail. The University remains focused on keeping costs under tight control to maximise value and also the delivery of efficiency savings wherever possible. The University has seen significant improvement in the financial performance of its longer-established academic activities and has embarked on a Strategic Programme to 2025/26 to further improve the way it operates. It is committed to continuing this trend of growing academic surpluses, in order to re-invest in the future of the institution.

Financial operating results from our campus in Malaysia showed a small operating surplus for the year, as it continues to stabilise and improve its financial performance after a start-up phase. The campus is operated by RUMAL Reading Sdn Bhd. The company's activities are kept legally and financially distinct from the University in the United Kingdom.

Other comprehensive income also included re-measurement gains of £22.2m on the University sponsored UREPF pension scheme. These gains arise from updated actuarial assumptions around life expectancy, inflation and discount rates, changes to the membership profile and investment returns. In general accounting terms this scheme remains in surplus.

Group income (£m)

Income from all sources totalled £316.9m, a 1.9% increase from the previous year, but with no growth recorded in tuition fees. The lack of growth is due to COVID-19 still impacting our income streams.

Tuition fees and education contracts decreased by £0.3m to £188.9m, with student number growth relatively modest in 2021–22.

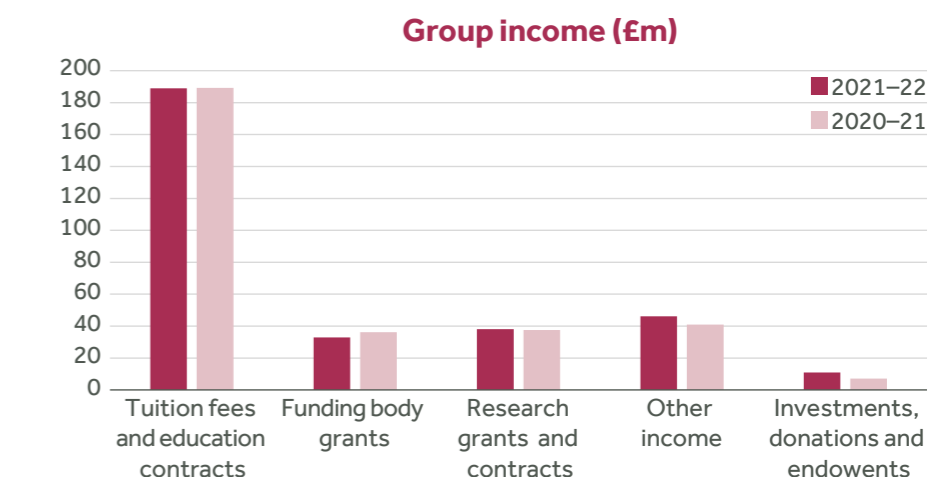
Funding body grants decreased in the year to £32.9m. These grants now make up less than 11% of total income.

Total research income increased by 1.3% to £38.0m, showing a recovery after some years of COVID-19-related impact on research activity.

Other income increased by £5.2m to £46.1m. Other income arises from a number of sources, including executive education, property rentals, catering, conferences, the SportsPark, consultancy and enterprise activities. These were all impacted by COVID-19 and one-off accommodation refunds to students. We did, however, make use of the government Furlough

Scheme for appropriate activities, claiming £0.1m in the year, which is included in other income.

Income from investments, donations and endowments totalled £10.9m. This was a mixture of good investment performance in a difficult market and new endowments received.



Group expenditure (£m)

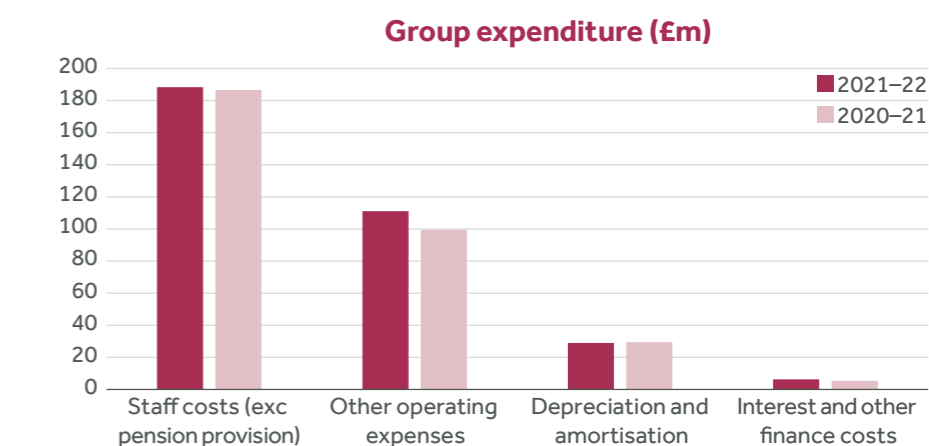
Overall group expenditure (if the USS provision movement is excluded) increased by £13.6m from £320.9m to £334.5m, largely due to a level of increased activity and expenditure in 2022 compared to the 2021 year which was dominated by periods of international/national lockdowns, remote learning and staff working from home.

Total staff costs have increased to £188.3m (2021: £186.5m). The increase is mainly due to pay awards and incremental progression.

The increase in the overall USS provision of £72.0m is a direct result of the annual update of the recovery plan assumptions agreed as part of the 2020 scheme valuation process. This provision is detailed in note 25. The 2020 USS scheme

valuation process completed during the financial year and the 2023 valuation will generate a new recovery plan, so we expect future volatility around this provision. It is a non-cash effect, and many external agencies and our banking covenants exclude the movement on this provision when assessing our year-on-year financial performance.

Other operating expenses totalled £111.0m (2021: £99.5m), again reflecting a year of increased activity versus 2021, depreciation on tangible fixed assets totalled £28.9m and interest payable was £6.3m.



Financial position

Consolidated net assets totalled £451.1m on 31 July 2022 (2021: £475.2m). The decrease against the previous year can be attributed primarily to the increase in our pension provisions, partly mitigated by gains on our investment assets. Net current assets stood at £89.7m (2021: £123.0m).

Fixed assets and our infrastructure

The University continues to invest in the future. We have already invested £391m in teaching, research and student accommodation projects over the last decade, and have plans to invest to further improve our facilities so that we can continue to provide a high-quality environment for our teaching, learning and research and to support both current and future students and staff. This long-term programme of infrastructure developments is designed to enhance the University's academic activity and ensure that it continues to be regarded as a world-class university, both in the UK and internationally.

The University is about to embark on a new cycle of capital investment, themed around digital transformation for students and staff, campus improvements, and sustainability investment projects designed to meet our target of net zero carbon by 2030. The new investment cycle projects Group-level capital investment of £400-£500m over the next decade.

The University offers a wide range of accommodation options for its students, in partnership with its accommodation provider University Partnerships Programme (UPP). Demand for high-quality, affordable accommodation located on or near our main Whiteknights campus is ongoing, and the University is developing a long-term accommodation strategy to help us meet these requirements as effectively as possible.

Investments and investment properties

The University is fortunate to hold a number of investments in land and property that allow us to operate effectively and will generate long-term value.

The total investments held by the University and its trusts were valued at £128.0m (2021: £127.4m), showing a small in-year market value gain after withdrawals and additions, reflecting global market conditions in a turbulent year. The cash returns generated from these investments have helped to fund specific research activity in the year, as well as supporting a range of prizes for achievements, scholarships and bursaries.

The University publishes its investment policy on its website as well as publishing annually a list of investments held. The policy is set and monitored by the Investments Committee and was last formally reviewed in 2021. The portfolio is managed on a day-to-day basis by a professional investment manager. As well as targeting income returns and capital growth, the manager is required to consider the social, environmental and ethical issues of the companies in which investments are held. We continue to work closely with the students' union to ensure this aspect of our approach to investment is given prominence.

In addition, the University has engaged with external bodies (such as People and Planet) to ensure its portfolio is aligned to wider climate and ethical considerations, and to demonstrate that our values are reflected in league table positions.

The University and its trusts hold significant land and properties for their investment potential. Their combined market value on 31 July 2022 was £162.6m (2020: £118.8m). The growth in value is mainly due to new commercial agreements signed with tenants at our Thames Valley Science Park and further transactions are in progress, as the campus is planned to significantly expand.

Pensions surplus/deficit

The financial statements report the overall surplus or deficit of the University of Reading Employees' Pension Fund (UREPF) on the balance sheet, in line with the requirements of FRS 102. The scheme showed an overall surplus of £43.5m on 31 July 2022 (2021: £20.8m). The positive in-year movement was mainly driven by the re-measurement of the assumptions in the year. The University has made some modest additional cash payments to the scheme in recent years, and this has helped to rectify a historic deficit. As well as making regular employer contributions, the University funds £0.6m per annum towards the scheme's administration costs.

The University also contributes to the Universities Superannuation Scheme (USS), a multi-employer scheme. The University and the other employers who contribute to USS make agreed contributions to reduce the overall deficit on the scheme. The University has recognised a provision of £118.1m for its share of the additional contributions (2020: £46.1m) in accordance with the deficit funding plan agreement accompanying the agreed 2020 actuarial valuation.

Cash flow and borrowings

The Group generated a net cash inflow from operating activities of £10.6m (2021: inflow of £18.4m) and sees this measure as a key indicator of year-on-year financial performance, hence it is a University-level KPI. The net decrease in cash and cash equivalents for the year was £8.9m (2021: increase of £31.2m). The decrease was due to repayment of part of the credit facility later on in the financial year, as it was not needed in full due to improved cashflow. The University has recently completed two major capital projects which are the end point of a major cycle of investment, and is currently in detailed planning on the shape and size of the future capital programme.

The University's treasury policy sets out the key controls placed on the treasury management function at the University. It contains guidance on a number of key areas and focuses on the risks that the University faces in its day-to-day activities. The policy includes details about the delegations surrounding the investment of surplus cash funds and sets firm limits in regard to the creditworthiness of potential counterparties. The Strategy and Finance Committee receives reports on treasury management including an annual strategy and plans for the next year.

The University's non-endowment cash balances are held primarily in the form of interest-bearing deposits with financial institutions. The University also has a number of unsecured borrowings including a £70m corporate bond, a £53.5m sterling long-term loan facility and a £50m revolving credit facility (half drawn down at year end) which was re-established in 2021 and is available until 2026.

Going concern

The accounts have been prepared on a going concern basis and, due to the COVID-19 pandemic, regular formal and detailed going concern monitoring has taken place since March 2020.

It is anticipated that the main impacts on the University in 2022–23 will continue to be international student recruitment, and commercial income streams generated through on-campus activities such as halls of residences and catering. Inflation, utility costs and higher interest rates have recently added to the receding pandemic-related risks. Our financial planning going forward has sufficient check points in place to ensure we maintain cash levels and invest in our infrastructure by generating sufficient cash from operations on an annual basis.

Numerous, prudent scenarios have been forecast over a three-year cycle and consideration given to the cash flow implications and also the impact on any loan and covenant arrangements.

Whilst income loss impacts are anticipated, the University is well placed to respond to this through a series of planned and tested mitigations. In addition, the University has access to funds through its investment assets.

Taking all of this into consideration, the University is able to meet all obligations, including loan repayments, and can meet its covenants. The University is therefore considered a going concern.





PARTNERING FOR THE PLANET

Climate Ambassador Scheme

The University led on the creation of a **brand-new national scheme** in April 2022, providing climate knowledge and experience to schools, colleges and nurseries across the country.

The Climate Ambassadors Scheme is run in partnership with **STEM Learning** and endorsed by the Department for Education. It provides a platform for anyone with climate change expertise to volunteer to be connected with teachers and learning providers with specific needs.

Many ambassadors are now registered with the Scheme and will begin being assigned to requests as they are submitted through the online platform.

The Scheme's creation is part of the delivery of a **National Action Plan**, drawn up by the University and partners following the **Climate Education Summit** hosted by the University in September 2021.

Broadcast meteorologist and Reading alumna Laura Tobin is acting as an ambassador for the scheme, drawing attention to the benefits it will offer to younger generations.

Find out more about the University of Reading's sustainability campaign work at reading.ac.uk/planet



#ShowYourStripes

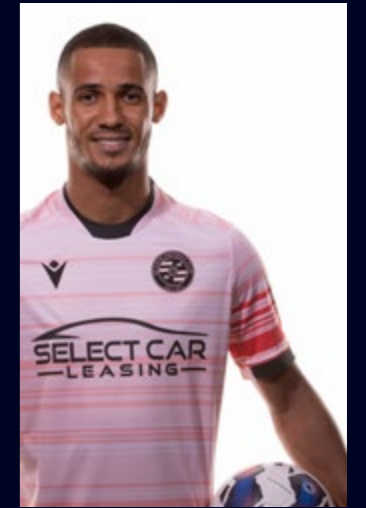
This year's #ShowYourStripes Day brought together the University's international community in support of climate action.

Thousands of international organisations, broadcast meteorologists, celebrities and members of the public again shared the climate stripes global warming visualisation created by Ed Hawkins on the Summer Solstice (June 21).

As has become an annual tradition, the stripes were widely shared on social media and on television news channels around the world, as well as in many novel ways in the lead up to the day. These included them being displayed on a pedestrian bridge in Germany, on the side of a Reading bus, and on Greta Thunberg's new climate change book.

Colleagues and students at the University's international campuses in Malaysia and South Africa, and at partner institutions such as the University of Oklahoma in the US, joined the cause by donning stripes badges and posting photos and messages of support on social media.

Reading graduates also received climate stripes bags and reusable coffee cups at the summer Graduation ceremonies, as the Vice Chancellor urged them to be ambassadors for sustainability in the next chapters of their lives.



Reading FC partnership

Another major collaboration that is starting climate change conversations among new audiences is the University's partnership with Reading Football Club, announced ahead of the 2022/23 season.

Reading FC's home and away kits for this season feature the climate stripes, which gained a huge amount of attention among the Club's fanbase and international media.

While the kits are a visible demonstration of the Club's support for climate action, other changes are taking place behind the scenes as the University supports the club in taking steps to reduce its environmental impact.

Workshops led by the University's Sustainability team took place at the Club, helping it identify a number of actions to reduce its carbon footprint, including increasing recycling and promoting public transport as a means to travel to the stadium.

STATEMENT ON PUBLIC BENEFIT

The University is an independent corporation with charitable status, established by a Royal Charter granted in 1926. Its objects, powers and framework of governance are defined in the Charter and supporting Ordinances. It is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010.

It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commission's regulatory powers, which are monitored by the Office for Students (OfS) since its replacement of the Higher Education Funding Council for England (HEFCE).

The University's Council has due regard to the Charity Commission's public benefit guidance. The University's Handbook for Council Members contains additional guidance on members' responsibilities in respect of public benefit.

All charities must have charitable purposes and apply them for the public benefit. The University's core charitable purposes are the delivery of higher education teaching and research. The University seeks to achieve excellent standards in these areas to the benefit of the local, national and international communities.

We encourage people of all backgrounds to participate in, and benefit from, our teaching, research and other activities. The policy of equal opportunities for all is a key part of the University's strategy in ensuring that it delivers its core purposes for the public benefit.

The University and its subsidiaries also carry out teaching and research of a more commercial nature, for example in some of the executive education programmes run by Henley Business School, and in research carried out for private sector organisations. The University is careful to ensure that the extent of these activities does not conflict with, or detract from, its core charitable purposes.



Supporting students

The University has admissions policies in place to attract and admit the most able and motivated undergraduate and postgraduate students with the greatest potential to contribute to, and benefit from, the education provided, irrespective of their background. The admissions procedures, our outreach activity and the provision of bursaries are designed to support this policy fully.

The University promotes – among all its students – excellence in their studies and the other activities in which they participate while at Reading, such as sporting, cultural and voluntary engagements. It also encourages the opportunities these activities provide for stimulating personal development and the wellbeing of the community. When students complete their studies, they are able to use the skills they have acquired, both academic and non-academic, in their lives and careers beyond the University.

The University offers support to students through its access bursary scheme, which allows it to recruit the most able students, regardless of financial background. The University aims to offer programmes of study that are attractive to a diverse range

of potential students, have fair and transparent admission policies, and provide financial support to low-income students. The University has a comprehensive Student Complaints Procedure to deal swiftly and effectively with any problems that arise during a student's time at Reading.

The University is committed to widening access into higher education, and demonstrating the opportunities a degree can afford, to as diverse a body of students as possible, particularly those in under-represented groups. The University works in a number of ways to achieve this. This includes the delivery of events and activities in schools, colleges, on campus, and virtually, as well as providing support and information for pupils, their parents and carers, and teachers and advisors about higher education; the opportunities it affords, application process, and education and career pathways.

Research

The University aims to deliver outstanding research which has a meaningful impact on knowledge, people and the economy, and aims to enhance or change society for the better. It is committed to supporting our researchers to engage, consult and collaborate

with business, public and third sector organisations to ensure that the knowledge and expertise arising from our world-class research contributes to solving the biggest challenges facing society in Reading, the UK and the wider world.

The Knowledge Exchange Framework (KEF), introduced in 2021, provides an external audience with information about how we work with a wide range of stakeholders, helping us to understand and improve our performance in working with business and our contribution to local growth and regeneration through investment in the Thames Valley Science Park. We are addressing the skills gap in key sectors through the Henley Business School's Army Higher Education Pathway and our degree apprenticeship programme with EY. We collaborate with small businesses and large corporates through Knowledge Transfer Partnerships and stimulate innovation and share knowledge through networks such as the Future Blood Testing Network+ and Thames Valley AI Hub. Our Impact Acceleration Accounts and Creative Entrepreneur in Residence Programme support the essential contribution of the arts and social sciences research, and our collaboration with the European Centre for Medium-Range Weather Forecasting brings cutting-edge climate science to the forefront of our research.

Community

The University is proud to play a key role locally and regionally and works hard to ensure that our economic, cultural and education benefits are shared beyond our campuses.

Every day, we are open to the local community through our SportsPark, three museums and award-winning grounds. Our Whiteknights campus, a 134-hectare parkland, was named among the most popular green spaces in the UK in the 2022 Green Flag People's Choice Awards for the twelfth year running. The Whiteknights campus is a beautiful, green oasis situated within a residential area bordering Reading and Wokingham boroughs. With its distinctive woodland walks, conservation meadows and large lake, its appeal stems from both the natural beauty of the landscape and the University's architectural diversity. The campus provides a natural environment for visitors of all ages to enjoy and benefit from.

Thousands of people have also attended our public events, such as lectures, music concerts and exhibitions, and we have received more than 1.35 million enrolments from as many as 190 countries for our free online courses.



CIVIC UNIVERSITY

The economic, cultural and educational benefits of the University reach beyond our campuses into Reading, Wokingham and the wider Thames Valley.

Our town's future

A multidisciplinary research team from the University is supporting a project to reimagine the future of Reading. 'Reading 2050' sees an ambitious, smart and sustainable future for our town, with green technology, culture and diversity, and its rivers and parks at the centre of development.

Schools

Our 'Students in Schools' scheme has been running successfully for over 20 years, and last year we thankfully saw the impact of the pandemic begin to decline. Our students were able to resume their volunteering alongside teachers in local primary and secondary schools, helping to raise pupils' attainment and aspirations, as well as encouraging them to continue into higher education. Although the number of volunteers was down on pre-pandemic levels, our volunteers have spent several thousand hours in schools helping children catch up, particularly in reading and numeracy and English as an additional language (EAL) support. In addition, our overseas and bi-lingual students have been actively involved in multi-lingual storytelling events and recording "Welcome to your new school" video messages in a number of languages. We anticipate next year's scheme will include these enhancements and see volunteer numbers returning closer to pre-Covid levels.

Business

The University of Reading's engagement with business continues to strengthen. Through our Front Door initiative, the Knowledge Transfer Centre has supported businesses to collaborate with academic experts to address innovation challenges, whilst the Careers team have met the needs of employers through placements and internships with our students. We remain committed to our business community through our CPD offerings at Henley Business School and other specialist areas, such as degree apprenticeships. The University works in partnership with organisations to build strategic alliances and grow local, regional and global connections.

Museums

The University of Reading has three museums open to the general public: The Ure Museum of Greek Archaeology; The Cole Museum of Zoology; and The Museum of English Rural Life. Our online portal is a remarkable resource for collections-based learning and research across the University, and includes websites for our Special Collections and Art Collections.

Throughout the University's history, its collections and museums have served vast numbers of researchers, students, and members of the general public, at all levels and ages. We are delighted to welcome more than 50,000 visitors annually, and tens of thousands more across our websites and social media channels.

Sanctuary Scholarship Scheme

The Sanctuary Scholarships Scheme was introduced in 2021 for sanctuary seekers (people with refugee, humanitarian protected or asylum seeker status) in recognition of the disruption to education that displaced people experience. The Scheme offers financial support to those hoping to start or continue their education in the UK.

The Sanctuary Scholarship Scheme is part of the University's wider commitment to the City of Sanctuary initiative, demonstrating our support for the vision of the UK as a welcoming place of safety for all those fleeing violence and persecution.

In response to Russia's invasion of Ukraine, the University offered 10 new scholarships specifically for Ukrainian students starting courses in 2022/23. These were in addition to 12 scholarship awards available for all other sanctuary seekers.

Apprenticeship levy

Henley Business School delivers apprenticeship programmes for businesses in England across a range of sectors, including telecoms, pharmaceuticals, healthcare, public sector and banking. These programmes help organisations to upskill their workforce and support the government's goal of improving productivity through the apprenticeship levy. This academic year, Henley maintained its position as one of the largest Higher Education Institution (HEI) providers of the Senior Leader Apprenticeship and welcomed 459 new apprenticeship starts. 198 learners completed their apprenticeship, with 85% achieving a Distinction or Merit.

Community projects

In 2021/22, students volunteered 8,350 hours of their time to community projects through the University's Reading Experience and Development Award, designed to help them make the most of their extra-curricular experiences.

In 2022/23 we will be launching two new awards: a Sustainable Action Award, encouraging students to undertake activities to support the UN Sustainable Development Goals, and a Global Engagement Award, to promote global and cultural awareness.

The Community Fund was launched in 2020/21, in partnership with the John Sykes Foundation. The two-year pilot has seen money from both organisations awarded to various community projects in Reading.

TEACHING

The University of Reading has a long and rich heritage of delivering teaching and learning with excellence at its heart.

We are dedicated to staying at the forefront of teaching and learning developments and want to inspire creative approaches by working in partnership with staff and the student community.

This partnership enables us to build a supportive and engaging environment, where learners at all stages of their careers are equipped to fulfil their intellectual and personal potential. The goal is to equip graduates with a range of valuable skills, including mastery of their discipline, skills in research and enquiry, personal effectiveness and self-awareness, and global engagement and multicultural awareness.

The University's Pro-Vice Chancellors for Education and Student Experience are responsible for educational quality, student experience and student achievement. They work closely with four Teaching and Learning Deans who provide strategic leadership and lead enhancement activities in each of their designated Schools.

They also lead University-wide strategic projects in Teaching and Learning.

The Portfolio Review is streamlining our programme and module offering, helping to ensure our portfolio is distinct, relevant and sustainable. It will also result in more manageable staff workloads and an improved learning experience for students.

A project to develop the Lifelong Learning offering at Reading is considering how to maximise the opportunities presented through distance and blended learning and grow the offering to our local and global communities. A variety of credentials, including apprenticeships, are already available but the ambition is to improve and extend this.

Part of providing an improved learning experience is ensuring that the curriculum includes topics that are important to students. At Reading, sustainability is woven into our strategic priorities and in response to student demand, is something we're embedding into what we teach, through the Education for Sustainable Development project.

Academic success is reliant upon good mental health, both amongst students and staff. The University has signed up to the Mental Health Charter Programme and is working towards the Charter Award, an accreditation scheme which recognises universities that demonstrate excellent practice, and through self and external assessment identifies ways to make further improvements.

The University recruits and develops well qualified professional and academic staff, encourages innovative approaches to teaching and makes use of technological developments in learning methods. We have a well-established institutional culture that facilitates, recognises, celebrates and rewards teaching excellence. The FLAIR CPD scheme, which allows staff to gain HEA-accredited recognition for their work, has made 425 awards in total, plus the University has 13 National Teaching Fellows and 53 University Teaching Fellows who make a significant contribution to teaching and learning in the Institution.

Students have a great experience at Reading; they are given opportunities to feed back on their course, helping them feel the student voice is heard¹; that their course is intellectually stimulating,² that they are getting the opportunity to work with other students as part of their course³ and that their course is well organised and runs smoothly⁴. The results of the National Student Survey (NSS) show 80% of final-year undergraduates report satisfaction with their overall experience⁵.

- 1 National Student Survey, 2022 Question 23, 85% of students agreed they had the right opportunities to provide feedback on my course
- 2 National Student Survey, 2022, Question 3, 82% of students agreed the course is intellectually stimulating
- 3 National Student Survey, 2022, Question 22, 79% of students agreed they had the right opportunities to work with other students as part of their course
- 4 National Student Survey, 2022, Question 15, 72% of students agreed that the course is well organised and runs smoothly
- 5 National Student Survey, 2022, Question 27

RESEARCH

Results of the most recent Research Excellence Framework (REF 2021), announced in May 2022, confirm the University of Reading's place as a leading research-intensive university in a competitive UK research environment.¹

Overall, 86% of our research (assessed for outputs, impact and environment) is judged to be within the top two categories of 4* (world-leading) and 3* (internationally excellent).

This represents a 10% increase in 3* and 4* research since the last REF assessment in 2014.

We are placed 35 out of 157 institutions by research power, a measure of the quality and quantity of research.²

86%
OF OUR RESEARCH
is judged as
'WORLD-LEADING'
or **'INTERNATIONALLY
EXCELLENT'**³

Highlights include:

- Archaeology: 1st in UK for research outputs and grade point average, with 96% of our research overall rated 4* and 3*
- Architecture, Built Environment and Planning: 6th in UK for research power, with 94% of research overall assessed as 4* and 3*
- Art and Design: Typography and Graphic Communication: Top 10 in UK for grade point average, with 95% of our research overall rated 4* and 3*
- Earth Systems and Environmental Sciences: 3rd in UK for research power, with 100% of research impact assessed as 4* and 3*
- Global Development: 9th in UK for grade point average, with 100% of our research impact rated 4* and 3*
- Politics and International Studies: 6th in UK for research outputs, with 97% of our research outputs rated 4* or 3*.

1 Research Excellence Framework 2021. Full results available at: ref.ac.uk

2 Times Higher Education's analysis of REF 2021.

www.timeshighereducation.com/news/ref-2021-research-excellence-framework-results-announced

3 Based on our submissions judged to be world leading and internationally excellent in overall quality by the Research Excellence Framework (REF) 2021.

RESEARCH FOR A BETTER WORLD

Through our world-leading research and collaborations we aim to advance knowledge and make a positive difference in the world. Our research is changing lives, increasing our understanding of the world and helping to tackle some of the complex challenges we face in the 21st century.



Addressing climate change

The University was awarded a Queen's Anniversary Prize in 2021 for new modelling work on the interaction between the Earth's climate and local weather systems, enabling the development of risk assessment, community preparedness and action to tackle climate change. The Prize celebrates excellence, innovation and public benefit and represent the highest national honour in the higher education sector.

Tackling food inequality

As the cost-of-living crisis bites, the University is leading research with disadvantaged communities, the food industry and charity leaders to reimagine how food policy, food products and food supply chains can be developed. The project will develop a framework to ensure that food is affordable, desirable and fits with the complex demands on people's lives, so that a nutritious diet, produced in a sustainable way, can become achievable for all members of our society.

Future Leaders

Two early career researchers have been awarded prestigious Fellowships by UKRI. Dr Rowena Kasproicz (Education) is carrying out a 4-year longitudinal study on the routes and rate of language learning in primary school, and Dr Peter Bray (Archaeology) is working with museums around the country to develop new understandings of how metallurgy can support analysis and interpretation of objects.

Local partners

Partnerships are an opportunity to enhance the scope and scale of our research as well as its impact and visibility. The strategic research partnerships we are developing in the local area were highlighted as one of our key strengths in the Research Excellence Framework. Find out more on page 47 about our partnerships with the Natural History Museum, British Museum, European Centre for Medium-Range Weather Forecasts and with the Royal Berkshire Hospital.

Explore our impact to find out more about the breadth and diversity of our research at the University.

RESEARCH ENGAGEMENT AND IMPACT AWARDS

Each year we celebrate excellence in research through our Research Engagement and Impact Awards, highlighting research projects that demonstrate the impact that research at Reading has in influencing positive change. Our shortlisted researchers are all making an outstanding contribution to addressing some of society's biggest challenges.



Reducing risk of glacial floods in Central Asia

Professor Maria Shahgedanova

Glacial lake outburst floods – caused by the failure of a dam of ice containing a huge pocket of water within a glacier – can cause enormous damage in a very short time. As climate change intensifies, they are becoming increasingly common.

In Central Asia, the approach to managing glacial lakes has been transformed as a result of research by a team of Reading scientists. Professor Shahgedanova and her colleagues used the Glacier Bed Topography model – typically used to measure the thickness of glacial ice – to predict the future size and shape of glacial lakes.

This has enabled agencies in Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan to focus their risk-reduction activities on lakes with the strongest potential for growth. In 2022, the project was expanded to enable better prediction of 'debris-flow' events.



Destigmatising self-injury through art

Dr Alanna Skuse and Associate Professor Tina O'Connell

By exploring how social attitudes towards and representations of self-injury have changed through history, a project led by Dr Skuse is informing new models of patient engagement with at-risk groups.

Skuse and Associate Professor O'Connell, who runs Reading's ArtLab, devised workshops for co-researchers from different academic backgrounds, cultures, and age groups, all of whom had a professional interest in – or lived experience of – self-injury. They worked with psychiatry professionals to facilitate open discussion between participants as they reflected on their personal experiences of self-injury through a range of artistic and creative techniques from clay modelling to digital animation.

The findings will form the basis of a new book by Skuse and the artworks were displayed in a digital exhibition demonstrating how art-led, humanities-informed models can be used to discuss and destigmatise self-injury in both clinical and community settings.



Tackling air pollution through citizen science

Dr Hong Yang and Marta O'Brien

Over three million children across the UK are exposed to harmful levels of air pollution while travelling to and from school, with those in the South of England at particular risk. A project led by Dr Yang and Marta O'Brien is tackling air pollution in Reading and beyond, by engaging pupils, parents, and teachers as citizen scientists.

The team monitored air quality in and around the playgrounds and classrooms of four schools and tracked pollution levels in real time on travel routes. Using this data, together with feedback from parents, students, and teachers, the researchers developed a toolkit to help communities consider how to manage and invest in infrastructure that promotes cleaner air.

Working in partnership with local organisations, the team has influenced policies and practices in Reading, while creating new opportunities to extend the project to other areas.



Uncovering hidden stories from Oxford Road

Dr Sally Lloyd-Evans, Alice Mpofu-Coles, Robyn Woronka and Toby Barlow

With more than 70 languages spoken by its residents, Oxford Road in Reading has been fondly described as 'like the United Nations'. The rich cultural history of this unique urban space is being celebrated and preserved through a participatory community storytelling project involving a team of student researchers from Reading.

As part of Historic England's High Street Heritage Action Zone programme, the team explored the stories of people who live, work and play on Oxford Road. Through a series of structured interviews they gathered information about the area's social history along with photographs and memories, and co-created a multimedia online storytelling exhibition for Reading Museum.

Three local artists were also commissioned to create artwork inspired by the stories, highlighting how each generation has enriched the history and culture of Oxford Road.

ENVIRONMENTAL MATTERS

The University is proud to be a leader in delivering environmental sustainability in its teaching, research and operations. It continues to make improvements in its resource use in a number of key areas, delivering on its aim to continually reduce its environmental impacts.

Leading the way

Environmental matters are increasingly making headline news, in particular the call for more urgent action to tackle human-made climate change. As an institution, the University is a world leader in environmental research and has committed to becoming Net Zero Carbon by 2030. When the European Centre for Medium-range Weather Forecasts (ECMWF) move onto our main campus in the next couple of years, we will be home to the largest cluster of weather and climate scientists in the world, alongside our own Department of Meteorology.

In 2020, the University completed its divestment from fossil fuels, with an ambitious ethical investment programme focused on encouraging the transition to a low-carbon future. By signing up to Electronics Watch, the University works to ensure its electronics are ethically and sustainably sourced.

The challenge of climate change goes much wider, affecting not only the management of the University's local physical assets, but also its markets (such as the direction of research and innovation) and its customers (such as global impacts on the international student body). The University anticipates that these issues will only grow in importance, as awareness and expectations of students and the wider public rise.

Reducing carbon emissions

In July 2022, the University's carbon emissions were 51% below its baseline 2008/09 level (COVID-adjusted). This has delivered cumulative financial savings of £44m since 2011 – savings which will continue to accumulate as energy prices are rising at unprecedented rates.

We have completed £3.3m of grant-funded work from Salix Finance's Public Sector Decarbonisation Fund over the last 18 months, including replacing over 5,000 light fittings with efficient LEDs, and insulating almost one mile of pipework and trebling our solar electricity generation capacity.

There is more to be done, and environmental issues are increasingly at the forefront of current and prospective students' minds at the University. We are proud to retain an integrated ISO140001 Environmental Management and ISO50001 Energy Management system.

Strategic plan

The University strategy identifies environmental sustainability as a key principle for the University. As part of the strategy, the University has developed six sustainability work streams to support, plan, and implement solutions in the following areas:

- Civic and University Community Engagement
- Catering Commerce and Farming
- Resource Use and Waste
- Biodiversity and Green Infrastructure
- Education for Sustainability Development
- Net Zero Carbon.

A new Environmental Sustainability Strategy will be published in the autumn, bringing together our sustainability commitments across three themes; Teaching, Research and Green Campus.

A New Estates Strategy will also be published in the autumn, with sustainability identified as one of five key drivers. This sits alongside and interacts with the other key drivers of student experience, staff experience, growth and risk & compliance, and is developed around the concept of Reading being a 'University in a Park'.

The 134-hectare Whiteknights campus has now received 12 consecutive Green Flag Awards, run by environmental charity Keep Britain Tidy, recognising the UK's best public outdoor spaces each year.

Supporting the local community and beyond

Recognising the need for local collaboration to address climate risks, the University jointly chairs the Reading Climate Change Partnership, and actively engages with key local stakeholders, such as Reading Borough Council, for climate-sensitive management of joint assets.

Through world-leading environment and development research and innovation, the University is also supporting adaptation to the impacts of climate change around the world, particularly through the School of the Built Environment, the Department of Meteorology, the Department of Geography and Environmental Science, and the Walker Institute.

COMMUNITY

The University of Reading is an important anchor institution, making a significant economic, social and cultural contribution to Reading and Thames Valley Berkshire (TVB), as well as other locations around the world.

An independent report commissioned by the University from economic consultants Hatch Regeneris¹ in 2018 estimated that the University generates at least £800m in Gross Value Added (GVA)² and 11,550 Full Time Equivalent (FTE) jobs for the UK economy, of which around 55% accrues to Thames Valley Berkshire.

To put this into context, this means that:

- around one in every 27 jobs in the whole of Reading and Wokingham can be traced back to the University
- this GVA contribution is equivalent to 1.3% of all GVA in the Thames Valley area
- for every direct job at the University, a further 2.4 jobs are supported across the UK economy.

Every day, we are open to the local community through our SportsPark, three museums and award-winning grounds. Our Whiteknights campus, a 134-hectare parkland, received its twelfth Green Flag Award in 2022, recognising it as one of the UK's top green spaces.

Thousands of people have also attended our public events, such as lectures, music concerts and exhibitions, and we have received more than 1.35 million enrolments from as many as 190 countries for our free online courses.

¹ www.reading.ac.uk/economicimpact

² Gross Value Added (GVA) is the key measure of the value of goods and services produced by an organisation, sector or region. It is measured as the difference between income and the value of bought-in goods and services, or the sum of gross profits before interest costs, taxes, depreciation and amortisation, and total employment costs.

Beyond these quantitative economic measures, the report also found that the University supports Reading and the Thames Valley by:

- supplying highly skilled graduates: more than 20% of graduates stay locally, and most contribute to the future growth of London and the south-east. The University is a major supplier and supporter of Continuing Professional Development for both business and key public services like schools, health and care.
- driving business productivity: through knowledge exchange, particularly for businesses located on the University estate at Whiteknights and the Thames Valley Science Park.



KEY REGIONAL PARTNERSHIPS



NEW WEATHER SCIENCE HEADQUARTERS COMING TO CAMPUS



The University of Reading campus is set to become home to the largest cluster of weather and climate scientists in the world, following an agreement to build a new state-of-the-art headquarters for the European Centre for Medium-Range Weather Forecasts (ECMWF) at the University's Whiteknights campus.

Currently located around a mile away on Shinfield Road, Reading, the new facility will be adjacent to the University's Department of Meteorology.

The new building will create a modern, inspirational and energy-efficient home for ECMWF's headquarters and for its forecasting, research and training functions.

Together with the University's Department of Meteorology, and parts of the UK Met Office, NERC National Centre for Atmospheric Sciences and NERC National Centre for Earth Observation, all currently located with the Department of Meteorology, this will create the largest cluster of weather and climate research and operational forecasting in the world.

Subject to planning, the international headquarters building will have a prominent location at the Earley Gate entrance to the Whiteknights campus. The site of the building is currently home to the Reading School of Art, which will move into new space in and near the Polly Vacher Building with new specialist workshops, studio and gallery spaces, and offices.

The new headquarters for ECMWF will be fully funded by the UK Government through the Department for Business, Energy and Industrial Strategy.





OPENING UP THE BRITISH MUSEUM'S COLLECTION

This is a first-of-its-kind partnership between a national museum and a UK university. Based in Shinfield, the British Museum Archaeological Research Collection (BM_ARC) will house objects from the British Museum's world-renowned archaeological collections, offering the opportunity for collaborative research and community engagement. Joint funding from the University and the British Museum will strengthen the partnership by supporting innovative scientific and historical research on the collections. Construction began in 2019 and the planned building will provide custom-designed space to store, study and share the collections. The building will be completed and objects moved in by 2023/24.



FURTHERING NATURAL SCIENCES RESEARCH WITH THE NATURAL HISTORY MUSEUM

In May 2022, the Natural History Museum announced plans to develop a new global and sustainable base for high-end natural sciences research and international collaboration with the University of Reading.

Subject to planning permission, the centre will be created at the Thames Valley Science Park. It will help ensure the collections and the vast data contained in them are safe, accessible and digitally available for researchers all over the world, strengthening the UK's position in finding solutions to the planetary emergency.

The new centre will house more than 27 million specimens, as well as more than 5,500 metres of accompanying Library and archive material, equating to around a third of the Museum's collection and making the relocation its largest collections move since the 1880s.



WORKING WITH WOKINGHAM BOROUGH COUNCIL ON A VISION FOR THE FUTURE

The University of Reading is supporting the allocation of land for new homes along the principles of a garden village, new riverside open greenspace, and employment space through Wokingham Borough Council's Local Plan.

We believe that the proposals offer an opportunity for the University to spearhead a sustainable, employment-led development that brings together diverse communities, businesses and talent from across the region.

While this is still early in the process, we intend to continue an open process of consultation and engagement within and beyond the University about these plans. Together, we believe this collaborative approach can create a long-lasting legacy of investment for our students, academic work, and the community that reflects the values of the University.



DEVELOPING A UNIQUE DESTINATION IN THE THAMES VALLEY

The University is delivering ambitious plans to further develop our Thames Valley Science Park (TVSP), creating a unique destination for businesses, students and the local community.

The University's project to create a new film and TV production hub based at TVSP will help provide a range of new jobs and opportunities in the region, attract inward investment to the UK, and help the British TV and film sectors to expand and diversify their talent pool.

Filming has begun at the four sound stages completed last year by University tenant Shinfield Studios, and construction of another 14 stages is underway.



MEETING THE HEALTHCARE CHALLENGES OF THE REGION

The University's partnerships with the Royal Berkshire NHS Foundation Trust (RBFT) and Berkshire Healthcare NHS Foundation Trust (BHFT) continue to bring tangible benefits to patients and our communities.

We are growing the number of students and teaching programmes, with another cohort of RBFT staff taking the Henley Business School degree apprenticeship in Management, and our postgraduate certificate in Health Care Education. RBFT graduate, Dr Deepak Ravindran, was awarded the Chartered Management Institute's 'Outstanding Apprentice of the Year' in 2021.

Building on our growing reputation for our Physician Associate programmes and graduates, RBFT will host the Thames Valley/Wessex hub of Health Education England (HEE) South East Physician Associate School.

Through the Health Innovation Partnership (HIP), a strategic partnership with RBFT, we are supporting 50 novel projects across research, education and innovation, spanning academic disciplines and professional services.

Our partnership is generating externally won research funds, and a further two RBFT departments – Berkshire Kidney Unit and Critical Care Medicine – were awarded University status in 2022 in recognition of their excellence, taking the total number of University recognised departments to six.

Together, we are co-investing in a £2m Clinical Training and Education Suite to be located on the Whiteknights campus. The suite has been co-designed to enable students and staff to practice and learn in a variety of clinical scenarios, thus better preparing them for their placements, their practice and to facilitate interprofessional learning opportunities.

Regionally, the HIP is working with public health leads across Berkshire to establish a programme of education and research activities.

The University continues to work closely with all parties following the closure of the Rutherford Cancer Centre at Thames Valley Science Park, to secure a long-term, sustainable use for the building's innovative cancer treatment facilities.

GOVERNANCE STATEMENT

Responsibilities of the University's Council and structure of corporate governance

The University is committed to the highest standards of governance and continues to review its processes and framework to refine its governance arrangements. In developing its approach, the University has drawn on the Combined Code on Corporate Governance. In addition, the University has referred to guidelines published by the Higher Education Funding Council for England (HEFCE), the Office for Students (OfS), Research England, the British Universities Finance Directors Group (BUFDG) and the Committee of University Chairs (CUC), including the CUC Higher Education Code of Governance. This statement sets out how the University has applied the relevant corporate governance recommendations during the year and the period up to the date of the approval of the audited financial statements.

The University has reviewed and continues to review its governance arrangements and is satisfied that the University has fully complied with OfS's and others' guidelines throughout the financial year. Specifically this covers the requirements around regularity and propriety in the use of any public funding. As part of good governance, the Council has ensured the implementation of the recommendations made in its review of its effectiveness carried out in 2020–21. The Council has concluded that it remains effective and that it is compliant with the Code. In addition, the Senate has also undertaken a review of its effectiveness with a report published in late June 2022; implementation of the recommendations will take place during 2022–23.

The Charter and Ordinances determine the primary organisational structure of the University, the key constituent parts of which are the Council and the Senate. Each has defined and discrete responsibilities and functions described in further detail in this statement.

The Council

The Council is the University's governing body, meeting at least four times during the academic year. It sets the University's strategic direction, ensures compliance with statutory requirements, and approves constitutional changes. The Council is ultimately responsible for managing the University's estate, finance and staff, promoting teaching, learning and research, and making provision for the general welfare of students, with much of the detailed work falling to sub-committees. Here, broad majority representation by lay members, drawn from a diverse range of backgrounds, provides a valuable perspective. The primary responsibilities of the Council are set out in Ordinance A2, Statement of Primary Responsibilities of the Council, which can be viewed on the University website.

The Council has also:

- monitored the implementation of the new University Strategy for the period up to 2026
- approved the annual report of the Audit Committee
- approved the annual Learning and Teaching Report
- approved the approach taken by the Remuneration Committee in setting senior staff pay
- received briefings, and provided decisions or advice to the University, on such matters as progress towards meeting diversity and inclusion targets, and digital and estates strategies
- ensured that it has heard from students, academic staff and professional staff in formal and informal settings
- monitored significant capital investment.

Lay members of the Council receive no remuneration for their roles in these bodies, although they are reimbursed for expenses incurred in attending meetings.

The role of President of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Vice-Chancellor is an ex officio member of the Council and the principal academic and administrative officer of the University. He is also the accountable officer as required by the Office for Students as part of its Regulatory Framework. He exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro-Vice-Chancellors, Heads of Service and Function, Deans, Heads of School and Heads of Function all support and contribute to this work.

The Senate

The Senate is the University's main academic administrative body, providing assurance to the Council on matters of academic governance. Reporting to the Council and meeting at least three times a year, the Senate advises on areas such as student entry, assessment and awards. With around 70 members, the Senate includes Deans, Heads and elected representatives of schools/departments, representatives from teaching and research as well as students. University Boards responsible for developments in research, in teaching and learning, and in global engagement report to the Senate.

Senate devotes time at each of its meetings to one or two major items of strategy, led by Senators who are not members of the Executive Board, as well as to necessary items of governance. Senate has recently completed a review of its effectiveness with a report submitted in late June 2022. Recommendations arising from the review will be implemented during 2022–23.

Committees of Council

The Council has five principal committees, each of which reports to the Council on a regular basis. These committees have formally prescribed terms of reference and specified membership, including a majority of lay members. The principal committees are:

- the Strategy and Finance Committee which meets at least four times a year and, inter alia, advises the Council on key strategic, policy and operational issues including the financial management of the University. This Committee considers financial plans, monitoring reports and proposals with financial implications recommended by the University Executive Board.
- the Remuneration Committee which determines the pay and conditions for the University's senior executive management, including the Vice-Chancellor, the Professoriate and equivalent professional staff. It is comprised solely of lay members. It has oversight of the University's employment policies and the power to make recommendations to the Council on remuneration and contractual arrangements. A report from the Remuneration Committee is included within the financial statements.
- the Audit Committee, which is independent and advisory, and reports directly to the Council. This Committee is responsible for considering the findings of internal and external audit, the management responses and progress against implementation plans and has an overview of the internal and external audit functions. It also has oversight of the internal control system, risk management arrangements and the framework for ensuring economy, efficiency and effectiveness including governance arrangements. The Audit Committee monitors compliance with regulatory requirements. It meets four times a year and has the right of access to information it considers necessary. While senior executives have the right to attend meetings of the Committee, they are not members of the Committee. The Committee meets with both the internal and external auditors for independent discussions.
- the Appointments and Governance Committee which meets termly and discharges the Council's responsibilities in respect of non-financial aspects of staffing matters and some governance matters. It also operates as the Nominations Committee in seeking and recommending persons to serve on the Council and other committees.

- the Student Experience Committee which has oversight of non-academic services policy and advisory oversight of student services in general. It also discharges the Council's responsibility in respect of formal student complaints and disciplinary matters.

Management and strategic direction of the University is undertaken by the University Executive Board comprising the Vice-Chancellor, the Deputy Vice Chancellor, the Pro-Vice-Chancellors and the Heads of Service. The Board meets weekly throughout most of the year and reports routinely to the Senate and Strategy and Finance Committee.

Supply of information

Papers summarising financial and non-financial performance, major events, and key indicators of performance are presented to the Council, Strategy and Finance Committee and University Executive Board on a regular basis. Papers explaining topics on the agenda for the various Council and committee meetings are issued in advance. The Council monitors performance and various key areas on a regular basis including operating and financial performance, annual operating plans and budgets, strategic proposals, student recruitment, changes in the operational environment including those due to funding, regulatory or legal changes, staff recruitment and retention, remuneration and risk management arrangements.

Risk management and internal controls

The University acknowledges the risks inherent in its activities, and is committed to managing those risks that pose a significant threat to the achievement of its academic and business objectives and financial health. The systems for risk management and internal controls exist to manage and control the risk of failure to achieve academic and business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. There is a continuous process for identifying, evaluating and managing the significant risks faced by the University and this is reviewed regularly by the University Executive Board, Strategy and Finance Committee, Audit Committee and the Council. This process was in place throughout the year under review and up to the date of approval of the financial statements.

In accordance with the University's Charter and Ordinances and the Memorandum of Assurance and Accountability with OfS, the University's Council

is ultimately responsible for the management of the affairs of the University, advancing its interests, promoting teaching and research and providing an excellent student experience.

A key responsibility of the Council is to ensure an effective system of internal and financial controls to support the achievement of the University's objectives while safeguarding the public and other funds.

The system of internal control is developed on an ongoing basis and is designed to identify the principal business, operational, compliance and financial risks to the achievement of aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.

The Council, through the Audit Committee, has overall responsibility for reviewing the effectiveness of the systems of internal control and risk management. The University has developed and adopted a formal and structured risk management policy and system to ensure that key risks are identified, prioritised and managed consistently across the University. The policy and system are reviewed and updated on a regular basis. Reports documenting the policy, system, procedures and issues arising are reported to the Strategy and Finance Committee on a regular basis. A comprehensive set of policies and procedures designed to manage and monitor risks is in place. The key elements of these systems are explained below:

- the Council meets four times a year to consider the University's strategic direction, decisions and progress against its strategic plans and is advised by various committees. The Council, through the Strategy and Finance Committee, is responsible for reviewing the effectiveness of the internal controls of the University.
- the University has developed a system of internal control in line with best practice. This system is designed to identify the principal risks which may prevent or inhibit the achievement of the University's aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.
- the Audit Committee receives regular reports from the Director of Internal Audit Services, together with recommendations for improvement. These reports comment on the arrangements for internal control, risk management and governance.

- a Risk Management Group reporting to the University Executive Board and Audit Committee, led by a Pro-Vice-Chancellor, oversees risk management at the University. The University has developed its strategic plans with specific reference to the key risks identified for the University. The Risk Management Group also oversees work on major incident and business continuity planning.
- a framework for managing risk is in place and includes a risk register. Each key risk is assigned to named members of the University Executive Board. Each risk has also been assigned to the appropriate committee to monitor the operation of the associated controls within their broader remit. The risks are prioritised based on the likelihood of an event arising from a particular risk and an assessment of the anticipated impact. The assigned priority helps focus resources on critical areas.
- corporate and subsidiary risk registers are held at the school and central services level. They document controls, mitigating actions and early-warning mechanisms in place to manage each risk. The corporate risk register is assessed by the Risk Management Group who consider the risks identified, their interactions and interdependencies, the exposure and the proposed processes for managing these risks. Schools and Function also report on their risk management arrangements to the Risk Management Group. The registers are directly linked to and inform the strategic and operational plans.
- internal audit reviews the system of risk management and internal controls on an ongoing basis. The internal audit programme is driven by the strategic, operational and financial risks potentially affecting the University, with each risk being reviewed by internal audit on a three-year rolling programme. In discharging its plan, internal audit gives assurance on the quality and reliability of the risk management framework and the controls which protect the University against exposure to risk and reviews compliance with policies and procedures.

No significant internal control weaknesses or failures arose during the financial year or have arisen up to the date these financial statements are signed.

During the year, the University and one of its connected trusts, the National Institute for Research in Dairying Trust (NIRD), have been in discussions to resolve some legacy governance issues that were self-reported to OfS and the Charity Commission. These discussions are progressing well and are close to resolution. To

date they have not raised any issues that would have a material impact on the University. The University is the sole Trustee of NIRD, and NIRD is accounted for as part of the University group.

Register of interests

The Secretary to the Council maintains a register of interests for Council members, lay members of University committees and senior members of staff.

Preparation of the financial statements

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation, the Statement of Recommended Practice: Accounting for Further and Higher Education and applicable accounting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between HEFCE/OfS and the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council is required to ensure that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- financial statements are prepared on a going-concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason, the going-concern basis continues to be adopted in the preparation of these financial statements.

The Council has taken reasonable steps to:

- ensure that the University’s funds have been applied in accordance with the University’s Ordinances, the Memorandum of Assurance and Accountability and the funding agreement with the National College for Teaching and Leadership, as appropriate
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and prevent and detect fraud and other irregularities
- secure the economical, efficient and effective management of the University’s resources and expenditure
- ensure that material risks are identified, carefully considered and properly managed and that appropriate risk management procedures and processes are in place across the University.

Internal financial controls

The key elements of the University’s system of internal financial controls and the associated process for monitoring the effectiveness of these controls include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and central services, and such other staff to whom such authority and responsibility is from time to time delegated
- a comprehensive corporate planning process supported by key strategic and financial resource plans and a robust investment appraisal process
- regular reviews of academic, operational and financial performance undertaken on an ongoing basis, using operational performance information and financial monitoring reports
- clearly defined and formalised requirements for approval and control of expenditure, with capital expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council
- comprehensive financial regulations reviewed and developed by the Strategy and Finance Committee with amendments subject to approval by the Council
- an annual programme of work undertaken by the internal audit team which is reviewed and approved by the Audit Committee
- reviews by the Audit Committee of the effectiveness of risk management, control and governance arrangements.

The Director of Internal Audit Services is responsible for providing reasonable assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Information held on the University’s website

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE REMUNERATION COMMITTEE

This report summarises the business of the Remuneration Committee for the academic year and financial year to 31 July 2022 and sets out how the Committee discharged its responsibilities.

The Remuneration Committee is one of six principal committees of the University’s Council.

It determines, on the authority of the Council, the remuneration of each individual member of the University’s senior executive and academic leadership and management, specifically the Vice-Chancellor, the other members of the University Executive Board (UEB), Deans, Heads of School, the Professoriate and Grade 9 Professional and Managerial Staff.

Reports to the Committee highlight any staff whose pay exceeds £100k. The Committee approves severance payments for any staff whose pay exceeds £100k, and approves all severance payments in excess of £90k. It also approves any out-of-cycle salary increases, such as where retention cases are agreed.

It has the power to make recommendations to the Council on the contractual arrangements and the terms and conditions of employment for such staff.

In discharging its responsibilities, the Committee is informed by, and adheres to, the requirements of the Higher Education Senior Staff Remuneration Code as set out by the Committee of University Chairs (CUC) and the Office for Student (OfS).

The Committee has five members, all of whom are lay members of the Council. Members are nominated to the Council by the Appointments and Governance Committee, with due regard to the skills and experience required for the good running of the Remuneration Committee.

Members of the Committee for the reporting period were:

- **Dr Paul Preston** (President of the Council)
- **Mr Tom Beardmore-Gray** (Vice-President of the Council and Chair of the Committee)
- **Mrs Kate Owen** (Vice-President of the Council)
- **Mrs Sue Maple** (Lay member of the Council)
- **Mrs Helen Gordon** (Vice-President of the Council)

The Committee is chaired by a Vice-President of the Council. The Vice-Chancellor, the University Secretary, Head of Governance and the Director of Human Resources are in attendance at its meetings. No employees of the University are present when their own remuneration or expenses are under consideration.

The Committee has met on three occasions in 2021/22 on the following dates:

- 18 October 2021
- 3 February 2022
- 7 June 2022

Attendance at the meeting was as follows:

	Eligible to Attend	Actual Attendance
Dr Preston	3	3
Mr Beardmore-Gray	3	3
Mrs Owen	3	3
Mrs Maple	3	3
Mrs Gordon	3	3

No declarations of interests were made by Committee members in the reporting period.

The Committee reports directly to the Council and receives reports and recommendations from its Professorial Staff Salaries Advisory Group, its Senior Staff Salaries Advisory Group, and from the Vice-Chancellor in respect of his direct reports respectively. These Advisory Groups, the Vice-Chancellor and the Committee itself, routinely have regard to the annual Universities & Colleges Employers Association (UCEA) Remuneration Survey in the course of their deliberations and are mindful at all times of such guidance as CUC and OfS may, from time to time, provide.

The Committee is committed to having a transparent and consistent approach to its work. There has been continued interest by stakeholders, regulators and the Government regarding remuneration of university leaders and Vice-Chancellors in particular. Concerns have been raised about the levels of pay, value for money and transparency. The Committee has taken steps to improve transparency and accountability through the provision of additional information. The Committee has increased further the information it reports about the University's remuneration policies and approach toward senior post holders' reward.

Institutional context

In 2026 the University of Reading will celebrate the 100th anniversary of its university status. Since that time, we have grown enormously in size and stature.

The University has approximately 4,000 staff members from more than 90 nations, and more than 25,000 students from around 160 countries.

We offer a wide range of programmes from the pure and applied sciences to languages, humanities, social sciences, business and arts. New research and the latest thinking continually feed into our teaching, with academic staff working at the forefront of their fields of expertise.

We are a research-intensive university recognised for our expertise in areas such as climate science, business, agriculture, and food science. Our research is divided into four broad themes: Agriculture, Food and Health; Environment; Heritage and Creativity; and Prosperity and Resilience.

We have a global presence, with our Whiteknights and London Road campuses in Reading, our Henley Business School campus at Greenlands, Henley Business School (South Africa) in Johannesburg, and the University of Malaysia in Iskandar. The University also has a number of international partnerships and collaborations with institutions in China, India, USA, Canada, Italy, Switzerland, Malta, Ireland, Australia, Thailand, Philippines, Japan, Malaysia, Brazil and Colombia.

We are ranked 229th in the QS World University Rankings 2023, continuing to perform among the top 20% of world institutions ranked by QS. We are ranked joint 198th in the THE World University Rankings 2023, and joint 26th in the UK, 30th in the UK in the *Times and Sunday Times Good University 2023*, and 31st in the UK in the *Complete University Guide 2023*.

However, we continue to face significant challenges. We are addressing, in common with other Higher Education Institutions (HEI), the continued impact of the COVID-19 pandemic as well as Brexit, intensive competition for student recruitment, growing student expectations around facilities teaching and learning quality and welfare, and increasing staff costs (not least in respect of pension contributions). The need to ensure financial sustainability against a backdrop of competing demands for resources is a major priority.

These challenges are immediate and real, and must be addressed face on, but our long-term ambitions remain as set out in the 2020–26 Strategic Plan, built on the four principles of Community, Excellence, Sustainability, and Engaged University.

Approach to remuneration

The over-arching purpose of the Remuneration Committee is to assist the University with the effective recruitment, retention and motivation of staff. In doing so it is guided by, and abides with, the CUC Remuneration Code, adapted as appropriate for local purposes (but with no diminution of its intent and purpose). The Committee is committed to ensuring fair, appropriate and justifiable levels of remuneration, and demonstrating procedural fairness, transparency and accountability.

Embracing diversity and inclusion is critical to the success of the University of Reading. The Remuneration Committee fully supports the University's commitment to diversity and inclusion, and is mindful of, and informed by, the University's stated targets for staff.

In so far as it is possible, the Committee has aligned the arrangements for senior staff pay and reward with those mechanisms available for all staff. The majority of the University's staff are placed on one of eight grades, on a pay structure based on the national pay spine and enjoy automatic annual incremental progression until they reach the top of the relevant grade. There are further opportunities to recognise contributions above and beyond normal expectations, ranging from small, celebratory vouchers, lump sum payments and consolidated incremental increases. Senior staff have no expectation of automatic incremental progression but have analogous arrangements to recognise and reward contribution. All staff receive the nationally agreed pay award determined annually via the Joint Negotiating Committee for Higher Education Staff (JNCHES).

It should be noted that, in response to the Covid-19 pandemic and associated financial challenges, the University entered into a significant agreement with University and College Union (UCU) and the Staff Forum that provided for, inter alia, a three-year pay freeze, meaning that nationally agreed pay settlements for the years 2020–21, 2021–22 and 2022–23 would not be applied locally for all staff. Normal incremental progression, where applicable, is not affected by this agreement.

However, the University was able to agree to implement a pay award equivalent to the nationally agreed pay settlement for the year 2021–22. This was agreed with the UCU and the Staff Forum in October 2021 and paid thereafter, backdated to 1 August 2021.

The Committee's normal approach to the remuneration and reward of senior staff is set out in full within its Senior Staff Remuneration Policy.

The Committee has developed a strong evidence-based ethos to its work, and has agreed the following guiding principles:

- ensure that salaries and benefits, and any proposed adjustments to those, represent good value for money and a proper use of public monies, seeking appropriate advice and guidance where required
- require all proposals for salary adjustment to have been appropriately scrutinised and be evidence-based;
- recognise the value of appropriately rewarding staff for contributions that are above and beyond the normal expectations of their role
- expect ratios of senior staff pay to all University staff to be contained within reasonable and defensible parameters
- operate in the most transparent and accountable manner possible
- seek explanation if it considers there has been significant or persistent under performance, whether or not a salary adjustment is being proposed.

The Committee has access to a range of benchmark information to best inform its decision-making in respect of senior staff remuneration. The primary source of information is the annual UCEA Senior Staff Remuneration Survey. This survey provides comprehensive salary benchmarking across the HE sectors. The Committee also has access to benchmarking reports from the Director of Human Resources as and when required, with particular attention drawn to comparator information relating to:

- Pre-1992 HEIs by income (£202m–£400m)
- HEIs within the London/South-East Region
- Russell Group HEIs.

The Committee seeks to contain senior staff salaries in the median to upper quartile range within the relevant comparator groups above, whilst being mindful of varying levels of individual contribution and length of service, and variations in portfolios of responsibilities.

Records of Committee meetings and decisions taken demonstrate adherence to the Committee's agreed practice and the principles noted above.

Vice-Chancellor's remuneration

The Vice-Chancellor is de facto the University's Chief Executive Officer, and as such has overall responsibility for the effective management of the University. The Vice-Chancellor is the accountable officer (as set out in OfS Regulatory Advice 10), responsible for effective governance and the financial stewardship of the University. He is responsible to, and works closely with, the President of the Council in these matters and in all other aspects of the work of the governing body.

Working alongside Council members, the Senate and the UEB, the Vice-Chancellor leads the strategic development of the University, ensuring its academic and financial sustainability.

The University has a global presence, and the Vice-Chancellor is required to promote its interests at home and overseas and is expected to develop strong relationships with Government representatives, the Office for Students, the Universities UK (UUK) and other key stakeholders.

The Vice-Chancellor role is highly visible, multi-faceted and very challenging. Leading the institution, ensuring its good governance and financial stability, and representing its interests across a complex matrix of settings is time-consuming and demanding of the post-holder.

With all of this in mind, the Remuneration Committee considers arrangements for the Vice-Chancellors' remuneration, and is acutely sensitive to general concerns in respect of Vice-Chancellor remuneration levels across the sector. The Committee utilises evidence from both inside and outside the HE sector to benchmark the Vice-Chancellor's pay. The President of Council sets the Vice-Chancellor's objectives on the Committee's behalf, ensuring they are aligned to the University strategy.

The Vice-Chancellor's appraisal is conducted by the President of the Council following consultation with the Remuneration Committee.

From the academic year 2018/19 onwards, decisions regarding the Vice-Chancellor's salary and any additional reward (consistent with the arrangements for other senior staff) are normally taken at the Autumn Term meeting of the Remuneration Committee on the basis of proposals presented by the President. This arrangement allows the Committee the best opportunity to scrutinise senior staff performance in light of the objectives set,

both collectively and individually, for institutional and personal performance during the whole of the relevant academic year.

In assessing personal and collective performance, the Committee gives due regard to a series of institutional performance indicators:

- **Financial performance** – notably Academic Group Surplus and University Group Surplus.
- **Student numbers** – Undergraduate and Postgraduate.
- **Research income** – grant and contract income.
- **External accreditation** – notably the Annual Provider Review, the Teaching Excellence Framework and the Research Excellence Framework.
- **League tables (for the previous five years)** – notably the National Student Survey ("Overall Satisfaction" rating), *The Times and Sunday Times Good University Guide*, *The Guardian University Guide*, *The Complete University Guide*, The Times Higher Education Student Experience Survey, The Times Higher Education World University Rankings, and the QS World Rankings.
- **Staff survey outcomes** – notably the Employer of Choice, Advocacy and Quality of Service scores (as measured against agreed "acceptable" scores and HE sector median scores).

Professor Robert Van de Noort was appointed as Vice-Chancellor with effect from 22 February 2019. The Remuneration Committee, for recruitment purposes, had agreed that the Vice-Chancellor's salary would be contained within the £220–280k range. On appointment, the Vice-Chancellor voluntarily limited his opening salary to £195k. Remuneration Committee members have reserved the right to make further salary adjustments to reflect contribution against agreed objectives, and to support future recruitment activity as and when required.

The following table illustrates the full-time equivalent payments made to the Vice-Chancellor for the relevant reporting period and previous year:

Emoluments of the Vice-Chancellor:

	2021–22	2020–21
Salary	£201,000	£199,000
Performance-related pay ¹	£5,000	
Benefits		
Sub-total	£206,000	£199,000
Pension costs	£43,000	£42,000
Total	£249,000	£241,000

The Vice-Chancellor also participates in the available salary sacrifice scheme in respect of his USS contributions; this opportunity is available to all staff across all the relevant pension schemes.

Pay ratios

Vice-Chancellor's Basic Pay Ratio (as measured against basic median pay for all staff):

Date	Median	Salary	Ratio
2020–21	£33,797	£199,000	5.9 – 1
2021–22	£31,406	£201,000	6.4 – 1

Vice-Chancellor's Total Pay Ratio (as measured against total median pay for all staff):

Date	Median	Salary	Ratio
2020–21	£34,764	£199,000	5.7 – 1
2021–22	£32,344	£206,000	6.4 – 1

Payments to members of the governing body

The Council is the University's governing body. It sets the University's strategic direction, ensures compliance with statutory requirements and approves constitutional changes. The Council is ultimately responsible for managing the University's estate, finance and staff, promoting teaching, learning and research, and making provision for the general welfare of students, with much of the detailed work falling to sub-committees. Here, majority representation by lay members, drawn from commercial, community and professional organisations, provides a valuable perspective. The primary responsibilities of the Council are set out in Ordinance. Lay members of the Council receive no remuneration for their role in these bodies, although they are reimbursed for expenses incurred in attending meetings.

¹ Lump sum, non-consolidated payment.

External appointments

The Remuneration Committee accepts that senior staff may from time to time be engaged in work for outside bodies which may be paid or unpaid, recognising the potential value to the individual but also to the University in terms of profile, relationship-building and exposure to outside thinking and processes. The University's general rules, as set out within its Consultancy Policy, apply equally to senior staff.

For senior staff, prior approval for outside work not being undertaken in the individual's private time must be sought before any commitment is made. The President of Council will agree broadly the range of external commitments appropriate for the Vice-Chancellor, explicitly approving further activity on a case-by-case basis. The same principle applies for other senior staff, with approval to be granted by the Vice-Chancellor.

Approval will not be granted where there is a clear conflict of interest, there is no clear value to the individual's development or to the University, or where the time commitment is deemed inconsistent with the needs of the substantive University post. Senior staff must ensure that they meet all the reasonable requirements of their university employment.

Approved additional earnings, other than those classified as University Consultancy, may be retained by the individual member of senior staff. All such earnings should be disclosed and may be subject to audit from time to time.

Expenses

The University's rules as set out in its Travel and other Expenses, Benefits, Hospitality and Gifts policy apply equally to senior staff.

Senior staff are allowed to reclaim their proper and reasonable business expenses, but they are expected to apply sensible discretion.

All expenses of members of UEB are published openly. The Remuneration Committee have access to such reports and reserve the right to seek further details and explanation of particular items.

Details on compensation for loss of office

Severance payments made to university staff during the period comprise statutory redundancies (arising predominately from the natural cessation of fixed-term contracts) and occasional mutually agreed payments contained within a formal Settlement Agreement.

In total 72 employees received compensation for loss of office, at a total cost of £464,000.

Committee activities during 2021–22

In addition, during 2021–22 the Committee has:

- (i) reviewed its own terms of reference and confirmed that these remain appropriate.
- (ii) conformed with the Statement of the University's Remuneration Policy as approved by the Council.
- (iii) monitored the approval processes that apply in respect of severance and early retirement arrangements and pronounced itself content.
- (iv) had regard to the national and local context as it affects the remuneration of senior staff in the higher education sector.
- (v) had regard to pensions matters and agreed an approach to consultations on USS.
- (vi) agreed adjustments to salary for members of the University Executive Board.
- (vii) agreed, on the basis of a report from its Professorial Salaries Advisory Group, adjustments to salary for certain Professorial staff with effect from 1 August 2021.
- (viii) agreed, on the basis of a report from its Senior Salaries Advisory Group, adjustments to salary for certain senior staff with effect from 1 August 2022.

THE COUNCIL AND OFFICERS

The Council

Class 1: Ex officio

The Vice-Chancellor
 The Deputy Vice-Chancellor
 Three Pro-Vice-Chancellors
 The Dean of the Henley Business School (Professor J. L. G. Board, BA, PhD)

Class 2: Fifteen persons not being employees or registered students of the University to be appointed by the Council

Mr T. Beardmore-Gray, MA, FCA (Vice-President of Council and Chair of Remuneration Committee)
 Ms S. Butler, BSc, MSc, FRSC
 Mr K. Corrigan, BA, FCCA (Chair of the Investments Committee)
 Mrs P. Egan, BA, CBE
 Mrs H. Gordon, MBA
 Ms S. Maple, MBA
 Mr P. Milhofer, BA
 Ms L. Moses, LLB, PGDip
 Mrs K. Owen, BA (Vice-President of Council and Chair of the Student Experience Committee)
 Mrs S. Plank, BA
 Dr P. R. Preston, BSc, PhD (President of the Council)
 Mr S. C. C. Pryce, BSc, ACA
 Mr N. Richards, MBA, ACIB, DipFS (Chair of the Audit Committee)
 Dr C. Shaw, BSc, PhD

Class 3: One member of the Academic Staff of the Leadership Group elected from among their own number in such a manner and under such conditions as are prescribed by the Council for the election of members of the Academic Staff to the Senate under Ordinance A1.

Professor U. Kambhampati, PhD Cantab

Class 4: One member of the Senate not being a registered student of the University to be appointed by the Senate

Professor R. A. Frazier, BSc (Hons) Bristol, PhD Nottingham

Class 5: One member of staff who is employed in grades 6–9 at the time of his or her election shall be elected by and amongst his or her own number

Professor J. Gibbins, BSc (Hons) Reading, PhD Reading

Class 6: One member of staff who is employed in grades 1–5 at the time of his or her election shall be elected by and from amongst his or her own number

Mr J. Magee, MA, RSci

Class 7: Two Officers of the students' union and two alternates as determined from time to time by the Council after consultation with the students' union.

The President of the students' union
Welfare Officer of the students' union

The Officers of the University

Chancellor

Mr Paul Lindley OBE (from 6 July 2022)
The Rt Hon. the Lord Waldegrave of North Hill (until 6 July 2022)

Vice-Chancellor

Professor R. Van de Noort, BA, Drs, PhD, FSA, PFHEA

President of the Council

Dr P. R. Preston, BSc, PhD

Vice-Presidents of the Council

Mr T. Beardmore-Gray, MA, FCA
Mrs H. Gordon, MBA
Mrs K. Owen, BA

Deputy Vice-Chancellor

Professor P. Yaqoob, OBE, MA, DPhil, RNutr, FAFN, FHEA

Pro-Vice-Chancellors

Professor M. Fellowes, BSc, ARCS, PhD, DIC, PgCert, FRSB
Mr P. Inman, MA, PGDip, FRSA
Professor E. McCrum, BA, MA, PGCE, EdD, PFHEA
Professor J. R. Park, BSc, CertEd, PhD (up to 31 January 2022)
Professor P. M. Miskell, BA, MA, PhD, FHEA (from 1 February 2022)
Professor P. Yaqoob, OBE, MA, DPhil, RNutr, FAFN, FHEA
Professor D. Zaum, BA, MPhil, DPhil

Heads of Service

Ms S. Foley, Chief Financial Officer, BA, FCPFA
Dr R. J. Messer, Chief Strategy Officer and University Secretary, BA, PhD

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF READING

Report on the audit of the financial statements

Opinion

We have audited the financial statements of University of Reading ('the University') and its subsidiaries ('the Group') for the year ended 31 July 2022. They comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2022 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the governing body

As explained more fully in the Statement of Responsibilities of the governing body set out on page 53, the governing body are responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and 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.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and its operations, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: OfS requirements, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering and non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring of management and, where appropriate, those charged with governance, as to whether the Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations
- inspecting correspondence, if any, with relevant licensing or regulatory authorities
- communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit
- considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pensions legislation and the OfS Accounts Direction

In addition, we evaluated the governing body's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to defined benefit pension obligations, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included, but were not limited to:

- making enquiries of the governing body and management on whether they had knowledge of any actual, suspected or alleged fraud
- gaining an understanding of the internal controls established to mitigate risks related to fraud
- discussing amongst the engagement team the risks of fraud
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other Required Reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- funds provided by OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the governing body's Report.

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the accounts, is materially misstated, or
- the provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Use of the audit report

This report is made solely to the governing body in accordance with the charter and ordinances of the University. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and University and the governing body, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:

Mazars LLP

Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol BS1 6DP
30 November 2022

KEY FINANCIAL STATEMENTS

Statement of comprehensive income

Year ended 31 July 2022

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Note Income				
1,3 Tuition fees and education contracts	188,935	189,264	178,575	180,838
2,3 Funding body grants	32,883	36,176	32,883	36,176
3,5 Research grants and contracts	38,046	37,557	37,816	37,240
6 Other income	46,106	40,902	42,126	36,914
7 Investment income	6,829	2,972	7,267	3,342
8 Donations and endowments	4,058	4,149	3,601	3,626
Total income	316,857	311,020	302,268	298,136
Expenditure				
4,9 Staff costs	188,296	186,500	182,030	181,049
9,25 Staff costs – movement in pension provision	72,007	(4,537)	72,007	(4,537)
Other operating expenses	111,043	99,466	97,491	97,309
13,14 Depreciation and amortisation	28,915	29,481	28,598	29,272
10 Interest and other finance costs	6,274	5,461	5,705	5,443
11 Total expenditure	406,535	316,371	385,831	308,536
Total income less total expenditure	(89,678)	(5,351)	(83,563)	(10,400)
Gain / (loss) on disposal of property, plant and equipment	56	(1,132)	65	(1,126)
15 Disposal of heritage assets	-	(1,950)	-	(1,950)
17 Gain on disposal of investment properties	22	171	22	171
Gain on disposal of investments	3,041	5,387	3,041	5,387
17 Gain on revaluation of investment properties	37,538	18,400	37,538	18,400
(Loss) / gain on revaluation of investments	(1,892)	8,165	(1,892)	8,149
19 Share of operating surplus in associates	2,520	2,627	-	-
(Deficit) / surplus before tax	(48,393)	26,317	(44,789)	18,631
12 Taxation charge	(70)	(3)	(187)	(177)
(Deficit) / surplus for the year (including (increase) / decrease in pension provision)	(48,463)	26,314	(44,976)	18,454
14 Surplus on revaluation of property, plant and equipment	2,430	3,638	2,430	3,638
19 Surplus on revaluation of property, plant and equipment held by associate	2	2,422	-	-
38 Remeasurement gains in respect of pension schemes	22,231	5,111	22,231	5,111
Exchange differences on consolidation of overseas subsidiaries	(338)	(579)	-	-
Total comprehensive (expense) / income for the year	(24,138)	36,906	(20,315)	27,203
Represented by:				
Endowment comprehensive income for the year	(4,523)	(143,520)	(4,523)	(143,520)
Restricted comprehensive income for the year	(571)	2,014	(638)	1,887
Unrestricted comprehensive income / (expense) for the year	(21,476)	174,302	(17,584)	167,148
Revaluation reserve comprehensive income for the year	2,432	4,110	2,430	1,688
	(24,138)	36,906	(20,315)	27,203

All items of income and expenditure arise from continuing activities.

Statement of changes in reserves

Year ended 31 July 2022

Consolidated

At 1 August 2020

	Income and expenditure account				Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	
At 1 August 2020	250,693	2,605	131,031	53,966	438,295
Surplus / (deficit) for the year	(16,951)	2,014	43,201	(1,950)	26,314
Other comprehensive income	-	-	4,532	6,060	10,592
Transfers between endowment and unrestricted reserves	(126,569)	-	126,569	-	-
Transfers between revaluation and unrestricted reserves	-	-	3,458	(3,458)	-
Transfers between revaluation and endowment reserves	180	-	-	(180)	-
At 1 August 2021	107,353	4,619	308,791	54,438	475,201
Deficit for the year	(4,523)	(571)	(43,369)	-	(48,463)
Other comprehensive income	-	-	21,893	2,432	24,325
Transfers between revaluation and unrestricted reserves	-	-	2,430	(2,430)	-
At 31 July 2022	102,830	4,048	289,745	54,440	451,063

University

At 1 August 2020

	Income and expenditure account				Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	
At 1 August 2020	250,693	1,868	147,674	37,843	438,078
Surplus / (deficit) for the year	(16,951)	1,887	35,468	(1,950)	18,454
Other comprehensive expense	-	-	5,111	3,638	8,749
Transfers between endowment and unrestricted reserves	(126,569)	-	126,569	-	-
Transfers between revaluation and unrestricted reserves	-	-	3,458	(3,458)	-
Transfers between revaluation and endowment reserves	180	-	-	(180)	-
At 1 August 2021	107,353	3,755	318,280	35,893	465,281
Deficit for the year	(4,523)	(638)	(39,815)	-	(44,976)
Other comprehensive expense	-	-	22,231	2,430	24,661
Transfers between revaluation and unrestricted reserves	-	-	2,430	(2,430)	-
At 31 July 2022	102,830	3,117	303,126	35,893	444,966

Statement of financial position

At 31 July 2022

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Note Non-current assets				
13 Intangible assets	6,990	9,212	6,990	9,212
14 Property, plant and equipment	342,571	356,340	341,767	355,679
15 Heritage assets	39,173	39,173	39,173	39,173
16 Biological assets	807	659	807	659
17 Investment properties	162,598	118,787	162,598	118,787
18 Non-current investments	28,526	27,762	28,333	27,576
19 Investments in associates	29,890	27,143	10,567	10,567
	610,555	579,076	590,235	561,653
Current assets				
Stock	1,588	1,286	1,588	1,274
20 Trade and other receivables	66,084	76,124	62,832	73,436
21 Current investments	99,496	99,597	99,496	99,597
Cash and cash equivalents	42,816	51,736	38,295	46,089
	209,984	228,743	202,211	220,396
22 Creditors: Amounts falling due within one year	(120,288)	(105,779)	(111,617)	(98,319)
Net current assets	89,696	122,964	90,594	122,077
Total assets less current liabilities	700,251	702,040	680,829	683,730
23 Creditors: Amounts falling due after more than one year	(152,652)	(181,096)	(152,652)	(181,096)
Provisions				
25 Pension provisions	(74,665)	(25,365)	(74,665)	(25,365)
26 Other provisions	(21,871)	(20,378)	(8,546)	(11,988)
Total net assets	451,063	475,201	444,966	465,281
Restricted reserves				
27 Income and expenditure reserve – endowment	102,830	107,353	102,830	107,353
28 Income and expenditure reserve – other restricted	4,048	4,619	3,117	3,755
Unrestricted reserves				
Income and expenditure reserve – unrestricted	289,745	308,791	303,126	318,280
Revaluation reserve	54,440	54,438	35,893	35,893
Total reserves	451,063	475,201	444,966	465,281

The financial statements on pages 66 to 103 were approved by Council on 30 November 2022, and signed on its behalf by:

Mrs H Gordon
President of the Council

Professor R Van de Noort
Vice-Chancellor

Mr A Grice
Director of Finance

Statement of cash flows

Year ended 31 July 2022

Cash flow from operating activities

(Deficit) / surplus for the year before tax

Adjustments for non-cash items:

Depreciation and amortisation

Gain on revaluation of investment properties

Disposal of heritage assets

Loss / (gain) on revaluation of investments

(Gain) / loss on revaluation of biological assets

Exchange differences

(Increase) / decrease in stock

Decrease in receivables

Increase in creditors

Increase / (decrease) in pension provisions

Increase / (decrease) in other provisions

Share of operating surplus in associates

Adjustments for investing or financing activities:

Investment income

Capital grant income

New endowments

Interest payable

(Gain) / loss on disposal of property, plant and equipment

Gain on disposal of investment properties

Gain on disposal of investments

Tax paid

Net cash inflow from operating activities

Cash flows from investing activities

Proceeds from sales of property, plant and equipment and investment properties

Proceeds from sales of land in previous years

Net receipts for investments

Investment income

Capital grants received

Payments made to acquire property, plant and equipment

Payments made to acquire heritage assets

Net receipts for biological assets

Payments made to acquire investment properties

Cash flows from financing activities

New endowments

Interest paid

New unsecured loans

Repayments of amounts borrowed

(Decrease) / increase in cash and cash equivalents in the year

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

Consolidated

2022
£'000

2021
£'000

(48,393)

26,317

28,915

29,481

(37,538)

(18,400)

-

1,950

1,892

(8,165)

(151)

47

(341)

(604)

(302)

112

3,555

2,710

13,290

6,826

71,480

(4,352)

1,493

(8,550)

(2,745)

(3,088)

(6,829)

(2,972)

(4,686)

(3,424)

(10)

(28)

6,274

5,461

(56)

1,132

(11,927)

(171)

(3,041)

(5,387)

10,880

18,895

(293)

(465)

10,587

18,430

169

-

14,694

19,926

485

9,002

6,374

2,709

4,686

3,424

(13,034)

(10,485)

-

(1,777)

3

14

(31)

(542)

13,346

22,271

10

28

(5,863)

(5,086)

-

50,000

(27,000)

(54,449)

(32,853)

(9,507)

(8,920)

31,194

51,736

20,542

42,816

51,736

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The University of Reading is registered with the Office for Students (OfS) in England. The address of the registered office is Whiteknights House, Whiteknights, Reading, RG6 6UR.

Accounting convention

The Group and University financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017, the Accounts Direction issued by the OfS, the terms and conditions of funding for higher education institutions issued by OfS, and the terms and conditions of the Research England grant.

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

The University is a public benefit entity and has therefore applied the relevant public benefit requirements of applicable UK laws and accounting standards.

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain assets, including investment properties, biological assets and certain investments.

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

The accounts have been prepared on a going concern basis and, due to the COVID-19 pandemic, regular formal and detailed going concern monitoring has taken place since March 2020. It is anticipated that the main impacts on the University in 2022–23 will continue to be international student recruitment, and commercial income streams generated through on-campus

activities such as halls of residences and catering. Inflation, utility costs and higher interest rates have recently added to the receding pandemic-related risks. Our financial planning going forward has sufficient check points in place to ensure we maintain cash levels and invest in our infrastructure by generating sufficient cash from operations on an annual basis. Numerous, prudent scenarios have been forecast over a three-year cycle and consideration given to the cash flow implications and also the impact on any loan and covenant arrangements. Whilst income loss impacts are anticipated, the University is well placed to respond to this through a series of planned and tested mitigations. In addition, the University has access to funds through its investment assets. Taking all of this into consideration, the University is able to meet all obligations, including loan repayments, and can meet its covenants. The University is therefore considered a going concern.

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

Basis of consolidation

The consolidated financial statements include the University, the University's subsidiary companies and the University's trusts. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal.

Non-company charitable subsidiaries, including trusts, are aggregated into the University accounts where they meet the definition of a 'Special Trust' as per section 287 of the Charities Act 2011. Where a trust does not meet the definition of a special trust, but control can be demonstrated by the University, it is consolidated.

Intra-Group transactions, gains and losses are eliminated on consolidation. Intra-Group amounts receivable and amounts payable are also eliminated on consolidation.

The consolidated financial statements also include the Group's share of the total comprehensive income of associated undertakings using the equity method.

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

Income recognition

(i) Goods and services

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

(ii) Fee income

Fee income is credited to the statement of comprehensive income over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount.

(iii) Revenue grants

Revenue grants from both government and non-government sources, including all teaching and research grants, are recognised within the statement of comprehensive income when the University is entitled to the income and any performance-related conditions have been met. Income received in advance of performance-related conditions is deferred in the statement of financial position and released in line with such conditions being met.

(iv) Capital grants

Capital grants from both government and non-government sources are recorded in the statement of comprehensive income when the University is entitled to the income subject to any performance-related conditions being met.

(v) Investment income

Investment income is credited to the statement of comprehensive income on a receivable basis.

(vi) Donations and endowments

Donations and endowments are types of non-exchange transactions which are recognised within the statement of comprehensive income when the University is entitled to the income and any performance-related conditions have been met.

Where donations and endowments include donor-imposed restrictions, income is retained within a restricted reserve until such time as it is utilised in line with the restrictions, at which point the income is released to general reserves through a reserve transfer.

Investment income from endowments and changes in the fair value of endowments are recorded in the statement of comprehensive income in the period in which they arise, and as either restricted or unrestricted income according to the terms applicable to the individual endowment fund.

The main types of endowment are given below.

- Unrestricted permanent endowments are funds where the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted expendable endowments are funds where the donor has specified a particular objective, other than the purchase or construction of property, plant and equipment, and the University can convert the donated sum into income.
- Restricted permanent endowments are funds where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations of tangible assets are included within income. Paragraph PBE 34.73(b) of FRS 102 requires income from donations of fixed assets to be measured at the fair value of the fixed asset. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category.

The University's trusts are excluded from University endowments and are included on consolidation.

(vii) Agency arrangements

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

Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF) and the University of Reading Pension Scheme (URPS).

USS is a multi-employer hybrid scheme which has both defined benefit and defined contribution elements. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, contributions are recognised as an expense in the period during which services are rendered by employees. Additionally, since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contractual commitment to fund past deficits within the USS scheme.

UREPF is a defined benefit scheme which closed to new members on 31 July 2011. The assets of the scheme are held in a separate trustee-administered fund. The scheme is valued every three years by a professionally qualified independent actuary using the projected unit credit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. The Group's net obligation is calculated by discounting to present value the estimated amount of future benefit that employees have earned in return for their service in the current and prior periods less the fair value of any plan assets. The statement of comprehensive income is charged with the current service cost, any past service costs, the net financing cost attributable to the pension liabilities and return on assets and administrative expenses paid from plan assets. Actuarial gains and losses on the scheme, including the differences between expected and actual return on scheme assets, are recognised in other comprehensive income. When the calculation results

in a surplus, the asset recognised is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

URPS is a defined contribution scheme which was established on 1 August 2011 and is available to staff not eligible to join the USS scheme. Contributions are recognised as an expense in the period during which services are rendered by employees.

A small number of staff remain in other pension schemes.

Employee benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the period 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.

Leases

(i) Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Assets held under finance leases are stated 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, less accumulated depreciation and impairment losses. Minimum lease payments are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

(iii) Service concession arrangements

Items of property, plant and equipment held under service concession arrangements are recognised in the statement of financial position at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability. Payments under each service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

(iv) Lessor accounting

Where the University acts as a lessor under an operating lease, the leased asset is recognised within property, plant and equipment and lease income is recognised on a straight-line basis over the lease term. Where the University acts as a lessor under a finance lease, an amount receivable is recognised in the statement of financial position and lease payments are split between crediting the principle amount and finance income.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income in the period in which they arise. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at foreign exchange rates ruling at the reporting date. Income and expenditure of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are reported in other comprehensive income.

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from UK corporation tax in respect of income or capital gains received within categories covered by sections 478–488 of the Corporation Tax Act 2010 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. Non-charitable subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its expenditure. Irrecoverable VAT is included in the costs of such expenditure. Any irrecoverable VAT allocated to an item of property, plant and equipment is included in its cost.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or less tax in the future have occurred at the reporting date. 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 the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

Intangible assets

Intangible assets acquired or developed are initially recognised at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives as follows:

Software acquired or developed	4–10 years
--------------------------------	------------

A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a single item of PPE have different useful lives, they are accounted for as separate items of PPE. Costs incurred in relation to PPE after its initial purchase or production are capitalised to the extent that they increase the expected future benefits to the University from the existing PPE beyond its previously assessed standard of performance. The costs of any such enhancements are added to the carrying amount of the PPE concerned.

Assets under construction are not depreciated until they are brought into use.

Where material, the anticipated useful economic life of PPE is reviewed annually and the accumulated and future depreciation adjusted.

Expenditure to ensure that PPE maintains its standard of performance is recognised in the statement of comprehensive income when it is incurred. The University has a comprehensive planned maintenance programme, which is reviewed on an annual basis.

(i) Land and buildings

Freehold land is not depreciated as it is considered to have an indefinite useful life. The components of freehold buildings are depreciated on a straight line basis over their expected useful lives. The expected useful lives of these components are shown below, although where it is expected that an individual asset will have a shorter or longer useful life, its life is adjusted accordingly.

Fabric – construction	50 years
Fabric – improvements and extensions	30 years
Mechanical and electrical	20 years

(ii) Plant, machinery and equipment

The purchase of equipment costing less than £10,000 per individual item or group of related items is charged to the statement of comprehensive income in the year of acquisition. All other equipment is capitalised and depreciated over its expected useful life. The expected useful lives by class of asset are shown below, although where it is expected that an individual asset will have a shorter or longer useful life, its life is adjusted accordingly.

Plant and machinery	4–10 years
General equipment	4–10 years
Computers	4 years
Motor vehicles	4 years
Equipment acquired for specific research projects	3 years

(iii) Impairment

A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of an item of PPE may not be recoverable.

(iv) Borrowing costs

Borrowing costs directly relating to expenditure on the construction, development or major refurbishment of qualifying PPE are capitalised. The amount capitalised is calculated using the University's weighted average cost of borrowings over the period from the commencement of the work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Heritage assets

Heritage assets are books, manuscripts, specimens, artworks, objects or other assets that have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets are stated at cost less accumulated impairment losses. Heritage assets are capitalised where information on their cost or value is available. Where this information is not available without undue cost, the assets are not capitalised. Heritage assets are not depreciated due to their long economic life and high residual value.

Agriculture

Biological assets are living animals or plants held as non-current assets from which economic benefits flow to the University. Agricultural produce is the harvested product of a biological asset. The University's farming operations include dairy cattle which are classified as biological assets. Dairy cattle are stated at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the statement of comprehensive income. The associated agricultural produce, milk, is stored only for a short time before onward sale and hence the value held is not considered material and is not included in the statement of financial position.

The University's operations also include arable farming from which economic benefits are derived. The plants and their harvested crops are treated as current assets within stock.

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. Properties are not depreciated but are revalued annually according to market conditions as at the reporting date.

Investments in associated undertakings

Associated undertakings are those entities in which the University has significant influence, but not control, over the financial and operating policies. In the consolidated financial statements, investments in associated undertakings are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the surplus or deficit and other comprehensive income of the associate.

Stock

Stock is stated at the lower of cost and net realisable value after making due provision for obsolete and slow moving items.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument and they are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(i) Cash and cash equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

(ii) Investments

Investments which are publicly traded, or where their fair value can be measured reliably, are subsequently measured at fair value with movements recognised in the statement of comprehensive income. Other investments, including investments in subsidiaries and associates, are subsequently measured at cost less any provision for impairment in their value in the University's statement of financial position.

Where fair value measurement is applied, the best evidence of fair value is considered to be a quoted price for an identical asset in an active market.

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(iii) Debt instruments

Debt instruments payable or receivable which meet the conditions in paragraph 11.8(b) of FRS 102 are subsequently measured at amortised cost using the effective interest method. Other debt instruments not meeting these conditions are measured at fair value with movements recognised in the statement of comprehensive income.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, is cancelled or expires.

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that an outflow 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 rate that reflects risks specific to the liability.

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 possible asset whose existence 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 disclosed by way of note where there is a possible rather than actual or probable asset or obligation arising from a past event or where it is not possible to measure the asset or obligation.

Reserves

Reserves are allocated between restricted and unrestricted reserves.

Restricted reserves include endowment reserves and other restricted reserves. Where the terms of an endowment indicate a restriction on the use of the fund, the balance is held within restricted endowment reserves. Other restricted reserves include amounts received for which a donor has designated a specific purpose for the use of these funds.

All other reserves are treated as unrestricted.

NOTES TO THE FINANCIAL STATEMENTS

1 Tuition fees and education contracts	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Full-time home and EU students	101,051	104,477	101,052	104,476
Full-time international students	61,103	58,337	57,628	55,018
Part-time students	11,890	12,934	6,390	8,239
Research training support grants	3,968	3,996	3,968	3,996
Short course fees	1,386	411	-	-
Education contracts	9,537	9,109	9,537	9,109
	188,935	189,264	178,575	180,838

2 Funding body grants	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Recurrent grants				
Office for Students (Ofs)	5,832	5,377	5,832	5,377
Research England	19,639	20,213	19,639	20,213
Capital grants	1,759	2,813	1,759	2,813
Specific grants				
OfS and UK Research and Innovation	2,276	4,864	2,276	4,864
Higher Education Innovation Fund	3,377	2,909	3,377	2,909
	32,883	36,176	32,883	36,176

The University receives its main grant funding from the Office for Students (OfS) and UK Research and Innovation (via Research England).

3 Grant and Fee income	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Grant income from the OfS	7,591	8,190	7,591	8,190
Grant income from other bodies	25,292	27,986	25,292	27,986
Fee income for research awards (exclusive of VAT)	38,046	37,557	37,816	37,240
Fee income from non-qualifying courses (exclusive of VAT)	5,354	4,407	3,968	3,996
Fee income for taught awards (exclusive of VAT)	183,581	184,857	174,607	176,842
	259,864	262,997	249,274	254,254

This note provides a breakdown of the income shown in the Statement of comprehensive income under the headings: Tuition fees and education contracts, Funding body grants, and Research grants and contracts.

4 Access and participation	University	
	2022 £'000	2021 £'000
Access investment	2,385	1,845
Financial support	3,640	3,729
Disability support (in addition to above)	840	847
Research and evaluation	98	120
	6,963	6,541

Included in the above are the following staff costs, further information on staff costs is given in note 9.

	University	
	2022 £'000	2021 £'000
Access investment – permanent staff	1,321	1,216
Access investment – student ambassadors	84	72
Disability support	560	575
Research and evaluation	88	110
	2,053	1,973

Details of the University's current access and participation plan can be found here:

www.reading.ac.uk/Ready-to-Study/study/student-access-participation-plans

5 Research grants and contracts	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Research Councils	16,193	14,477	16,193	14,477
Charities	4,551	3,585	4,551	3,585
Industry and commerce	4,828	6,384	4,606	6,200
Government (UK and overseas)	12,474	13,111	12,466	12,978
	38,046	37,557	37,816	37,240

6 Other income	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Residences, catering and conferences	8,660	3,321	8,616	3,319
Other revenue grants	920	593	920	593
Other capital grants	2,927	611	2,927	611
Other income	33,599	36,377	29,663	32,391
	46,106	40,902	42,126	36,914

Other income arises from a number of sources including executive education, property rentals, catering, conferences, the SportsPark, consultancy and enterprise activities and the Government furlough scheme. Amounts receivable from the Government furlough scheme were £33.6k (2021: £1.6m).

7 Investment income	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Income from short-term investments	6,469	2,439	6,907	2,809
Interest receivable on the deferred proceeds of sale of land	-	270	-	270
Net return on pension scheme	360	263	360	263
	6,829	2,972	7,267	3,342

8 Donations and endowments

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
New endowments	10	28	10	28
Donations with restrictions	3,682	4,235	3,377	3,904
Unrestricted donations	366	(114)	214	(306)
	4,058	4,149	3,601	3,626

9 Staff costs

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Analysis of staff costs				
Salaries	136,066	133,207	130,690	128,654
Social security costs	13,897	14,091	13,448	13,764
Pension costs	37,956	37,107	37,617	36,748
Other staff costs	377	2,095	275	1,883
	188,296	186,500	182,030	181,049
Movement in USS pension provision (see note 25)	72,007	(4,537)	72,007	(4,537)
	260,303	181,963	254,037	176,512

Vice-Chancellor's remuneration

The Vice-Chancellor is de facto the University's Chief Executive Officer, and as such has overall responsibility for the effective management of the University. The Vice-Chancellor is the accountable officer responsible for effective governance and the financial stewardship of the University. The Vice-Chancellor is responsible to and works closely with the President of the Council in these matters and in all other aspects of the work of the governing body. Working alongside Council members, the Senate and the University Executive Board, the Vice-Chancellor leads the strategic development of the University, ensuring its academic and financial sustainability.

The University has a global presence and the Vice-Chancellor is required to promote its interests at home and overseas, and is expected to develop strong relationships with Government representatives, the Office for Students, the UUK and other key stakeholders. The Vice-Chancellor role is highly visible, multi-faceted and very challenging. Leading the institution, ensuring its good governance and financial stability, and representing its interests across a complex matrix of settings is time-consuming and demanding of the post-holder. With all of this in mind, the Remuneration Committee considers arrangements for the Vice-Chancellor's remuneration. The Committee utilises evidence from both inside and outside the HE sector to benchmark the Vice-Chancellor's pay.

The President of Council sets the Vice-Chancellor's objectives on the Committee's behalf, ensuring they are aligned to the University strategy. The Vice-Chancellor's appraisal is conducted by the President of the Council following consultation with the Remuneration Committee. In assessing personal and collective performance the Committee gives due regard to a series of institutional performance indicators including financial performance, student numbers, research income, external accreditation, league tables and staff survey outcomes.

	Prof Robert Van de Noort	
	1 Aug 2021 £000	1 Aug 2020 £000
From:		
To:	31 Jul 2022	31 Jul 2021
Salary	201	199
Performance-related pay	5	-
Living accommodation provided	-	-
	206	199
Pension contributions to USS	43	42
	249	241

9 Staff costs (continued)

University pension contributions to USS are paid at the same rate as for other academic staff. The Vice-Chancellor also participates in salary sacrifice schemes in respect of his USS contributions; such opportunities are available to all staff.

The current Vice Chancellor's basic salary is 6.4 times the median pay of staff (2021: 5.9), where the median pay is calculated on a full-time equivalent basis. His total remuneration is currently 6.4 times the median total remuneration of staff (2021: 5.7).

Higher paid staff

Remuneration of other higher paid staff, excluding employer's pension contributions:

	2022 Number	2021 Number
£100,000 to £104,999	9	11
£105,000 to £109,999	10	12
£110,000 to £114,999	6	6
£115,000 to £119,999	4	5
£120,000 to £124,999	6	5
£125,000 to £129,999	2	1
£130,000 to £134,999	4	4
£135,000 to £139,999	1	1
£140,000 to £144,999	2	-
£145,000 to £149,999	2	4
£150,000 to £154,999	2	1
£155,000 to £159,999	-	1
£160,000 to £164,999	1	-
£175,000 to £179,999	-	1
£180,000 to £184,999	1	-
£185,000 to £189,999	-	1
£195,000 to £199,999	1	1
£270,000 to £274,999	-	1
£275,000 to £279,999	1	-
	52	55

	2022 £000	2021 £000
Compensation for loss of office to 72 employees (2021: 117)	464	1,878

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 has identified its key management personnel as being the members of the University Executive Group consisting of the Vice-Chancellor, the Deputy Vice-Chancellor, the Pro-Vice-Chancellors, the Chief Financial Officer and the Chief Strategy Officer & University Secretary. This covers 10 posts (2021: 9).

	2022 £000	2021 £000
Salary and benefits of key management personnel (including pension contributions)	1,288	1,276

Average staff numbers by major category:

	2022 Number	2021 Number
Academic	1,021	1,011
Research	302	325
Management and specialist	972	929
Technical	139	147
Other	1,042	1,046
	3,476	3,458

10 Interest and other finance costs

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loan interest	6,047	5,312	5,488	4,921
Net interest charge on pension schemes	411	375	411	375
Exchange differences	382	145	(180)	144
Other	(566)	(371)	(14)	3
	6,274	5,461	5,705	5,443

11 Analysis of total expenditure by activity

	Consolidated		University	
	2022 £'000	as restated 2021 £'000	2022 £'000	as restated 2021 £'000
Academic and related expenditure	163,059	154,282	156,919	148,546
Administration and central services	54,105	57,534	52,532	57,359
Premises	42,121	41,672	40,268	39,262
Catering and conferences	16,851	20,551	16,709	20,524
Research grants and contracts	37,585	37,428	37,537	37,327
Other expenses	20,807	9,441	9,859	10,055
Movement in USS pension provision	72,007	(4,537)	72,007	(4,537)
	406,535	316,371	385,831	308,536

Prior year figures have been restated to provide a more comparable analysis.

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Other operating expenses include:				
Operating lease rentals				
• land and buildings	3,091	3,048	1,679	1,638
• other	651	620	228	197
External auditor's remuneration				
• audit services	301	247	190	150
• non-audit services	46	24	20	15

12 Taxation charge

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Share of current tax from associates	(225)	(461)	-	-
Overseas – current tax	293	464	187	177
Other	2	-	-	-
	70	3	187	177

Most of the University's activities in the UK are exempt from corporation tax.

13 Intangible assets**Consolidated and University****Cost or valuation**

	Software £'000	Software under development £'000	Total £'000
At 1 August 2021	14,492	1,051	15,543
Additions	-	94	94
Reclassification from property, plant and equipment	-	15	15
Transfers between categories	(158)	158	-
At 31 July 2022	14,334	1,318	15,652

Amortisation

At 1 August 2021	6,331	-	6,331
Charge for the year	2,331	-	2,331
At 31 July 2022	8,662	-	8,662

Net book value at 31 July 2022

5,672 1,318 6,990

Net book value at 31 July 2021

8,161 1,051 9,212

14 Property, plant and equipment**Consolidated**

	Land and buildings £'000	Plant and machinery £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
At 1 August 2021	518,073	42,439	96,671	3,384	660,567
Additions	2,122	3,812	4,630	2,376	12,940
Revaluation	2,430	-	-	-	2,430
Reclassification to intangibles	-	-	-	(15)	(15)
Transfers between categories	382	349	1,359	(2,090)	-
Transfers to investment properties	(2,430)	-	-	(4)	(2,434)
Disposals	(222)	-	(284)	(25)	(531)
Exchange differences	2	-	210	1	213
At 31 July 2022	520,357	46,600	102,586	3,627	673,170

Depreciation

At 1 August 2021	199,573	30,162	74,492	-	304,227
Subsidiary adjustment prior year (Henley Germany)	29	-	37	-	66
Charge for the year	15,993	2,768	7,823	-	26,584
Transfers between categories	-	-	-	-	-
Transfers to investment properties	-	-	-	-	-
Disposals	(217)	-	(271)	-	(488)
Exchange differences	2	-	208	-	210
At 31 July 2022	215,380	32,930	82,289	-	330,599
Net book value at 31 July 2022	304,977	13,670	20,297	3,627	342,571
Net book value at 31 July 2021	318,500	12,277	22,179	3,384	356,340

Total aggregate capitalised finance costs to date within property, plant and equipment at 31 July 2022 were £48.6k (2021: £41k).

14 Property, plant and equipment (continued)

University	Land and buildings	Plant and machinery	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	517,409	42,439	93,196	3,365	656,409
Additions	2,107	3,812	4,110	2,366	12,395
Revaluation	2,430	-	-	-	2,430
Reclassification to intangibles	-	-	-	(15)	(15)
Transfers between categories	382	349	1,339	(2,070)	-
Transfers to investment properties	(2,430)	-	-	(4)	(2,434)
Disposals	-	-	(124)	(25)	(149)
At 31 July 2022	519,898	46,600	98,521	3,617	668,636
Depreciation					
At 1 August 2021	199,178	30,161	71,391	-	300,730
Charge for the year	15,927	2,768	7,572	-	26,267
Transfers between categories	-	-	-	-	-
Transfers to investment properties	-	-	-	-	-
Disposals	-	-	(128)	-	(128)
At 31 July 2022	215,105	32,929	78,835	-	326,869
Net book value at 31 July 2022	304,793	13,671	19,686	3,617	341,767
Net book value at 31 July 2021	318,231	12,278	21,805	3,365	355,679

Included in land and buildings above is land which is not depreciated as follows:

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Land not depreciated	18,011	18,011	18,011	18,011

15 Heritage assets

Heritage assets include many unique items and collections which the University has accumulated since incorporation. These are held and maintained principally for their contribution to knowledge and culture. The University conserves these assets and augments the collections where appropriate in order to enable use of the assets for teaching and research and access to the assets for engagement with members of the public. The items and collections are carefully catalogued and custodianship is given to specific areas and persons for their care and maintenance.

The University's collections span museum, archive and library holdings of regional, national and international significance. These include the University's Library and archive, Special Collections, the Art Collection, the Museum of English Rural Life, the Cole Museum of Zoology, the University Herbarium, the Ure Museum of Greek Archaeology, and the Lettering, Printing and Graphic Design Collections. These collections can be viewed by members of the public (some collections can only be viewed by appointment).

The University's Special Collections include rare books (pre-1851), private press books, modern literary first editions and other printed material. They also include over 300 archive collections, notably the Samuel Beckett Collection and the Archive of British Publishing and Printing, both of which are designated as outstanding collections by Arts Council England. Other collections cover a wide range of subjects from manuscripts dating back to the 12th century to modern records of the University.

The University's Art Collection comprises around 1000 works of painting, drawing, sculpture and graphic art and includes many pieces of national and international significance.

The Museum of English Rural Life (MERL) tells the story of rural England through interactive and immersive galleries. The collection has over 25,000 objects and the museum library has the most comprehensive collection of books related to rural England with around 50,000 volumes. The collection also contains hundreds of hours of historic film and over 1 million photographs, including material from prominent agricultural publications and organisations. The archives cover more than 4.5 kilometres of shelving.

The Cole Museum of Zoology was established in the early 20th century by Francis J. Cole, Professor of Zoology from 1907 to 1939. It contains around 4,000 specimens. The museum illustrates the relationship between form and function in the animal kingdom and houses one of Britain's most important zoological collections. The Museum has now relocated to the new Health and Life Sciences Building.

The University Herbarium was founded in 1900 and contains over 260,000 dried plant specimens. The collection is rich in specimens from Europe, North Africa, Macaronesia, the Middle East, temperate South America and the Falkland Islands. Ferns and fern allies are also represented on a worldwide scale. There are very significant British lichen and bryophyte holdings.

The Ure Museum of Greek Archaeology was formed in the early 1920s and contains the fourth largest collection of ancient Greek ceramics in Britain. The collection primarily consists of material from the Greek and Greco-Roman civilisations of the Mediterranean, most notably Greek and Etruscan ceramics and terracottas. Other artefacts include prehistoric pottery and an important collection of Egyptian antiquities, the total size of the collection is over 2,000 objects.

The collections were valued in 2012 by an external antique and fine art dealer and valuer and this has been adopted as the deemed cost of the assets held at that date. A subsequent 2019 valuation exercise included assets on long-term loan to and insured by the University but these have not been included in the statement of financial position. The University discloses its heritage assets at cost rather than valuation as this class of asset is rarely exchanged by the University and valuations can fluctuate for individual items from year to year.

Subsequent major acquisitions have been recorded at cost. It can be expected that a small number of individual items may have been received by donation and these have not been included in the statement of financial position.

Consolidated and University	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Cost					
Acquisitions purchased with specific donations	-	-	-	-	-
Acquisitions purchased with University funds	-	-	-	-	-
Value of acquisitions by donation	-	1,777	-	-	-
Transfers out of collections	-	(1,950)	-	-	-
Net movement	-	(173)	-	-	-
At 1 August	39,173	39,346	39,346	39,346	39,346
Revaluations	-	-	-	-	-
At 31 July	39,173	39,173	39,346	39,346	39,346

The split of heritage assets by type of asset is:

Consolidated and University	2022	2021
	£'000	£'000
Cost		
Books and manuscripts	25,534	25,534
Artworks	3,938	3,938
Natural history	2,156	2,156
Agricultural	4,176	4,176
Other	3,369	3,369
	39,173	39,173

16 Biological assets

Consolidated and University Fair value less costs to sell	Dairy cattle	Total
	£'000	£'000
At 1 August 2021	659	659
Net decrease in livestock	(3)	(3)
Increase in fair value less costs to sell	151	151
At 31 July 2022	807	807

17 Investment properties

Consolidated and University Fair value	Total £'000
At 1 August 2021	118,787
Additions	4,079
Transfers from property, plant and equipment	2,434
Disposals	(240)
Increase in value of properties in year	37,538
At 31 July 2022	162,598

The University and its trusts hold a number of commercial and residential investment properties. All properties are valued at least once every three years. The most recent valuations have been carried out by Haslams, a firm of independent valuers based in Reading, with considerable experience of the local residential and commercial property market. Haslams are members of the Royal Institution of Chartered Surveyors (RICS).

Disposal at Didcot

In 2019 the University sold some land to the north east of Didcot in Oxfordshire to a housing developer. The University had owned the land for a number of years, during which time it had received income from farm-based tenants. The University has retained some land adjacent to the land disposed and will continue to let this.

Under the terms of the planning permission granted, the University is obliged to carry out a first phase of Section 106 improvement works associated with the site. Once these primary works have been completed, longer term Section 106 works will be undertaken by the developer and a party to a neighbouring development. The University will act as a guarantor over this second phase of works.

Proceeds from the sale are receivable in 5 instalments from the point of completion until 30 November 2024. Future instalments not yet received have been included in trade and other receivables at their present value using a discount rate of 4.86%. Proceeds associated with future Section 106 works have been included in deferred income within creditors.

The net income and gains recognised in the consolidated and University statement of comprehensive income in the year is shown below.

	£'000
Expenditure relating to Section 106 works	(776)
	(776)
Additional disposal costs expensed	(42)
Movement in discounting of receivable	(792)
Net loss recognised	(1,610)

Included within the original total proceeds recognised in 2019 was an amount of £4,048k which was contingent on additional planning consent being obtained for a particular part of the site. The timeline associated with this agreement has now lapsed and so the income has been removed in 21/22 and now treated as a cost of disposal. This piece of land has now been valued as Investment Property at a valuation of £12m and is included within investment property additions above.

18 Non-current investments

Consolidated Cost or valuation	Listed investments £'000	Other investments £'000	Total £'000
At 1 August 2021	27,531	230	27,761
Additions	10	8	18
Sale of investments at book cost	(3,105)	-	(3,105)
Purchase of investments	3,516	-	3,516
Other net income and realised gains reinvested	423	-	423
Changes in market value	(87)	-	(87)
At 31 July 2022	28,288	238	28,526

University Cost or valuation	Listed investments £'000	Other investments £'000	Total £'000
At 1 August 2021	27,531	45	27,576
Additions	10	-	10
Sale of investments at book cost	(3,105)	-	(3,105)
Purchase of investments	3,516	-	3,516
Other net income and realised gains reinvested	423	-	423
Changes in market value	(87)	-	(87)
At 31 July 2022	28,288	45	28,333

Listed investments comprise:

Consolidated and University	2022 £'000	2021 £'000
Cazenove Capital Portfolio	28,169	27,300
Genus plc	119	231
	28,288	27,531

Listed investments are stated at market value using widely published bid prices. Other investments are stated at cost less amortisation.

On the 17th December 2020 the University of Reading entered into a series of contracts with Shinfield Studios Limited, under which Shinfield Studios Limited intend to develop land owned by the University at Thames Valley Science Park into a film studio complex. Also on this date the University of Reading subscribed and purchased one B Class share in Shinfield Studios Limited for consideration of £1. This B Class share entitles the holder to the same rights as 6% of the Ordinary Share Capital of Shinfield Studios Limited.

19 Investments in associates

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Share of operating surplus retained by associates	2,520	2,627	-	-
Share of current tax from associates	225	461	-	-
Surplus on revaluation of property, plant and equipment	2	2,422	-	-
Total comprehensive income in the year for associates	2,747	5,510	-	-
At 1 August	27,143	21,633	10,567	10,567
At 31 July	29,890	27,143	10,567	10,567

The University is party to an arrangement with UPP in respect of the provision and operation of its student residential accommodation. The accommodation is operated by UPP (Reading I) Limited, a wholly-owned subsidiary of UPP (Reading I) Holdings Limited. The University has granted long leasehold interests to UPP (Reading I) Limited in respect of the accommodation. The University has a 20% holding in both the equity and loan notes of UPP (Reading I) Holdings Limited and has accounted for its interest as an investment in an associated undertaking.

	Shares £'000	Loan notes £'000	Total £'000
At 1 August 2021 and at 31 July 2022	441	10,126	10,567

The loan notes are interest-bearing, secured and subordinate to the senior lender's security. They are transferrable subject to certain restrictions.

Under the arrangement with UPP, the associate and its wholly-owned subsidiaries have responsibility for the provision and operation of the accommodation. The University continues to provide certain soft facilities management services in respect of the accommodation.

Consideration has been made as to whether the arrangement meets the criteria for classification as a service concession arrangement under Section 34 of FRS 102. Under the arrangement with UPP, the University has some, but not complete, control over the use and pricing of the accommodation units. The contract specifies a maximum price which may be charged, but UPP (Reading I) Limited are able to set a lower price. The University requires the rooms to be let primarily to students, but UPP (Reading I) Limited are able to fill any remaining rooms with non-students if the University consistently fails to fill the places.

The University takes on the risk of students defaulting on rental payments and some of the void risk for students not taking up assigned places. However, the University does not guarantee any particular level of occupancy or nominate a certain number of rooms. It also considers its involvement to be more akin to an agency arrangement rather than acting as principal. For these reasons, there is no minimum lease payment figure under the arrangement and therefore no asset or liability has been accounted for.

Included in the statement of comprehensive income are amounts receivable from / (payable to) the associate and its subsidiaries in respect of the following services.

Consolidated & University	Income	Expenditure	2022	Income	Expenditure	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Rent collection	960	-	960	949	-	949
Facilities management services	1,947	-	1,947	1,915	-	1,915
Utilities	941	-	941	729	-	729
Estates service charge and infrastructure fees	532	-	532	509	-	509
Vacation residence and conferencing	226	-	226	38	-	38
Interest receivable on loan notes	434	-	434	544	-	544
Other income	41	-	41	40	-	40
Other expenditure	-	(253)	(253)	-	-	-
	5,081	(253)	4,828	4,724	-	4,724

The University charges and receives rents from students. Payments are then made to UPP (Reading I) Limited with reference to the number of units of student accommodation rental amounts during the year. Payments made to UPP (Reading I) during the year totalled £31.4m (2021: £30.8m) and have been netted with the income received from students in the statement of comprehensive income.

20 Trade and other receivables

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts falling due within one year:				
Research grants receivables	10,335	7,190	10,335	7,190
Trade receivables	13,636	9,993	11,343	7,773
Proceeds due on the sale of land at Didcot	-	18,574	-	18,574
Developer receivables for the Shinfield Eastern Relief Road	577	666	577	666
Other receivables	3,410	3,001	2,334	2,042
Prepayments and accrued income	15,656	13,065	14,246	12,175
Amounts due from subsidiary undertakings	-	-	1,527	1,382
Amounts due from associated undertakings – UPP (Reading I) Limited	584	735	584	735
	44,198	53,224	40,946	50,537
Amounts falling due after more than one year:				
Proceeds due on the sale of land at Didcot	21,648	22,608	21,648	22,608
Other receivables	238	292	238	291
	66,084	76,124	62,832	73,436

In connection with various activities in Shinfield in recent years, including sales of land to developers and the opening of Thames Valley Science Park, the University carried out the construction of the Shinfield Eastern Relief Road and related bridge over the M4. The road and bridge were opened during the year ended 31 July 2017. The project is being funded by developer contributions in respect of various developments in the Shinfield area and these fall due as dwellings are constructed. It is estimated that the remaining amount will be received in the next year. Amounts due have been included at their discounted values. A discount rate of 4.86% (2021: 1.39%) has been applied in line with similar debt instruments.

Included in University amounts due from subsidiary undertakings is £39.8m due from RUMAL Reading Sdn Bhd. against which a full provision has been made (2021: £38.1m). This has resulted in a charge for the year of £1.7m in the University's statement of comprehensive income (2021: £2.4m). The amount of this provision will be reviewed from time to time as circumstances change.

21 Current investments

Consolidated and University	Total	
Cost or valuation	£'000	
At 1 August 2021	99,597	
Additions	5,359	
Withdrawals	(7,298)	
Sales of investments at book cost	(16,387)	
Purchase of new investments	18,852	
Other net income and realised gains reinvested	1,178	
Changes in market value	(1,805)	
At 31 July 2022	99,496	
Listed investments comprise:	2022	2021
Consolidated and University	£'000	£'000
Segregated portfolios managed by Cazenove Capital	99,496	99,597
	99,496	99,597

Listed investments are stated at market value using widely published bid prices. During the prior year the University transferred its listed investments to the management of Cazenove Capital.

22 Creditors: amounts falling due within one year

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Unsecured loans	2,000	2,000	2,000	2,000
Trade payables	7,032	6,204	6,674	6,041
Social security and other taxation payable	4,233	5,290	4,463	5,321
Other payables	9,579	10,989	8,919	10,413
Accruals and deferred income	89,774	73,954	80,580	65,921
Amounts due to subsidiary undertakings	-	-	1,311	1,281
Amounts due to associated undertakings – UPP (Reading I) Limited	7,670	7,342	7,670	7,342
	120,288	105,779	111,617	98,319

Deferred income

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

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Tuition fees	14,811	11,153	10,487	9,173
Research grants received on account	22,602	21,643	22,565	21,600
Site servicing arrangements	9,140	7,307	9,140	7,307
Other income	21,204	9,030	20,366	6,040
	67,757	49,133	62,558	44,120

Deferred income on site servicing arrangements

In recent years the University has disposed of a number of landholdings around Shinfield and Didcot. The scale of these disposals has required the University to undertake significant obligations in respect of infrastructure works in the local areas. A proportion of the original income on disposal was deferred and is being recognised when the associated works are carried out.

23 Creditors: amounts falling due after more than one year

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Unsecured loans	146,500	173,500	146,500	173,500
Deferred income on site servicing arrangements (see note 22)	6,026	7,453	6,026	7,453
Other payables	126	143	126	143
	152,652	181,096	152,652	181,096

24 Loans

	Consolidated & University	
	2022 £'000	2021 £'000
Analysis of loans:		
Due within one year or on demand	2,000	2,000
Due between one and two years	2,000	2,000
Due between two and five years	31,000	56,000
Due in five years or more	113,500	115,500
Due after more than one year	146,500	173,500
Total loans	148,500	175,500

The University issued a bond for £70m through a private placement facilitated by The Royal Bank of Scotland in May 2007. This loan is unsecured and is repayable in 2047 by a single payment of £70m. Interest is payable half yearly in arrears at a coupon rate of 5.42%.

The University has a sterling loan from Barclays Bank plc. There was a repayment holiday until July 2019 after which the loan is repayable at £500k per quarter until April 2049. The interest rate on this loan is at a set margin of 1.4% above LIBOR.

In July 2021 the University entered into a £50m revolving credit facility with Santander, available for five years, at a set margin of 1.25% over SONIA for amounts drawn. Non-utilisation fees apply at 50% of the applicable margin in respect of amounts undrawn. At 31 July 2021, £25m of this facility had been drawn down. The University has flexibility to draw down and repay any amount up to the facility limit during its term. Ultimately it is repayable in full in July 2026.

	Bond	Barclays loan	RCF	Total
	£'000	£'000	£'000	£'000
At 1 August 2021	70,000	55,500	50,000	175,500
New borrowing	-	-	-	-
Repayments	-	(2,000)	(25,000)	(27,000)
At 31 July 2022	70,000	53,500	25,000	148,500

25 Pension provisions

	Obligation to fund USS deficit £'000	UREPF scheme surplus £'000	Total £'000
At 1 August 2021	46,141	(20,776)	25,365
Net charge to statement of comprehensive income	105,636	(20,257)	85,379
Contributions paid in year	(33,629)	(2,450)	(36,079)
At 31 July 2022	118,148	(43,483)	74,665

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

The latest available complete actuarial valuation of the defined benefit element of the USS scheme was at 31 March 2020, which was carried out using the projected unit method. The valuation set out the challenges facing the scheme and the significant increases in contributions required to address these challenges.

The Group's net surplus in respect of the University of Reading Employees' Pension Fund (UREPF) has been calculated by discounting to present value the estimated amount of future benefits that employees have earned in return for their service in the current and prior periods less the fair value of any plan assets.

More information on the Group's pension schemes is given in note 38.

26 Other provisions

Consolidated	Student Halls	TVSP	RUMAL	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	4,449	6,989	7,291	1,649	20,378
Utilised in year	(4,449)	-	(2,150)	(1)	(6,600)
Transferred to accrued expenditure	-	-	-	-	-
Charged / (credited) to statement of comprehensive income	1,917	6,176	-	-	8,093
At 31 July 2022	1,917	13,165	5,141	1,648	21,871

University	Student Halls	RUMAL	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2021	4,449	5,890	1,649	11,988
Utilised in year	(4,449)	(909)	(1)	(5,359)
Charged / (credited) to statement of comprehensive income	1,917	-	-	1,917
At 31 July 2022	1,917	4,981	1,648	8,546

During the year ending 31 July 2018 the University commissioned a detailed financial review of its operations in Malaysia which are carried out by its subsidiary, RUMAL Reading Sdn Bhd, and this concluded that the subsidiary would continue to make losses for a number of years. Following the review, a restructuring took place in the year ending 31 July 2019 and revised business plans were prepared. Significant changes were negotiated to the terms of the main building lease at the campus. The activities will continue to make losses for the next few years but these are expected to reduce year by year. In accordance with FRS 102, the main building lease at RUMAL and a number of other contracts have been accounted for as onerous contracts and a provision has been made for contractual obligations which are estimated to extend to 2026. These obligations have been discounted to present value. The University has recognised its own obligation arising from its guarantee of all contractual amounts due under the building lease at RUMAL.

During the year ending 31 July 2019, Thames Valley Science Park Limited (a subsidiary company) completed a detailed review of its lease obligations. This review concluded that several of the company's leases should be accounted for as onerous contracts, in particular the Enterprise Centre lease, as such a provision for onerous lease contracts has been provided. This onerous lease provision was reviewed in the current year which has resulted in an increase of the lease provision to £13.2m.

For the five years commencing 1st August 2018, the University entered into an agreement to underwrite the void risk of certain Student accommodation. This usually presents limited risk to the University, however the impact of the COVID-19 pandemic has meant that the risk of voids has increased and as such a provision of £1.9m has been recognised (2021: £4.4m).

27 Endowment reserves

Consolidated and University	Unrestricted permanent	Restricted permanent	Restricted expendable	2022	2021
	£'000	£'000	£'000	£'000	£'000
At 1 August					
Capital	3,016	10,266	88,999	102,281	245,623
Accumulated income	919	3,821	332	5,072	5,070
	3,935	14,087	89,331	107,353	250,693
New endowments	-	-	10	10	28
Income	67	223	1,706	1,996	2,649
Expenditure	(28)	(156)	(7,874)	(8,058)	(34,556)
Profit on disposal of property, plant and equipment	-	-	-	-	-
Loss on disposal of investment properties	-	-	-	-	(2)
Gain on disposal of investments	84	280	1,584	1,948	5,384
Increase in value of investment properties	-	-	873	873	1,866
(Decrease) / increase in value of investments	3	14	(1,309)	(1,292)	7,680
Transfer from revaluation reserve	-	-	-	-	180
Transfers to unrestricted reserves	-	-	-	-	(126,569)
At 31 July	4,061	14,448	84,321	102,830	107,353
Represented by:					
Capital	3,103	10,460	83,982	97,545	102,281
Accumulated income	958	3,988	339	5,285	5,072
	4,061	14,448	84,321	102,830	107,353

27 Endowment reserves (continued)

Consolidated and University Analysis by asset	2022	2021
	£'000	£'000
Land and property	1,372	1,431
Investment properties	12,330	11,457
Investments	48,143	52,846
Receivables due in greater than one year	-	-
Funds held by the University	50,798	52,513
Other	(9,813)	(10,894)
	102,830	107,353

The bulk of the assets are held by the National Institute for Research in Dairying Trust. See note 37 for further details of this trust and the nature of the restrictions.

28 Restricted reserves – donations

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 August	4,619	2,605	3,755	1,868
New donations	3,682	4,235	3,377	3,904
Expenditure	(4,253)	(2,221)	(4,015)	(2,017)
Transfers from unrestricted reserves	-	-	-	-
At 31 July	4,048	4,619	3,117	3,755

Restricted income relates to donations received where the terms of the donation place restrictions on the way in which the funds can be spent.

29 Reconciliation of net debt

	Consolidated	
	2022 £'000	2021 £'000
Net debt at 1 August 2021	123,764	
Movement in cash and cash equivalents	8,920	
New loans	-	
Loan repayments	(27,000)	
Net debt at 31 July 2022	105,684	
Analysis of net debt	Consolidated	
	2022 £'000	2021 £'000
Unsecured loans: amounts falling due within one year	2,000	2,000
Unsecured loans: amounts falling due after more than one year	146,500	173,500
Less: cash and cash equivalents	(42,816)	(51,736)
Net debt	105,684	123,764

30 Financial instruments

The carrying values of the Group and University's financial assets and liabilities are summarised by category below:

	Note	Consolidated		University	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial assets					
Cash and cash equivalents		42,816	51,736	38,295	46,089
Measured at fair value through income and expenditure					
Managed investment funds – segregated	21	99,496	92,839	99,496	92,839
Managed investment funds – common	18, 21	28,169	34,058	28,169	34,058
Other listed investments	18	119	231	119	231
Debt instruments measured at amortised cost					
Trade and other receivables	20	59,978	74,324	57,170	71,889
Bank deposits		194	185	-	-
Equity instruments measured at cost less impairment					
Non-current investments in unlisted equity instruments		45	45	45	45
		230,817	253,418	223,294	245,151

	Note	Consolidated		University	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial liabilities					
Measured at amortised cost					
Loans payable	24	148,500	175,500	148,500	175,500
Trade and other creditors	22	46,424	49,499	42,722	47,021
		194,924	224,999	191,222	222,521

		Consolidated		University	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
The Group's and University's income, expenditure, gains and losses in respect of financial instruments are summarised below:					
Financial assets measured at fair value through income and expenditure		4,577	10,588	6,820	5,324
Financial assets measured at amortised cost – interest receivable		-	270	-	270
Financial liabilities measured at amortised cost – interest payable		(6,047)	(5,312)	(5,488)	(4,921)
Impairment losses on trade and other receivables		(265)	(597)	(4,390)	(5,259)
Impairment losses on non-current investments		-	-	-	-
		(1,735)	4,949	(3,058)	(4,586)

31 Capital commitments

		Consolidated		University	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Provision has not been made for the following capital commitments:					
Commitments contracted for		3,888	5,661	3,888	5,661

These commitments arise from contracts included in the ongoing capital programme.

32 Contingent liabilities

As part of its development of the Shinfield Eastern Relief Road and related bridge over the M4, the University provided performance guarantee bonds to Wokingham Borough Council totalling £2.7m. In 2021/22, following the formal adoption of the Shinfield Eastern Relief Road by Wokingham Borough Council, £2.4m of bonds in favour of the Council were released, leaving only £0.3m outstanding for certain additional works still to be signed off. Of this £0.3m, £0.2m is expected to be released in 2022/23. In addition, a total of £1m of bonds remain outstanding in favour of the Highways Agency. Negotiations continue with the Highways Agency about releasing the bonds.

In connection with its sale of land at Didcot to a housing developer in May 2019, the University will act as guarantor to the local authority for long-term site improvement works to be carried out by the developer and a party to a neighbouring development. The University's maximum potential liability under this guarantee during the first five years is set at £10m and then reduces to zero over the following four years. No provision has been made for this amount due to the University's view that a liability is very unlikely to crystallise given the financial strength of the developers undertaking these works.

The University has undertaken to provide continued support to its trusts and subsidiary companies for a period of at least twelve months from the date of approval of those undertakings' financial statements.

33 Future lease obligations and receivables

The total future minimum lease payments due under non-cancellable operating leases are as follows:

	Land and buildings £'000	Other £'000	2022	2021
			£'000	£'000
Consolidated				
Future minimum lease payments due:				
Not later than 1 year	3,385	515	3,900	3,541
Later than 1 year and not later than 5 years	12,124	528	12,652	13,417
Later than 5 years	16,732	-	16,732	18,729
	32,241	1,043	33,284	35,687

	Land and buildings £'000	Other £'000	2022	2021
			£'000	£'000
University				
Future minimum lease payments due:				
Not later than 1 year	1,718	281	1,999	1,801
Later than 1 year and not later than 5 years	7,218	458	7,676	7,095
Later than 5 years	16,732	-	16,732	18,601
	25,668	739	26,407	27,497

Included in the University and consolidated totals for land and buildings is £24.4m in respect of the Enterprise Centre on the Whiteknights campus (2021: £27.5m). The lease runs until 2036.

Included in the consolidated total for land and buildings are commitments of £6m in respect of the campus in Malaysia (2021: £6.8m). These amounts are also included in other provisions (see note 26).

In addition, under the terms of the arrangement with UPP, the University makes payments with reference to the number of units of student accommodation sold during the year. At 31 July the University was committed to making payments in respect of those students who had accepted offers of accommodation for the forthcoming year. Further details of the arrangement are given in note 19.

The group also acts as lessor in a number of lease agreements. The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Land and buildings £'000	Other £'000	2022	2021
			£'000	£'000
Consolidated				
Future minimum lease payments receivable:				
Not later than 1 year	6,431	-	6,431	6,707
Later than 1 year and not later than 5 years	15,766	-	15,766	10,951
Later than 5 years	468,948	-	468,948	12,137
	491,145	-	491,145	29,795

	Land and buildings £'000	Other £'000	2022	2021
			£'000	£'000
University				
Future minimum lease payments receivable:				
Not later than 1 year	7,753	-	7,753	7,829
Later than 1 year and not later than 5 years	26,805	-	26,805	21,132
Later than 5 years	573,681	-	573,681	119,802
	608,239	-	608,239	148,763

The University receives lease income from its wholly-owned subsidiary undertaking, Thames Valley Science Park Limited (TVSP), in respect of the properties operated by that company. TVSP sublets these properties to a number of tenants. Lease agreements are in place between the University and TVSP with lease terms and payments determined on a commercial basis. In respect of the science park operated by TVSP, there is a 125 year ground lease and a 25 year building lease. The leases make provision for a rent-free period for the first 18 months. The ground lease payments are contingent on floor space occupied.

On 14 March 2022, the University granted a long lease to Shinfield Studios Ltd. The lease runs for 199 years and has no break clause. This accounts for £470.3m of lease payments receivable.

34 Amounts disbursed as agent – Consolidated and University

NCTL bursaries

	2022	2021
	£'000	£'000
The University acts only as a paying agent in relation to National College for Teaching and Leadership (NCTL) bursaries, distributing them to students and nurseries. The funds received and related disbursements are therefore excluded from the statement of comprehensive income.		
Excess of income over expenditure at 1 August	434	175
Income		
Funding Council grants	1,559	5,355
Expenditure		
Disbursed to students and nursery settings	(2,012)	(5,096)
Excess of income over expenditure at 31 July	(19)	434

Student accommodation

The University generates charges and receives rents from students. Payments are then made to UPP (Reading I) Limited which manages the student accommodation. See note 19 for more details of this arrangement.

Supplementary Schedule for the United States Department of Education

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 thousand pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. Lines with a nil value have been excluded. 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.

Primary Reserve Ratio:

		2022	2021
		£'000	£'000
Expendable Net Assets			
Net Assets without donor restrictions	Statement of Financial Position – Unrestricted Income and Expenditure reserve and Revaluation reserve	344,185	363,229
Net Assets with donor restrictions	Note 27 (Endowment Reserves) and Note 28 (Restricted Reserves)	106,878	111,972
Restricted in perpetuity	Note 27 (Endowment Reserves)	(18,509)	(18,022)
Other intangible assets	Note 13 (Intangible assets)	(6,990)	(9,212)
Property, Plant and Equipment	Note 14 (Tangible assets) NBV at 31 July	(342,571)	(356,340)
Post Employment pension liability	Note 25 (Pension Provisions)	74,665	25,365
Line of credit for long term purposes	Note 24 (Loans)	148,500	175,500
Related party receivable	Note 20 (Trade and other receivables)	(584)	(735)
		305,574	291,757

Total Expenses and Losses without Donor Restrictions

		2022	2021
		£'000	£'000
Total Operating Expenses	Note 11 (Analysis of total expenditure by activity)	406,535	316,371
Other components of net periodic pension costs	Consolidated Statement of Comprehensive Income and Expenditure – Actuarial gains / (losses) in respect of pensions schemes	22,231	5,111
Other gains / (losses)	Statement of Comprehensive Income		
	• Revaluation of Investment Properties	37,538	18,400
	• Share of operating result of associate	2,520	2,627
	• Taxation charge	(70)	(3)
	• Exchange difference on consolidation	(338)	(579)
	• Disposal of heritage assets	-	(1,950)
	• Surplus on Revaluation of property, plant and equipment held by associate	2	2,422
		468,418	342,399

34 Amounts disbursed as agent – Consolidated and University (continued)

Equity Ratio:

Modified Net Assets

		2022	2021
		£'000	£'000
Net Assets without donor restrictions	Statement of Financial Position – Unrestricted Income and Expenditure reserve and Revaluation reserve	344,185	363,229
Net Assets with donor restrictions	Note 27 (Endowment Reserves) and Note 28 (Restricted Reserves)	106,878	111,972
Related party receivable	Note 20 (Trade and other receivables)	(584)	(735)
		450,479	474,466

Modified Assets

		2022	2021
		£'000	£'000
Total assets	Statement of Financial Position – Current and Non-Current Assets	820,539	807,819
Related party receivable	Note 20 (Trade and other receivables)	(584)	(735)
		819,955	807,084

Net Income Ratio:

Change in Net Assets without Donor Restrictions

		2022	2021
		£'000	£'000
Change in Net Assets without Donor Restrictions	Consolidated Statement of Comprehensive Income and Expenditure – Unrestricted comprehensive income and expenditure for the year	(21,476)	47,733
		(21,476)	47,733

Total Revenues and Gains without Donor Restriction

		2022	2021
		£'000	£'000
Total Operating Revenue and Other Additions	Consolidated Statement of Comprehensive Income and Expenditure – Total Income	316,857	311,020
Investment return appropriated for spending	Note 7 (Investment Income)	(6,829)	(2,972)
(Loss) / gain on disposal of fixed assets	Consolidated Statement of Comprehensive Income and Expenditure – (Loss) / gain on disposal of property plant and equipment	56	(1,132)
		310,084	306,916

35 Disclosure of related party transactions

Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the University's Financial Regulations and usual procurement procedures.

Council members do not receive remuneration or fees in respect of their services as Council members. The expenses of Council members incurred and claimed in the performance of their duties including attendance at Council meetings are reimbursed by the University. All such reimbursements are subject to approval by the Secretary to the Council. The total expenses paid to or on behalf of members of Council was £0.8k (2021: £nil) which related to travel and subsistence expenses incurred.

The University's financial statements include the following balances due from Reading University Students' Union (RUSU):

Due from RUSU

	2022	2021
	£'000	£'000
	293	350

The University paid the following grants to RUSU:

	2022	2021
	£'000	£'000
Core block grant	1,580	1,511
Specific grants	20	62
	1,600	1,573

Transactions with the University's 20% owned associate, UPP (Reading I) Holdings Limited, and its wholly owned subsidiary, UPP (Reading I) Limited, are set out in note 19.

36 The University and its subsidiary undertakings

As described in the statement on public benefit, the University of Reading is an independent corporation with charitable status established by Royal Charter granted in 1926. It is primarily based in the UK with some operations overseas. Its principal place of business is Whiteknights House, Whiteknights, Reading, RG6 6UR, UK.

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows:

Name of company	Country of registration	Principal activity	Status
Henley Business Angels Limited	England & Wales ¹	Business launch support	Limited by guarantee
Henley Business School Limited	England & Wales ¹	Management education	100% owned
Reading Real Estate Foundation	England & Wales ¹	Advancement of real estate education	Limited by guarantee
Thames Valley Science Park Limited	England & Wales ¹	Property letting business	100% owned
Henley Business School Germany GmbH	Germany ²	Management education	100% owned
RUMAL Reading Sdn Bhd	Malaysia ³	Overseas campus	100% owned
Henley Business School Limited (Incorporated in the United Kingdom)	South Africa ⁴	Management education	100% owned

Registered office addresses

- 1 Whiteknights House, PO Box 217, Whiteknights, Reading, RG6 6AH
- 2 Maximilianstrasse 40, 80539 Munich, Germany
- 3 Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia
- 4 Kirstenhof Office Park, 1 Witkoppen Road, Paulshof, 2056, South Africa

37 Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special 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. These connected institutions are included in the consolidation and within the University amounts since the University is the sole trustee of each and exercises control over each one's activities. The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	At 1 August 2021	Total income	Total expenditure	Other gains and losses	At 31 July 2022
	£'000	£'000	£'000	£'000	£'000
Research Endowment Trust	-	-	-	-	-
National Institute for Research in Dairying Trust	101,729	1,559	(7,190)	974	97,072
Hugh Sinclair Trust	5,702	114	(613)	132	5,335
Beckett International Foundation	2	1	-	-	3
Greenlands Trust	12,888	1	(604)	-	12,285

The Research Endowment Trust (RET) provided funds for specific research and education projects at the University of Reading. As reported in the 2020/21 accounts, the Charity Commission granted permission to transfer the assets of RET to the University. The assets and liabilities were distributed to the University at their carrying values on 31 July 21 and on the same date RET ceased to exist.

The National Institute for Research in Dairying Trust (NIRD) aims to promote and develop high quality research into agriculture or food (whether its production or otherwise) at the University of Reading.

NIRD holds significant assets. See note 27 for fuller details of the Group's endowment assets.

The Hugh Sinclair Trust promotes research into human nutrition at the University of Reading.

The Beckett International Foundation provides seminars and exhibitions on and promotes research into the works of Samuel Beckett. It also contributes to the preservation and cataloguing of the Samuel Beckett Archive held by the University of Reading.

The Greenlands Trust aims to advance education and learning in business and management studies which it does through the provision of specific grants to Henley Business School at the University of Reading.

38 Pension schemes

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF) and the University of Reading Pension Scheme (URPS). USS provides benefits based on career average earnings for academic and related employees for all UK universities. The UREPF and URPS schemes provide benefits for other members of University staff. Contributions are also paid to other pension schemes in overseas jurisdictions.

Total pension costs for the year	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
USS contributions	33,629	32,245	33,452	32,035
UREPF cost arising from employee service	1,963	2,634	1,956	2,625
URPS	2,221	2,103	2,209	2,089
Other pension schemes	143	125	-	-
	37,956	37,107	37,617	36,748
Movement on USS provision	72,007	(4,537)	72,007	(4,537)
Total pension costs	109,963	32,570	109,624	32,211

Included in other creditors are unpaid pension contributions of £3,350k (2021: £3,237k).

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a multi-employer hybrid scheme which has both defined benefit and defined contribution elements. The assets of the scheme are held in a separate trustee-administered fund.

The University contributed 21.1% of payroll costs until 30 September 2021, 21.4% until 31 March 2022 and 21.6% for the remainder of the year. Members contributed 9.6% until 30 September 2021 and 9.8% for the remainder of the year.

For members earning below a salary threshold, currently £40,000 per annum (£59,883.65 prior to 1 April 2022), all of these contributions are made to the defined benefit part of the scheme (Retirement Income Builder). The salary threshold will rise annually in line with official pensions but subject to a cap of 2.5%. For those members earning above the salary threshold, a combined member employer contribution of 20% of salary above the threshold are invested in the defined contribution part of the scheme (Investment Builder) Prior to 1 April 2022 20% of the University's contribution and all of the member's contribution above that threshold was invested in the defined contribution part of the scheme. Under the defined benefit arrangements, until 31 March 2022 members accrued a pension of 1/75th for each year of service along with a 3/75th lump sum under a career average earnings arrangement. From 1 April 2022 onwards members accrue a pension of 1/85th for each year of service and a lump sum worth 3/85 of salary each year, up to the salary threshold.

Members can also make additional voluntary contributions (AVCs) into the defined contribution element of the scheme.

Salary sacrifice arrangements exist for those members wishing to participate. Under these arrangements, participating members agree to a reduction in salary in return for the University paying the 9.6% contribution on their behalf.

The latest available completed actuarial valuation of the defined benefit part of the scheme was at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, the University accounts for the scheme as if it were a defined contribution scheme. Institutions within the scheme share the liabilities, running costs and risks associated with the scheme. The individual liabilities from all institutions are pooled into a single liability for which all institutions are collectively liable.

The following disclosures reflect those relevant to the scheme as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

	2022	2021
Scheme assets	£66.5bn	£63.7bn
Total scheme liabilities	£80.6bn	£67.3bn
FRS 102 total scheme deficit	£14.1bn	£3.6bn
FRS 102 total funding level	83%	95%

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumptions	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% pa. to 2030, reducing linearly by 1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% pa Post-retirement: 1.00% pa

38 Pension schemes (continued)

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 2020 valuation. The mortality assumptions used in these figures are as follows:

	2022	2021
Mortality base table		
Pre-retirement	101% of S2PMA "light" for males 95% of S3PFA for females.	71% of AMC00 (duration 0) for males; 112% of AFC00 (duration 0) for females.
Post-retirement	101% of S2PMA "light" for males 95% of S3PFA for females	97.6% of SAPS S1NMA "light" for males; 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2022	2021
	Years	Years
Males currently aged 65	23.9	24.6
Females currently aged 65	25.5	26.1
Males currently aged 45	25.9	26.6
Females currently aged 45	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	3.33%	0.89%
Pensionable salary growth	N/A	N/A
Pensions inflation (CPI)	4.50%	4.33%

University of Reading Employees' Pension Fund (UREPF)

The University is the sponsoring employer to the UREPF, which is a funded UK defined benefit pension scheme where contributions are held in a separate trustee-administered fund. It was closed to new members in 2011 and replaced by URPS, a defined contribution scheme.

The University paid contributions at a rate of 23.8% of pensionable salaries and members were required to contribute 6.25% of pensionable salaries during the year. Salary sacrifice arrangements exist for those members wishing to participate. Under these arrangements, participating members agree to a reduction in salary in return for the University paying the 6.25% contribution on their behalf. The University also made the following additional contributions: £500k in additional contributions agreed with the trustees and £600k towards the administration costs of the scheme.

From 1 August 2022 University contributions will remain at 23.8% and member contributions will remain at 6.25%. The University will also contribute additional contributions of £500k as well as a further £600k towards the administration costs of the scheme for the year ended 31 July 2023.

A full actuarial valuation was carried out as at 31 July 2020 by a qualified independent actuary. The actuary has reviewed the progress of the scheme since the valuation date in determining the net surplus at 31 July 2022. The service cost has been calculated using the projected unit credit method. The discount rate is one of the key assumptions used in calculating the value of the liabilities and is based on AA rated corporate bond yields. The expected return on plan assets is also based on the discount rate.

Analysis of movement in benefit obligation

	2022	2021
	£'000	£'000
At 1 August	194,278	195,762
Cost arising from employee service in the year	1,963	2,636
Past service costs	-	-
Interest expense	3,155	2,989
Benefits paid from plan assets	(6,155)	(5,871)
Plan participants' contributions	7	9
Premiums paid	(14)	(20)
Remeasurements – Effect of changes in assumptions	(52,123)	7,913
Remeasurements – Effect of experience adjustments	2,022	(9,140)
At 31 July	143,133	194,278

38 Pension schemes (continued)**Analysis of movement in plan assets**

Fair value at 1 August	215,054	211,724
Interest income	3,515	3,252
Employer contributions	2,450	2,540
Plan participants' contributions	7	9
Benefits paid from plan assets	(6,155)	(5,871)
Administrative expenses paid from plan assets	(371)	(464)
Premiums paid	(14)	(20)
Remeasurements – Return on plan assets	(27,890)	3,884
Fair value at 31 July	186,596	215,054

Amounts recognised in the statement of financial position

Defined benefit obligation	(143,113)	(194,278)
Fair value of plan assets	186,596	215,054
Net defined benefit asset	43,483	20,776

Components of pension cost

Cost arising from employee service in the year	1,963	2,636
Past service costs	-	-
Interest expense on defined benefit obligation	3,155	2,989
Interest income on plan assets	(3,515)	(3,252)
Administrative expenses paid from plan assets	371	464
Total cost recognised in deficit before tax	1,974	2,837
Remeasurements	(22,231)	(5,111)
Total cost / (credit) recognised in the statement of comprehensive income	(20,257)	(2,274)

Fair value of plan assets

	2022	2021
	£'000	£'000
Cash and cash equivalents	22,416	23,071
Equity instruments	38,768	41,077
Debt instruments	82,262	111,496
Property	43,150	39,410
Other	-	-
Fair value of plan assets	186,596	215,054

Actual return on plan assets

Interest income	3,515	3,252
Remeasurements – Return on plan assets	(27,890)	3,884
Actual return on plan assets	(24,375)	7,136

Experience gains and losses

	2022	2021
	£'000	£'000
Remeasurements – Return on plan assets		
Amount	(27,890)	3,884
Percentage of plan assets	(14.9%)	1.8%
Remeasurements – Effect of experience adjustments		
Amount	(2,002)	9,140
Percentage of present value of plan liabilities	(1.4%)	4.7%

38 Pension schemes (continued)

Weighted average assumptions used to determine benefit obligations

	2022	2021
Discount rate	3.50%	1.65%
Rate of salary increases	4.5% fixed for first year 4.25% thereafter	1.5% fixed for first year 4.25% thereafter
Rate of RPI price inflation	3.25%	3.25%
Rate of CPI price inflation	2.65%	2.55%
Assumed life expectancy on retirement at age 65:		
Male member aged 65 (current life expectancy)	22.2	22.1
Male member aged 45 (life expectancy at age 65)	23.8	23.8
Female member aged 65 (current life expectancy)	24.1	24.1
Female member aged 45 (life expectancy at age 65)	25.9	25.9

Weighted average assumptions used to determine cost relating to defined benefit plans

	2022	2021
Discount rate	1.65%	1.55%
Rate of salary increases	1.5% fixed for first year 4.25% thereafter	4.83% fixed for first year 3.9% thereafter
Rate of RPI price inflation	3.25%	2.90%
Rate of CPI price inflation	2.55%	2.20%

The University offers membership in URPS, which is a funded defined contribution pension scheme in the UK. The University pays contributions at a rate of 5% of pensionable salaries for those who have been scheme members for less than five years and 7% for those who have been scheme members for more than five years. Members are required to contribute 4% of pensionable salaries. Salary sacrifice arrangements exist for those members wishing to participate. Under these arrangements, participating members agree to a reduction in salary in return for the University paying the 4% contribution on their behalf. The costs of the Chair of the Trustee for the scheme are borne by the University £38.9k (2021: £37.0k).

39 Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, judgements have been made in determining the most appropriate methods of applying the University's accounting policies to the economic transactions which have arisen during the year. It has also been necessary to make assumptions about the future in determining the values of assets and liabilities at the end of the financial year. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

We have reviewed the Shinfield Studios lease agreement and concluded that it should be treated as an operating lease rather than a finance lease. This is because in the context of the land's indefinite useful life; the 199-year lease term over which the lessee has the right to use the asset is deemed to be substantially short and the land is expected to substantially appreciate in value over the term of the lease in real terms, all of which benefit will accrue to the University at the end of the lease.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Income deferred in respect of site servicing commitments

In recent years the Group has disposed of a number of landholdings in the Shinfield and Didcot areas. The scale of these disposals has required the University to undertake significant obligations in respect of infrastructure development and maintenance in the local areas. In accounting for these disposals, estimates have been made of the total obligations in order to calculate the amount of income to be deferred until these obligations are met. The obligations are reassessed annually.

39 Critical accounting judgements and key sources of estimation uncertainty (continued)

USS deficit recovery plan

In respect of pension schemes, FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the statement of comprehensive income. USS meets the definition of a multi-employer scheme. Therefore, the University has recognised the discounted fair value of its contractual contributions under the recovery plan within pension provisions. The obligation at 31 July 2022 was £118.1m (2021: £46.1m). The calculation of this provision has relied on the actuary's overall view of the funding of the scheme and the University's assumptions on future salary payments and the most appropriate discount rate to be applied. Variations in these estimates could lead to a significant change in the provision.

Defined benefit pension scheme

The overall surplus on the UREPF scheme has been included in pension provisions. A number of actuarial assumptions have been made in estimating the surplus which have been set out in note 38. The net scheme asset at 31 July 2022 was £43.5m (2021: £20.1m).

Provisions in respect of RUMAL

In 2018/19, a restructuring of the University's subsidiary in Malaysia, RUMAL Reading Sdn Bhd, was carried out as a result of its ongoing loss-making position. Revised business plans were prepared and significant changes were negotiated to the terms of the main building lease at the campus. RUMAL is expected to continue to make losses for the next few years. An onerous contracts provision has been made in the consolidated financial statements based on the University's commitment to continue operations at the campus until at least 2026, the point at which the new lease will expire. The new lease was signed in 19/20 and the lease provision has reflected this. Other onerous costs have been estimated based on forecast information.

Provisions in respect of TVSP Ltd

In 2018/19, Thames Valley Science Park Limited (a subsidiary company) completed a detailed review of its lease obligations. This review concluded that several of the company's leases should be accounted for as onerous contracts, in particular the Enterprise Centre lease, as such a provision for onerous lease contracts has been provided. This onerous lease provision was reviewed in the current year which has resulted in an increase in the lease provision to £13.2m.

Provisions in respect of accommodation voids

In 2020/21, the University made a provision of £4.4m for onerous costs associated with COVID-19 and the subsequent impact on student accommodation voids provided through two separate providers. For 21/22, the provision has reduced to £1.9m as occupancy levels are anticipated to be higher. The liability to underwrite any void risk ceased in August 2022.

40 Event after the balance sheet date

Rutherford Group

On 9 June 2022 a tenant (part of the Rutherford Group) went into liquidation and the Official Receiver was appointed. In mid-June the Official Receiver disclaimed the lease, passing it back to the Thames Valley Science Park Limited. At the 31 July 2022, the legal ownership of the building leased by the tenant and its contents was uncertain. As a result, no asset or liability relating to the building or contents has been included within these financial statements.

As at 31 July 2022 the tenant owed the Company £76,748, the full balance has been provided for within the accounts.

The matter was legally resolved on 12 August 2022 when an Order was served by the High Court of Justice which vested the right to the residue of the term of years under the lease to Equitix Proton Cancer Centre LLP. This was subject to the same liabilities and obligations that the tenant had been subject to at the commencement of its wind-up.

**UNIVERSITY OF READING
ANNUAL REPORT AND
FINANCIAL STATEMENTS
2021–2022**

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