



University of
Reading

**FINANCIAL
STATEMENTS**

2019–2020



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2019–2020

CONTENTS

4	President's foreword
6	Vice-Chancellor's foreword
8	Strategic report
14	COVID-19
18	Development and performance
22	Providing value for money
26	Understanding our risks
34	Financial performance in the year
40	Statement on public benefit
44	Civic university
46	Teaching
47	Research
48	Research for a better world
50	Environmental matters
52	Community
54	Key regional partnerships
56	Governance statement
61	Report of the Remuneration Committee
67	The Council and Officers
69	Independent auditor's report to the Council of the University of Reading
72	Key financial statements
76	Statement of principal accounting policies
84	Notes to the financial statements

PRESIDENT'S FOREWORD

Dr Paul Preston

The past year has been difficult for the whole world. The coronavirus pandemic has provided UK higher education with its biggest challenge in modern history. We have a complex journey ahead, but I think it is now clear, even more than ever, that our universities are one of the UK's most important assets.

Before the pandemic, UK universities were already operating in challenging conditions. This year, we find ourselves in an almost new world. I am proud of the way the University of Reading has continued to respond to a series of challenges that none of us has seen before. It is quite some feat.

I am pleased to say that the University has this year published a new strategy, led by the Vice-Chancellor Professor Robert Van de Noort, setting out a clear vision for 2020–26. While attention has focused on the pandemic, the new strategy provides a relevant focus for the University's direction. Among other key priorities for the institution, the new strategy highlights the importance of the University remaining in a strong financial position, whatever challenges come our way. This firm financial footing will enable us to continue to deliver the highest quality teaching and research, and to share new knowledge.

Environmental sustainability is an important part of our new strategy. Earlier this year, we made a significant step towards this commitment by completing our move away from investments in fossil fuels, going beyond our original pledges and fully removing any investments in companies involved in fossil fuel extraction. This is clearly the right thing to do so that our investments match our values, and in delivering sustainable financial performance.

Our commitment to providing exceptional space for research and teaching has been bolstered in 2020 with the completion of the new Health and Life Sciences building. The project has been a major part of our capital investment programme, and provides us with a strong platform for further excellence in the School of Biological Sciences.

We have also seen the benefit of our actions with the University of Reading Malaysia. After slower than anticipated growth in previous years, our work to improve the delivery of transnational education in EduCity has resulted in our largest ever cohort of undergraduate students this year. Part of that success is due to the launch of our new LLB Law programme, and we are proud to offer the only law course at an international branch campus in Malaysia.

The coming year will no doubt bring many more challenges. The remaining uncertainty around Brexit is a concern for all UK universities, in terms of student recruitment, research funding, and international collaboration. With the added uncertainty of COVID-19, we are learning to expect the unexpected. I am confident that the University of Reading and its talented students and staff will face these challenges head on and continue to lead by example.

Dr Paul Preston
President of the Council

11 January 2021

VICE-CHANCELLOR'S FOREWORD

Professor Robert Van de Noort

Each day, I find new ways to be proud of my colleagues, students and partners at the University of Reading. In 2019–20, my reasons to be honoured to be Vice-Chancellor increased as the year went on. My lasting memories will not just be the challenges that we have faced, but also the way in which our community has responded.

I am pleased that we have finalised our vision for the University as we approach our centenary in 2026. A lot has changed in the world since we worked on this strategy, but its strength was always in the way it was produced through genuine consultation with everyone at the University. As a result, its main principles are still relevant, and it provides us with a framework to tackle many of the immediate concerns we are now faced with.

While we have specific targets, at the core of our approach are four key principles. It goes without saying that excellence is our aim in all the work that we do. It should be in our minds as we perceive ourselves, and how others see us.

Our principle of sustainability is based on two elements: the need for firm financial footings, and a commitment to environmental sustainability. I am proud of the way the University has been at the forefront of environmental research for decades. We make use of our research knowledge in how we conduct ourselves as an organisation, in our commitment to ensuring that our campuses and facilities are environmentally sustainable. We have a bold 'net zero' target. By January 2020, we had already achieved a 44% carbon reduction.

Sustainability is also about a prudent management of our finances.

We can see how the two are interlinked, as our environmental programmes have saved £30m in areas such as wasted energy since 2011. Our financial statements demonstrate that in a year of unpredicted challenges, we begin from a solid financial basis. Only by working together can we maintain this position.

We are committed also to be a fully engaged university. We play an important role in the life of our region, as well as in the UK and the wider world.

In the past year, our local partnerships have been tested as never before. With the onset of COVID-19, we ramped up practical support for our local NHS partners at the Royal Berkshire Hospital and in the wider local health system. In addition, we were able to support Reading Borough Council and the entire Reading community as we dealt with the aftermath of a shocking attack in Forbury Gardens in July. The resulting show of solidarity across our town, encompassed in the statement 'Reading Together', is a testament to the value of partnership across every part of our local community.

Community is our most important principle. If excellence is our aim, our community is what gets us there. Our capacity to work through challenges, such as those we have experienced this year, is found in the bonds that we share.

Set against the challenges of this year, we have much to reflect on positively. There will be hard decisions and tough times ahead, but with renewed purpose and alongside some of the finest people I could hope to work with, we can set about our mission with confidence.

Professor Robert Van de Noort

Vice-Chancellor

11 January 2021

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 22,000 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:

- £30m in cumulative revenue savings from reducing carbon emissions
- £45,000 in annual savings from improvements to the University's central servers
- £210,000 cumulative revenue savings from our waste strategy
- £90,000 of costs avoided by reusing 20 tonnes of waste furniture and equipment.

However, reducing our carbon footprint and enhancing 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 League Ranking (KPI 6) and our cashflow 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)	42nd percentile (2017)	Third quartile (53rd percentile)	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 (32nd percentile) (2019)	Second quartile (43rd percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-3 National Student Survey: average of education-specific questions (Questions 1–25)	First quartile (17th percentile) (2019)	Second quartile (33rd percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-4 Rank amongst UK universities in THE World University Rankings	29 (2019)	30	Top 25
KPI-5 Cashflow from operating activities as a percentage of income	7.9% (2018/19)	(1.4%)	10%
KPI-6 UK People and Planet University League ranking	16th (2017)	29th (1st class award)	Top 5
KPI-7 Knowledge Exchange Framework metrics			To be determined
KPI-8 The World University Rankings international outlook – UK universities	Top (fourth) quartile (76th percentile) (2019)	Top (fourth) quartile (76th percentile)	Top (fourth) quartile (i.e. 75th percentile or above)
KPI-9 Economic impact on UK economy (Gross Value Added)	No data available	£0.8 billion	£1.0 billion



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



98%
OF OUR RESEARCH
IS INTERNATIONALLY
RECOGNISED
and **78%** is
internationally excellent²



AWARDED
SILVER
in the Teaching
Excellence and Student
Outcomes Framework³




22,480
STUDENTS
from around
180 countries⁴



14,330
UNDERGRADUATE
STUDENTS and
8,150
POSTGRADUATE STUDENTS⁵



84%
OVERALL STUDENT
SATISFACTION above
the sector average⁶



ACROSS ALL LEVELS OF STUDY
55% of our students
are women
36% of our students are from
a Black, Asian and Minority
Ethnic (BAME) background

12% have declared
a disability⁷

80% of graduates
in full-time
work are in **PROFESSIONAL
OR MANAGERIAL ROLES**⁸

95% of our graduates are
in work or further study
**WITHIN 15 MONTHS
OF GRADUATION**⁸

1 The University of Reading is ranked 205th out of 1,070 institutions ranked in the QS World University Rankings, 2020 and was ranked among the top 20% in the QS World University Rankings 2016–2019.

2 Based on our submissions judged to be world leading, internationally excellent and internationally recognised in overall quality by the Research Excellence Framework (REF) 2014 and the Times Higher Education's analysis of REF 2014. See the overall table of excellence at www.timeshighereducation.com

3 Teaching Excellence Framework – Office for Students, awarded 2017–2020.

4 HESA 2018/19 Student Record and Aggregate Offshore Record, figures rounded to the nearest five.

5 HESA 2018/19 Student Record and Aggregate Offshore Record, figures rounded to the nearest five.

6 Reading received a score of 84% for Overall Student Satisfaction in the National Student Survey (NSS) 2020. The average overall satisfaction rate for the higher education sector is 83%.

7 HESA 2018/19 Student Record and Aggregate Offshore Record.

8 Graduate Outcomes Survey 2017/18, based on first degree/ other undergraduate, postgraduate (taught), and postgraduate (research) responders.

COVID-19

The impact of the COVID-19 pandemic poses major challenges for societies and economies worldwide, including in higher education.

Almost all aspects of work undertaken by universities are affected. It is a challenge that very few institutions, if any, expect to emerge from without making changes. For the University of Reading, it requires our institution to adapt to become more responsive to emerging opportunities, more attractive to potential employees and students, and to gain more recognition locally, nationally and internationally for its contributions.

As part of this change, we are reforming the way we undertake teaching and learning, rapidly adapting to online working and working more closely with the wider community.

Financial impact

The financial impact of COVID-19 far exceeds that of existing challenges: income shortfalls due to inflationary pressures, demographic dips, and static UK undergraduate fees. Although there is a cost in directly responding to the pandemic – for example, implementing enhanced safety measures and installing additional signage around campus – the most serious challenge arises from lost income as a result of lower-than-expected student recruitment, following uncertainty in international and UK student markets. Ongoing government restrictions have also meant that alternative sources of income, including revenue from student accommodation and conference and hospitality facilities on our campuses, have been lost or reduced.

The Post-COVID-19 Response Programme aims to urgently address the immediate financial issues raised by the pandemic through a range of measures, in consultation with the University and College Union and our Staff Forum.

University response

The University's priority is to ensure the safety and wellbeing of its staff and students. A team was established in January to oversee and manage the University's response, with senior leadership from our University Executive Board. Throughout the pandemic, the University has provided regular updates to staff and students on precautions, government advice and support available, alongside dedicated coronavirus webpages for prospective students, applicants, current students and staff.

Changes have been made across campus to mitigate risks and create a COVID-safe environment, including in teaching, research and office spaces, the Library, our catering facilities, the SportsPark and halls of residence. Our dedicated range of specialist support teams moved to a blended delivery of student support services, offering a high level of remote service but with some face-to-face support where needed. We have introduced Case Officers to provide help and support to self-isolating students and their households on a one-to-one basis. Student services also partnered with Reading University Students' Union to launch the Supporting our Students scheme – an initiative which matches students with a fellow student or staff member to help them feel more connected to the community.

Working with Reading and Wokingham Borough Councils and local health authorities, the University has provided a venue for a national indoor COVID-19 testing centre on the London Road campus to provide easier access to testing for people in Reading and Wokingham. On Whiteknights campus, we also opened a mass testing facility for students and staff who are not displaying symptoms, to support government plans to facilitate safe travel prior to the Christmas break.

The University's COVID-19 Case Management Team is working alongside NHS Test and Trace. They provide support and advice to our students and staff who have reported to us that they have tested positive for COVID-19. They also work with their close contacts and support our University community.

Teaching

The University responded swiftly to move to online teaching when the initial national lockdown was announced, thanks to the hard work and commitment of our staff and students.

As government regulation changed, the University launched the Autumn Term Teaching and Learning Framework for the beginning of the 2020/21 academic year, which aimed to balance online delivery with interactive face-to-face small group teaching, ensuring students feel connected to the University through both their learning community and wider campus life. The new academic year began in September, with many staff still working from home, and those on campus supported by COVID-secure measures.

The aim has been to protect our community from the virus, minimise the impact of the situation on the student learning experience, manage staff workloads, and protect the University's financial position and all future activities, while complying with government guidance.

Events

The University's wide programme of physical events has been seriously curtailed, but many of our most important events have been adapted to become innovative online events. The University successfully hosted four Virtual Open Days across June and October; attendance figures were on par with previous on-campus Open Days, and the events received positive feedback from attendees. The online events were hosted via a new Open Day website, showcasing a diverse programme of live sessions. Attendees engaged with our staff and students through live online chat functions and recordings of presentations allowed attendees to watch sessions live or in their own time.

The University also hosted virtual graduation ceremonies and has delivered approximately 21 online public events since the start of the pandemic.

Community support

The University responded to calls for help from the local community and beyond in a number of ways. Food donations were made to the Royal Berkshire NHS Foundation Trust, the Whitley Community Development Association, and food charity Foodshare; and 100 webcams were donated to two hospitals enabling COVID-19 patients to speak to their families more easily, and clinicians to provide care safely. We also loaned laboratory equipment for COVID-19 testing to help boost national capacity for testing NHS and social care workers.



To further support the NHS, technicians from the University partnered with schools to make personal protective equipment. More than 20,000 face masks were produced to protect NHS staff and others on the frontline of COVID-19. NHS staff were also offered free parking at the University's London Road campus.

In addition, the Community Champions scheme was created by the University in response to the pandemic and based on requests for help from community organisations in Berkshire. It sees students matched with Berkshire-based charities to help meet local needs.

The University also worked with Reading Borough Council and Brighter Futures for Children to provide 1,000 hot meals to local children during the October half term. This initiative was in support of footballer Marcus Rashford's campaign for free meals for vulnerable children.

#WeAreTogether campaign

The University's #WeAreTogether campaign, in conjunction with the national campaign run by Universities UK, showcases how our community of students, graduates and staff have been involved in responding to the pandemic. This has included working on the frontline of healthcare, advising the government, volunteering at testing facilities, supporting local community groups and charities, and much more.

Academic research

University researchers are conducting original research in science, social science, arts and humanities to support the global response to the virus. This has included investigations into the origins of the virus, modelling the virus proteins, analysing symptoms, repurposing drugs to treat patients, and analysing the effects of lockdown on mental health. University of Reading alumni and supporters have contributed to financial support for key projects, including a scheme to improve the accuracy and usability of home-testing diagnostic kits.

In the media

Academics at Reading have helped to keep the public informed about COVID-19 through daily engagement with traditional news and social media. Those with expertise in virology, microbiology, drugs and disease testing, along with academics with knowledge around social isolation, schooling and economic impacts, have worked to guide journalists and the media, as millions of people seek information about coronavirus and the global response to fight it. Our experts have helped provide clarity on government advice, concerns with safety, and other relevant fields such as mental health.

Ongoing situation

The University will continue to prioritise the safety and wellbeing of our community, and follow all government guidance, as we have throughout the pandemic.

Despite the pandemic, life at the University must go on, and we have a responsibility to provide our students with the best possible experience. Our staff members are continuously going the extra mile to make sure we can continue to operate: we're highlighting inspirational stories of our staff and students doing university life the #UoRWay, showcasing those who are continuing to enjoy campus life despite restrictions, and delivering high-quality education through a combination of online and face-to-face teaching. Our world-leading research continues to change lives, despite our changing circumstances. Overall, as a community, we strive to make every effort to support one another in these challenging times – a responsibility we will remain committed to into the future.

Read more inspirational stories on our website at www.reading.ac.uk/uor-way.

DEVELOPMENT AND PERFORMANCE

The University continues to grow with more than 14,000 undergraduate and more than 8,000 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, 2021, a position we have held for six consecutive years. Reading is ranked in the top 250 universities in the 2020 Times Higher Education (THE) World University Rankings, and retains its position among the top 30 of UK institutions ranked in both the THE and QS tables. Reading was also ranked 39th nationally in the Complete University Guide, 2021.

Consistent with both our world-leading academic credentials in climate science and our institutional commitment to sustainability, we have retained our 'First Class' rating in the 2019 People & Planet University League. Our environmental and ethical performance saw the University ranked 28th out of 154 institutions in the scheme. Our 134-hectare Whiteknights campus also won its tenth Green Flag Award in 2020, recognising it as one of Britain's top green spaces.



Henley Business School – which celebrates its 75th anniversary this year – 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), Executive Education programmes, and Master's in Finance programmes (Financial Times, 2020). In 2019, Henley Business School was re-accredited for a further five years by both EFMD's European Quality Improvement System (EQUIS) and AMBA, 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 AACSB.

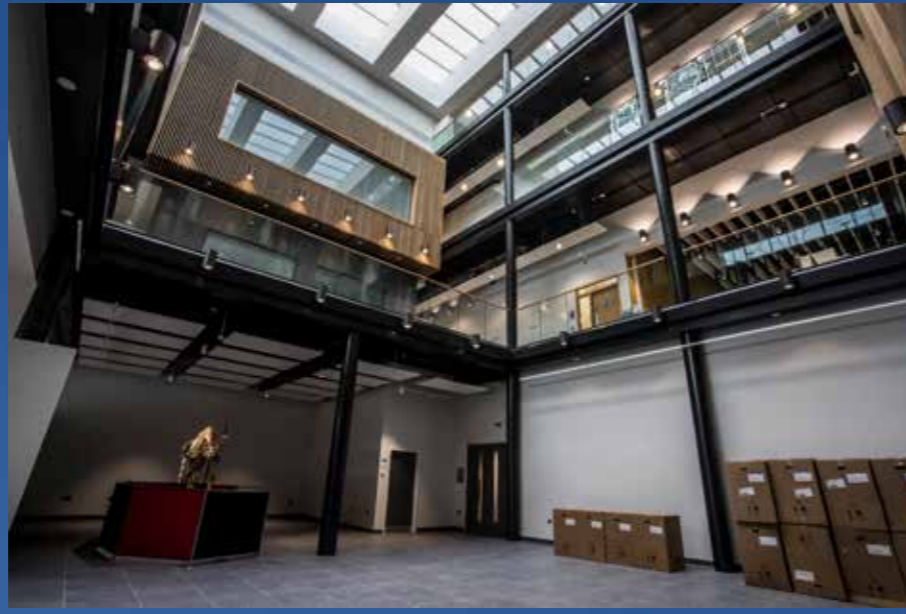
The Henley Centre for Coaching has also been accredited by the three largest international coaching bodies and the demand for coaching qualifications and Henley's expertise in this field continues to grow. Henley continues to innovate its portfolio of postgraduate programmes to keep pace with the changing world of business, adding new programmes such as MSc Finance and Financial Technology (FinTech).



In 2019/20, our University of Reading Malaysia campus achieved its largest ever undergraduate enrolment for September, remaining on-track with its overall business plan. We saw strong interest in our newly launched undergraduate law programme, with an inaugural intake of 21 students. We remain the only international branch campus in Malaysia to offer a law degree.



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 accredited UK degrees. Since 2018/19, the academy operates 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 rule – the only exception being BA Law, where students complete the final year in Reading. In 2020/21, two new undergraduate programmes have been added to the portfolio, in geography and data science.



Since 2016, the University of Reading has invested over £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 student nightclub. 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, helping us reduce our carbon footprint by 44% from baseline 2008/09 levels.

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, improving the student experience, and integrating the School of Biological Sciences.

Construction of the new Health and Life Sciences building was completed in summer 2020, incorporating 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 securing it for future reference and research.



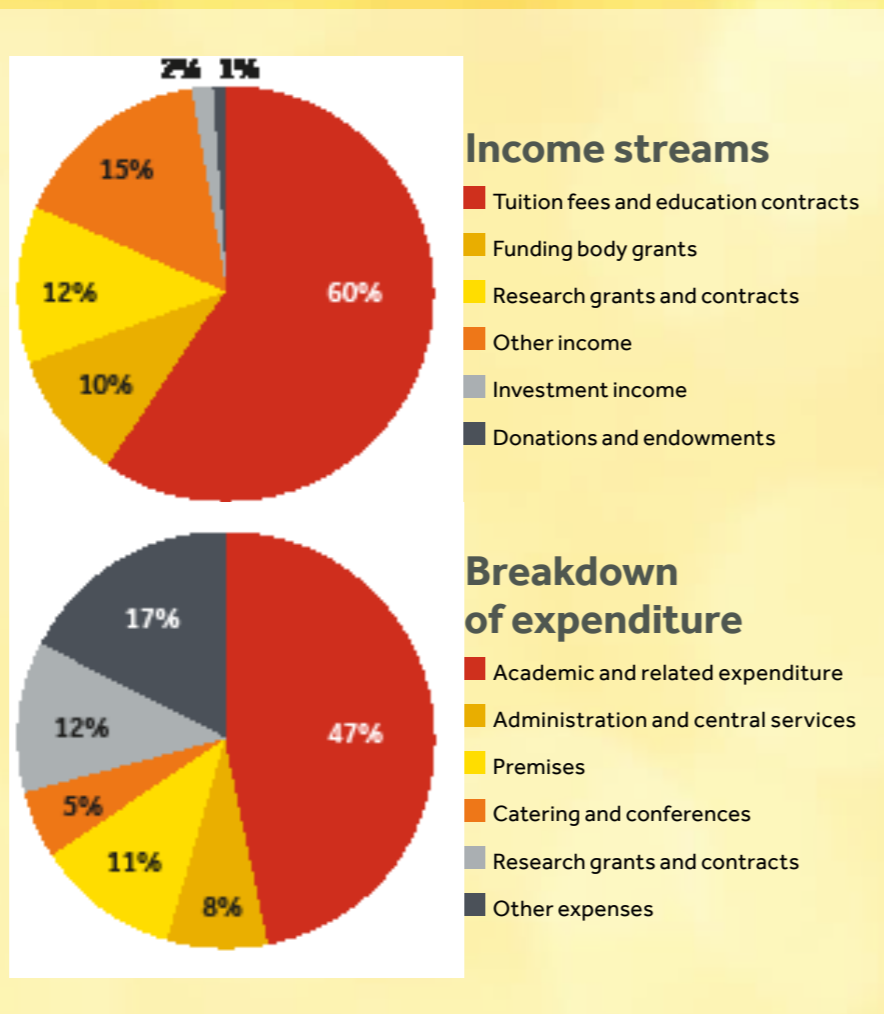
PROVIDING VALUE FOR MONEY

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.



There are four main ways that the University of Reading offers students 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.



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.

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 and our environment.



FULFILLING POTENTIAL



Supporting Reading University Students' Union (RUSU)

The Student Experience Fund is an initiative developed in partnership between the University and RUSU. The fund resources projects suggested by students to enhance their experience. Recent projects approved include increased investment in learning technology, enhanced sports facilities, and improved study and meeting space.

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



Enriching opportunities

We encourage our students to study abroad and experience life in another country as part of their degrees. Students who study abroad 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.

Providing the best academic support

Our enhanced Academic Tutor system, introduced in 2018, 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. Described as 'sector-leading' by the UK Advising and Tutoring Group, this model has led to improved student feedback on academic support in both the 2019 and 2020 National Student Surveys.



¹ UUKi (2017) Gone International: Mobility Works.



Improving welfare services

- Enhancing our triage process to help students get the right help sooner
- Establishing a new team of welfare officers
- Launching a free online support community, available 24/7.

Diverse and inclusive

- We have been awarded an Athena SWAN Silver award from Advance HE recognising our work on gender equity.
- We continue to be a Stonewall Top 100 Employer, ranked 93 out of the 503 UK organisations and ranked 15 out of the 54 educational institutions in the Stonewall Workplace Equality Index, 2020.
- Alongside our wider action plan taking us towards race and ethnicity equality, we have initiated a race equality review working with staff, students and our partners to shape our priorities in our race equity journey.



Preparing for employment

We have expanded our award-winning career mentoring programme, THRIVE, which gives students a year of collaboration with successful, professional alumni. This often leads to unique opportunities in the workplace and beyond. Mentors may be able to offer a workplace visit, introductions to fellow professionals, guidance on CVs and interview technique, and the opportunity for personal growth.

UNDERSTANDING OUR RISKS

In common with all organisations, we are affected by many 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, while protecting the reputation and sustainability of the University.

Our approach to risk management

The pursuit of knowledge, innovation, strategic aims, and implementing strategic developments will always have risks. Risk has to also 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, while 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
- control environment.

The University's approach is to minimise its exposure to compliance, reputational and finance 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, 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 eliminate such risks or reduce them 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 also 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 finance, 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. The Risk Management Group has this year considered a risk maturity review and has developed a plan to improve risk maturity levels across several areas.

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 oversee risk management within the University To set the tone and influence the risk culture within the University.
Audit Committee	Challenge and oversight	<ul style="list-style-type: none"> To oversee risk management within the University Set the tone and influence risk culture within the University (as delegated to by the Council) To agree risk appetite, and the monitoring and management of significant risks To review the University's approach to risk management.
University Executive Board	Ownership	<ul style="list-style-type: none"> To own and review the effectiveness of risk management To implement policies on risk management To identify and evaluate significant risks.
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 and updated annually by the Audit Committee. The 2019–20 Risk Register was approved at the Audit Committee on 6 June 2019.

The table 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.

Risk area	Description of risk	How we seek to mitigate
Employees and supporting our people	Failure to attract and retain high-quality staff may negatively impact the quality and recognition of both teaching and research, reputation and recruitment.	<p>The University has established a People Plan Board to initiate and monitor work to enhance the recruitment and employment experience of staff at the University, which will address identity/brand, experience, resilience and development offering. The University is consulting its staff in the development of its new strategy.</p> <p>The University established a Brexit Working Group to closely monitor and identify the possible implications for UK universities of the UK's decision to leave the European Union, including the changes that will affect an individual's ability to live and work in the UK. Work is focusing on staff recruitment and retention, research and student recruitment, exchange and mobility.</p>
Brand and reputation	Failure to maintain an internationally competitive position and global reputation regarding the quality and recognition of both teaching and research may lead to lower positions in league tables, and negatively impact our reputation, recruitment and retention.	<p>The new strategy will include a new identity/brand overseen by our Marketing, Communication and Engagement function.</p> <p>The University continues to invest in its activity with international partners and has established an International Partnerships Team to support activity with our existing overseas teaching and exchange partners, as well as to develop new ones. In addition to following the University's 2020 Research Plan and Research and Innovation Strategy, the University has developed a Global Engagement Strategy and Action Plan with clear milestones to 2020, overseen by the Global Engagement Strategy Board and Global Engagement Leadership Team.</p> <p>By clear strategic planning and effective operational management of our overseas campuses (including UoRM, which is overseen by RUMAL Reading Sdn Bhd), including regular reporting to senior University committees.</p>

Risk area	Description of risk	How we seek to mitigate
Facilities and infrastructure	<p>Failure to deliver capital projects on budget and on time, lack of space to support the growth of the University and/or failure to ensure buildings and estate infrastructure are adequately maintained due to financial challenges or insufficient funds may result in lack of appropriate teaching, learning and accommodation space, students, a diminished student experience and loss of income.</p> <p>Failure for IT to meet the needs of the University for the services provided could lead to diminished staff and student experience.</p> <p>Failure of the University's external web presence at critical times could lead to loss of income and reputational damage.</p>	<p>The University has well-established processes and rolling programmes for the monitoring and surveying of the estate and IT infrastructure. These include controls and policies which are reviewed and updated annually, and the Estates Strategy which is reviewed on a five-year cycle. Capital Project progress and expenditure is monitored by internal governance committees monthly.</p> <p>Governance structures and processes are in place to monitor use of space, and make recommendations regarding space matters, in accordance with the Space Management Policy and underpinned by the Estates Strategy. The University has invested in making improvements to optimise learning spaces. Continued investment in systems projects are improving the experience of working and studying at the University for its staff and students.</p> <p>The creation of the new Advancement Team has improved and coordinated collaboration across departments.</p> <p>The University is currently investing in a new, robust platform for its website.</p>
Teaching and learning	<p>Failure to maintain or enhance teaching and learning quality and the student experience may negatively impact our reputation, recruitment and retention.</p>	<p>Institution-wide frameworks are in place to enhance the learning experience for students, including the curriculum and assessment and feedback. The University continues to implement access and widening participation activity and runs initiatives to improve diversity and inclusion.</p> <p>Investment continues to be made in the development of innovative teaching practices through the Teaching & Learning Development Fund. The University's institution-wide programme (FLAIR) promotes and supports academic development. There is a focus on the recruitment of teaching-intensive, funded academic staff.</p> <p>The plans and priorities of schools and functions are reviewed annually. Teaching and learning facilities are also regularly reviewed, and the University works closely with the students' union to engage with, and seek the views of, students. Student participation and attendance on University committees and working groups is actively encouraged, and student experience has been made a more prominent part of the remit of the University's top teaching and learning committees, including the Council.</p>

Risk area	Description of risk	How we seek to mitigate
Research	<p>Failure to maintain or improve our annual research income in response to changing political and regulatory environment may lead to loss of research revenue and negatively impact our global reputation.</p> <p>Failure to sufficiently exploit the development of economic and social impact from our research and enterprise activity may lead to loss of research revenue and negatively impact our global reputation.</p>	<p>The University has a 2020 Research Plan and a dedicated REF Planning Group to oversee preparations, and through its Research and Innovation Strategy, the University will respond to new research opportunities and collaboration, strategically investing in partnerships and enhancing the quality control of applications.</p> <p>Five interconnected objectives guide our work:</p> <ul style="list-style-type: none"> strengthen the quality of our research by building individual and collective research leadership strengthen the impact of our research locally, nationally, and internationally enhance collaborations across disciplinary, geographic and professional borders conduct research ethically, and with integrity and transparency sustainably resource research activities and the development of our research infrastructure. <p>Progress towards the Strategy is monitored against a number of high-level indicators and a set of indicators for each objective, at both the institutional and research division level.</p> <p>The Impact Support Unit within Research & Enterprise Services, and the Knowledge Transfer Centre offer support and guidance to academics to enhance research and funding, accessing expertise and opportunities for academic staff and graduates. The University has developed an innovation strategy and structure for strategic partnerships, as well as investing in research communication as part of the Marketing, Communication and Engagement function.</p>
Digital transformation and data	<p>A compromise to information security (including confidentiality, integrity and availability) may lead to failure to comply with information and data regulations, financial loss and reputational damage.</p> <p>Failure to meet the needs of the University and/or existing technology may lead to a diminished student and staff experience, and reputational damage.</p>	<p>The University has policies in place pertaining to information security (including internal IT cyber security policies) and information compliance. The University's retention policy was updated in line with new GDPR legislation. Information compliance training is mandatory, and user-awareness initiatives such as phishing awareness campaigns are run periodically.</p> <p>Robust controls are in place around the University's digital infrastructure. We use robust and usable IT systems, essential to data storage and manipulation. A governance structure is in place which has oversight of systems projects, systems management and future technology requirements. There is a rolling programme of upgrades to IT infrastructure across the University.</p>

Risk area	Description of risk	How we seek to mitigate
Income and financial sustainability	<p>Failure to maintain the financial sustainability of the institution may lead to loss of assets and investment income, financial loss and inability to fund strategic objectives.</p> <p>Failure to recruit appropriate quality of undergraduate and postgraduate students to target levels.</p>	<p>Forecasting, budgeting and planning are well-established processes and support the financial strategy. Controls in place include a cycle of monitoring and corrective action and effective management of short- and long-term cash flow. The major areas being monitored currently are COVID-19 impacts on our operations (particularly student recruitment) and sector wide pension scheme issues. The use of our investment portfolio when needed follows our Investments Strategy, which is monitored and reviewed regularly by Investments Committee.</p> <p>The Marketing, Communication and Engagement function are responsible for the promotion of University programmes following an effective marketing approach, and for ensuring the University has an effective web presence, which is currently being invested in.</p> <p>The admissions process has been centralised and applications are monitored regularly during the recruitment cycle. Processes are in place to monitor campaign impact, analyse targets, metrics, outreach and the delivery of aspects of the Access Agreement. The University offers several targeted bursaries, scholarships and internal studentships.</p>



COVID-19

The University called upon its Major Incident Team (MIT) in January 2020 in response to the global COVID-19 pandemic. It quickly became clear that the pandemic had the potential to affect most, if not all, aspects of the University. A significant amount of work was undertaken to prepare the University’s response to the disruption caused by COVID-19. From May 2020, the MIT was replaced by a Major Recovery Team, leading the work around planning a safe return to on-campus activities, managing risk and mitigation. The University continues to work closely with the local authorities and National Institute for Health Protection to manage and respond to risks around a potential future spike.

The size, scale, and global impact of COVID-19 has placed significant demands on the University – to continue to provide and maintain the delivery of activities core to its business (including, but not limited to: teaching provision, research activity, and support for staff and students) during what has been, and continues to be, a protracted period of disruption and uncertainty. Regular and ongoing assessment of risk in respect to each decision is being made and relevant activity is being undertaken. COVID-19 has been, and continues to be, a protracted major incident and one with significant impact on the University and the wider higher education sector. The impact that the disruption and nature of the COVID-19 pandemic (and future pandemics) might have on the institution has been added to the 2020–21 Corporate Risk Register.



Professor Robert Van de Noort
Vice-Chancellor

Brexit

In recognition of the risks that the UK’s decision to leave the EU at the end of 2020 will bring to the higher education sector, the University established a Brexit Working Group to identify and review the risks associated with Brexit, particularly in response to any changes in the situation or information issued by the UK Government. The risks to the University arising from Brexit broadly correspond to the following four themes, for which a risk owner from the University Executive Board has been identified:

- students
- staff
- research
- suppliers.

The University acknowledges that the challenges around identifying the detail and impact of these risks would differ based on the type of Brexit agreement reached. The risks the University has identified, and associated mitigation work, will be kept under review.



Sam Foley
Chief Financial Officer

FINANCIAL PERFORMANCE IN THE YEAR

The surplus/deficit position in 2019/20 is a surplus of £42.6m.

This year we sold a land holding at Cutbush Lane near Reading, generating an in-year gain on disposal of £15.2m.

In addition, the University must recognise a pension provision under FRS 102 for any estimated future contributions under the formally agreed USS Scheme deficit recovery plan that exists at our balance sheet date. For Reading, this resulted in a provision of £50.7m, which is included in our 2020 balance sheet, the movement showing as a reduction of £44.2m in staff costs in year. The latest deficit recovery plan is based on the 2018 valuation of USS (which was finalised in September 2019) and is based on a ten-year period to 2028 and assumes additional contributions of 2% rising to 6% from October 2021.

Without these two major items, the University would have been on course to make a small underlying deficit. However, in the last quarter of the financial year COVID-19 related impacts started to affect our cost base and income streams. We did not charge many of our students who did not wish to stay in Halls rooms and this loss, plus associated income losses on our campus operations that service students and staff, resulted in an unplanned income loss of circa £17m. This largely explains the underlying deficit for the financial year of £16.9m.

	2020 £'000	Restated 2019 £'000
Surplus/(Deficit) for the year	42,562	(52,824)
(Remove)/Add back : USS provision movement	(44,262)	59,906
Deduct: Major land sales	(15,178)	(17,953)
Underlying performance for the year	(16,878)	(10,871)

The University recorded growth in its core tuition income stream which contributed to group income for the year of £313.8m.

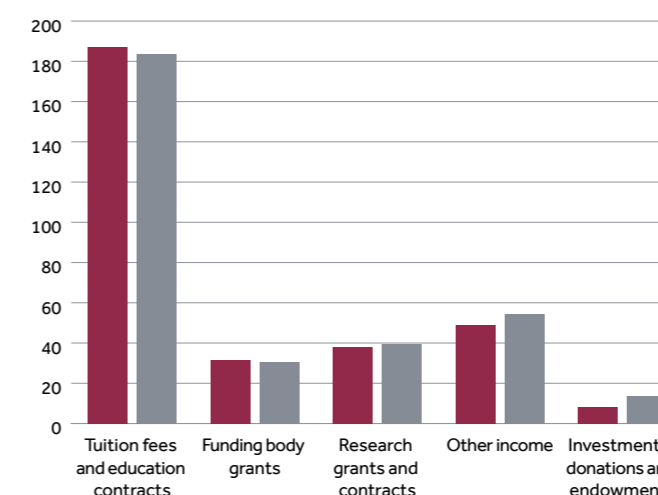
Group expenditure for the year was £282.9m. The University remains focused on keeping costs under tight control to maximise value, and also the delivery of efficiency savings wherever possible. The University has seen significant improvement in the financial performance of its longer-established academic activities. 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 deficit for the year, as it continues to improve its financial performance after a start-up phase. At group level, overall provisions for Malaysia have reduced by £3.9m and exchange rate differences of £3.5m on consolidation have further improved the group level position. The campus is operated by RUMAL Reading Sdn Bhd, whose activities are kept legally and financially distinct from the University in the United Kingdom.

During the year, the University sold a plot of farm land at Cutbush Lane, south of Reading, owned by two of our trusts: the Research Endowment Trust (RET) and the National Institute for Research in Dairying Trust (NIRD). The sale generated a surplus of £15.2m after meeting our costs, and the Trusts will receive staged payments over the next few years from the buyer.

Other comprehensive income also included re-measurement losses of £8.8m on the locally managed University of Reading Employees' Pension Fund (UREPF) pension scheme. These losses arose from actuarial assumptions around life expectancy, inflation and discount rates, changes to the membership profile and investment returns. In general terms, however, this scheme remains in surplus.

Group income (£m)



■ 2019/20 ■ 2018/19

Income from all sources totalled £313.8m, a 2.4% decrease from the previous year, with growth recorded in tuition fees. The fall is due to COVID-19 impacting our income streams in the last quarter of the financial year.

Tuition fees increased by £3.5m to £187.1m, with student number growth relatively modest in 2019/20.

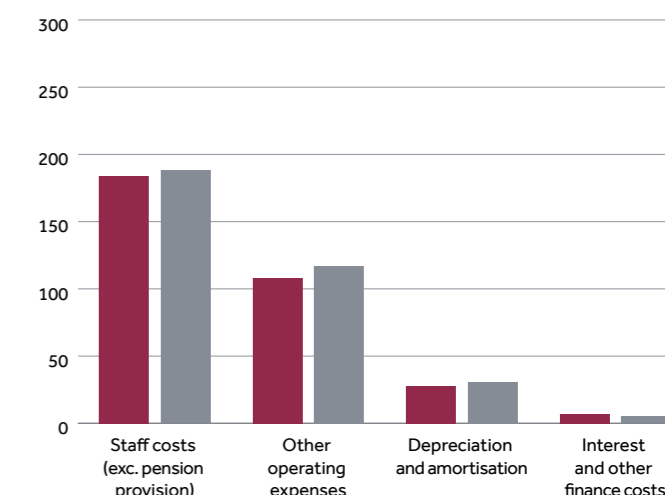
Funding body grants increased slightly in the year to £31.5m but these grants now make up 10% of total income.

Total research income fell by 3.5% to £38.0m as a result of a slight decrease in the rate and value of new grant awards and some COVID-19 related impact on research activity.

Other income fell by £5.7m to £48.9m. Other income arises from a number of sources including executive education, property rentals, catering, conferences, the SportsPark, consultancy and enterprise activities. These were all affected by the impact of COVID-19 on our summer activities and one-off accommodation refunds to students. We did however make use of the Government Furlough Scheme for appropriate activities, claiming £2m in the year which is included in other income.

Income from investments, donation and endowments totalled £8.3m. This was a mixture of steady investment performance in a difficult market and new endowments received.

Group expenditure (£m)



■ 2019/20 ■ 2018/19

Overall group expenditure (if the USS provision movement is excluded) fell by £13.8m from £341.0m to £327.2m largely due to one-off provision made in 2019 in a subsidiary not being repeated in 2020.

Total staff costs have fallen to £183.9m (2019: £188.1m) as the prior year contained the costs of a small voluntary redundancy scheme run in early 2019 that cost £5m. The fall is due to the cost of that scheme in the prior year, and the effect of the reduced staff numbers, but there is still an inflationary effect of annual pay awards and incremental progression.

The decrease in the overall USS provision of £42.7m is a direct result of the recovery plan assumptions agreed as part of the 2018 scheme valuation process. This provision is detailed in note 25. The 2020 USS scheme valuation process is in progress and, in turn, will generate a new recovery plan. 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 £108.5m (2019: £116.5m) and depreciation on tangible fixed assets totalled £27.7m. Interest payable was £7.0m.

Financial position

Consolidated net assets totalled £438.3m at 31 July 2020 (2019: £401.1m). The increase against the previous year can be attributed primarily to the accounting treatment for the USS pension scheme. Net current assets stood at £121.3m (2019: £113.0m).

Fixed assets and infrastructure

The University continues to invest in the future. We have already invested £565m in teaching, research and student accommodation projects in the last decade and have plans to invest to further improve our facilities, so 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.

A major refurbishment of the Library is complete and a new Health and Life Sciences complex will be fully open in the 2020/21 academic year.

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 allows us to operate effectively and will generate long-term value.

The total investments held by the University and its trusts were valued at £122.8m (2019: £123.0m). The 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.

During the year, following an extensive tender process, the University changed the fund manager for its endowment funds and trusts from Sarasin to Cazenove Capital. Following the transition, the University's portfolios are now fully divested from any holdings in fossil fuels.

As part of the transition, the portfolios were completely restructured, with all holdings being sold and new investments purchased. As much of the portfolio, particularly in respect of the University's restricted endowment funds and prize funds, had been held for a number of years, the sale caused a large accounting profit on disposal to be realised, as the market value of the holdings was significantly in excess of their historic book cost. At the same time, when the new restructured portfolio came to be revalued at the end of July 2020, there was another large accounting adjustment required to recognise the new much higher book cost, and therefore a much smaller accumulated unrealised gain going forward.



The net effect of this is that in 2019/20 a total realised group profit on disposal of £18.0m offsets a revaluation loss in year of £20.2m.

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. 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.

The University and its trusts hold some land and properties for their investment potential. Their combined market value at 31 July 2020 was £94.4m (2019: £93.2m).

The outbreak of COVID-19 has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the value of the investment properties. As a result of COVID-19 and in line with the advice provided by the Royal Institution of Chartered Surveyors (RICS), the valuer has included in their 31 July 2020 report a statement that the values they have reached are on the basis of 'material valuation uncertainty'. Further information on this is included in the Accounting Policies and note 17.



The University and its Trusts also own land at the Thames Valley Science Park in Shinfield, and continue to work with interested parties to locate to the Park.

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 £16m at 31 July 2020 (2019: £24.5m). The negative in-year movement was mainly driven by the re-measurement losses reported 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 £50.7m for its share of the additional contributions (2019: £93.4m) in accordance with the deficit funding plan agreement accompanying the agreed 2018 actuarial valuation



Cash flow and borrowings

The Group generated a net cash outflow from operating activities of £(4.2)m (2019: inflow £25.5m) and sees this measure as a key indicator of year-on-year financial performance. The net decrease in cash and cash equivalents for the year was £26.6m (2019: decrease of £10.6m). The decrease was due to continued investment in capital projects exceeding in-year cash inflows from asset sales, plus we settled a large VAT liability in the year related to our land disposal at Didcot (that was accounted for in 2018/19). Under accounting standards this has been recognised as an operating cash outflow despite it being a tax liability arising from the disposal of an investment property. The University has recently completed two major capital projects which are the end point of a major cycle of investment, and is currently assessing the shape and size of a 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 credit-worthiness 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 £60m sterling long-term loan facility, and a fully drawn £50m revolving credit facility.

Going concern

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

It is anticipated that the main impact on the University is international student recruitment and the impact on commercial income streams generated through on-campus activities such as halls of residences and catering.

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 losses are anticipated, the University, through various mitigations is well placed to respond to this. In addition, the University has access to funds through its two main Trusts. We have assessed and included estimates of these losses in 2019/20 where required.

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



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 Para 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 recent 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.



Teaching and learning

The University's admissions policy is 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 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 and on campus, as well as providing support and information for pupils, teachers and advisors about higher education, the opportunities it affords, application process, and education and career pathways.



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, four museums and award-winning grounds. Our Whiteknights campus, a 130-hectare parkland, was voted among the most-popular green spaces in the UK in the 2020 Green Flag People's Choice Award for the tenth year running, from more than 1,800 entries. 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 one million enrolments from as many as 190 countries for our free online courses.

In 2017, we announced an exciting partnership with the British Museum to develop a significant new collection storage and research facility, now under construction. It is a first-of-its-kind partnership between a national museum and a UK university; it will deliver study and research benefits to students, and host visits from members of the public via a booking system.

Research

The University aims to deliver outstanding research, a significant proportion of which is specifically designed to have a meaningful impact on knowledge, people or the economy, or to enhance or change society for the better.

Moreover, the University is committed to supporting its researchers to actively engage with both public and professional audiences, to ensure that our research contributes to global debates and benefits the economic and social life of Reading, the UK, and the wider world.



CIVIC UNIVERSITY

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

Museums

The University of Reading's Museums and Collections launched a new online portal, a remarkable resource for collections-based learning and research across the University. This includes new websites for the Special Collections, Art Collections, The Ure Museum of Greek Archaeology and The Cole Museum of Zoology.

Business

Ground-breaking research is having a transformative impact on businesses locally and globally. For example, working in collaboration with biotechnology company Clasado Ltd, our researchers developed a novel prebiotic called 'BiMuno', which improves gut health. Already estimated to be worth \$3bn worldwide, the product was used by Team GB to help avoid gastrointestinal illness in Rio in 2016.

Scholarships for refugees

“Universities are places for people from all over the world and from all walks of life. We welcome to Reading those fleeing violence and persecution in their own countries and we value the contribution those seeking sanctuary can make to the University and the town in general.”

Professor Robert Van de Noort, Vice-Chancellor

The Reading Refugee Scholarship Scheme provides University scholarships for refugees in the local area. Developed in partnership with Reading Refugee Support Group (RRSG) and our Students' Union (RUSU), we aim to support and engage with our town's refugee community.

Community projects

In 2019/20, students volunteered more than 10,800 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.

Schools

Our 'Students in Schools' scheme is more than 20 years old and continues to go from strength to strength. Last year, although cut short by the pandemic, our students collectively invested nearly 4,000 hours of their time volunteering in local primary and secondary schools. Alongside teachers, students work with pupils, helping to raise both attainment and aspirations as well as encouraging them to continue into higher education.

Apprenticeships

Henley Business School is working to create and deliver apprenticeship programmes for businesses in England across a range of sectors, including telecoms, pharmaceutical, healthcare and banking. This initiative is one of the first of its kind, and will help companies upskill their workforce, and support the government's goal of improving productivity through the apprenticeship levy.

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 Reading, with green technology, culture and diversity, and our town's rivers and parks at the centre of development.

TEACHING

As an established and highly successful research-intensive institution with a global reach, we have teaching, learning and the student experience at our heart.

The University works in partnership with our students and the Reading University Students' Union 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 produce graduates who have developed a range of 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, along with five Teaching and Learning Deans, provide strategic leadership and lead activity in their areas of particular responsibility: quality, student experience, international, and student achievement. They also lead University-wide strategic projects in teaching and learning.

The Teaching and Learning Strategy 2018–21, with its focus on academic excellence and outstanding learning experience, builds on the successes of its forerunner, and enables Reading to continue and complete some of the major projects that it has embarked on. These include implementing our Curriculum Framework, and £5m investment in Electronic Management of Assessment.

The Academic Tutor System, introduced in the 2018/19 academic year, supports students with their academic, personal and professional development through proactive and structured academic conversations informed by student data.

The strategy also enhances the focus on staff development and reward, with the University aiming to recruit and develop well-qualified professional academic staff, encourage innovative approaches to teaching and learning, and make use of technological developments in learning methods. The University continues to prioritise staff development in teaching and learning through the FLAIR CPD scheme, which allows staff to gain HEA-accredited recognition for their work. The scheme has made more than 100 awards in total.

Student satisfaction at the University of Reading remains above the sector average, with 84% of final-year undergraduates reporting satisfaction with their overall experience according to the National Student Survey, 2020¹. Satisfaction levels increased in all education-specific areas, with six areas achieving 90% or above. More than 2,500 students completed the survey, representing a 70% response rate.



¹ National Student Survey, 2020. The average overall satisfaction rate for the higher education sector is 83%.

RESEARCH

With 98% of our research assessed as internationally recognised in the Research Excellence Framework 2014, the University of Reading has a global reputation for the quality of its research.

As a broad-based, research-intensive institution, Reading's research priorities and expertise extend across a wide range of disciplines in the environmental, physical and life sciences, arts and humanities, business, and social sciences. The University attracts high-quality academics and postgraduate research students, providing them with a stimulating and supportive research environment and professional training.


Overall research income was £38m, a decrease of £1.4m on the previous year.

The University of Reading's research is structured around four themes:

- Agriculture, Food and Health
- Environment
- Heritage and Creativity
- Prosperity and Resilience.

Each theme is led by one of four Research Deans, who support the Pro-Vice-Chancellors for Research and Innovation in implementing the University's research strategy.

98%
**OF OUR RESEARCH
IS INTERNATIONALLY
RECOGNISED**
and **78%** is
internationally excellent¹



¹ Based on our submissions judged to be world leading, internationally excellent and internationally recognised in overall quality by the Research Excellence Framework (REF) 2014 and the Times Higher Education's analysis of REF 2014. See the overall table of excellence at www.timeshighereducation.com



RESEARCH FOR A BETTER WORLD

Our world-leading research helps to transform the lives of people locally, nationally and internationally. Through it, we discover more about ourselves and the world in which we live. At the same time, we build a stronger and more resilient economy, enhance social and individual wellbeing, and influence policy and practice.

53% of all research publications from 2014–2019 were a result of **INTERNATIONAL COLLABORATION**¹



Professor Emily Black is helping millions of smallholder farmers across Africa look forward to a more secure future, thanks to satellite-derived estimates of rainfall that are helping insurance companies provide effective cover against drought. Current insurance only compensates for proven crop losses. Emily's weather-index insurance provides an alternative, paying out if cumulative rainfall measures below a pre-agreed threshold. Using satellites rather than rain gauges has made this approach feasible for many more farmers, and this new model is being rolled out across Africa.



Dr Sakthi Vaiyapuri collaborated with clinical colleagues and NGOs in a region of India to develop an education programme that busted myths about snakebites and gave bite victims a clear action plan. Venomous snakebites kill up to 10,000 people a year in the Indian state of Tamil Nadu. However, with rapid medical attention, most bites can be treated. In one year, the 'rapid action saves lives' messages reached more than three million people and nearly half of snakebite victims attending one hospital were aware of, and had acted upon, the campaign.



Professor Neil Crosby's work with colleagues in the Department of Real Estate and Planning has raised UK and international standards in property valuation. It has influenced global monetary policy towards improving the financial stability of nations and is set to shape how affordable housing is delivered in England. The team has developed new long-term valuation models for real estate, and is bringing industry bodies together to agree new methods of valuation to improve the transparency of secured lending.

£40.65m

is the value of **NEW AWARDS WON** in 2019/20²



Our success rate with **Research Councils** was **34%**³

Dr Jacqui Turner is shining a light on the female pioneers of British politics – in particular, Nancy Astor. Dr Turner curated the 'Astor100' initiative which commemorates a hundred years of women in Parliament and is influencing contemporary debate on attitudes to women in politics today. Through public lectures, exhibitions and a crowd-funded bronze statue, the programme sets the standard for how female political pioneers should be commemorated.



Dr Weizi Li and her team have developed a computer model to predict which NHS patients might miss their next check up, prompting a reminder. Missed appointments cost the NHS around £1bn a year. Working with the Royal Berkshire Hospital (RBH), the team built a predictive computer model to identify patients most likely to miss appointments. Once refined, the model's predictions were over 90% accurate compared to real-time outpatient data. Already, across three departments at the RBH, missed appointments in the at-risk group have plummeted by a third.

¹ 53.3% rounded up based on SciVal data from 2014–2019.

² Based on data recorded in the Research Services award database of total amount of awards funding pledged in 2019/20.

³ UKRI Decisions on competitive funding 2019–20.

35 RESEARCH DIVISIONS across four themes with **900** researchers



Professor James Ferryman

is transforming the future of travel by using travellers' own smartphones as paperless travel documents. Robust border control is essential; using a smartphone app and innovative biometric technology, travellers can simply walk or drive through without stopping as necessary checks are made automatically. This new approach can undertake checks quickly and accurately, reducing queues and frustration. After testing its effectiveness at two international borders, the technology may be used in transport systems and access points to sports stadiums.



ENVIRONMENTAL MATTERS

Aligned with its leadership in teaching and research across a wide range of environmental subjects, the University is proud to be a leader in delivering environmental sustainability in its 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.

In January 2020, the University reached a 44% reduction in our carbon footprint against its baseline 2008/09 levels, some of the largest reductions across the university sector¹. This has delivered cumulative financial savings in excess of £30m since 2011, keeping energy costs under control at a time when energy prices have risen significantly.

Some further energy and carbon reduction projects have been delivered this year, funded through a combination of internal and external funds. The University now has 1,692 individual solar panels installed across its estate, some of which have been funded by the Reading Community Energy Society. The University has also invested over £200,000 this year in LED lighting and control upgrades in some key campus buildings.

Environmental matters are increasingly headline news, in particular the call for more urgent action to tackle human-made climate change, as well as the significant impacts of single-use plastics and other mass consumerism. The University has now completely divested from fossil fuels, with an ambitious new ethical investment programme focused on encouraging the transition to a low-carbon future. By signing up to Electronics Watch, the University is seeking to ensure its electronics are ethically and sustainably sourced.

In January 2020, 69% of hot drinks on campus were served in re-usable cups, and paper cup recycling collection points are also widespread when single-use cups remain necessary.

Meanwhile, the refillable 'Sustain It' bottle initiative continues to save 150,000 single-use plastic bottles per year; every new student living in University halls this year was provided with a free reusable bottle or mug to support their sustainability choices.

In the area of sustainable travel, since 2017, we have invested almost £500,000 in improving shared cycle and pedestrian pathways on campus. This reduces pinch points and potential conflicts, in response to feedback from our biennial travel surveys.

There is more to be done, and environmental issues are increasingly at the forefront of current and prospective students' minds. We are proud to have retained and merged our certification to both the ISO14001 Environmental Management standard and the ISO50001 Energy Management standard for another year.

The new Strategic Plan identifies environmental sustainability as a key differentiator for the University. In the year ahead, a new Environmental Strategy will be developed around six core themes, from carbon reduction to education for sustainable development, ensuring that our environmental commitments are embedded at the heart of what we do.

The main climate hazards faced by the University's local estate come from extreme weather, including overheating concerns for some of the older buildings. The University is also vulnerable to some impacts shared by many organisations in Reading, such as the knock-on effects of extreme weather on staff and local transport.

However, 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.

In 2014, the University put together an initial assessment of the potential climate risks it faces, considering risks to people, markets, assets and finance. The University has continued to take a risk management approach, integrating climate risks into its overall risk management approach, and incorporating climate adaptation and mitigation within a mature environmental management system (EMS) aligned with ISO 14001.

The development of new buildings presents the opportunity to integrate adaptation features in a cost-effective way. For example, in response to the University's commitment to building to BREEAM Very Good standards, its 2017 Berry Brook and Bourne buildings at Greenlands have incorporated a greywater re-use system that collects and filters shower water for use in WCs.

Outdoors, planting schemes and grounds maintenance already incorporate an awareness of suitability for hotter, drier summer seasons.

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, such as the reservoir.

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.

¹ 2018/19 HESA Estates Management Records, available at <https://www.hesa.ac.uk/data-and-analysis/estates>

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, four museums and award-winning grounds. Our Whiteknights campus, a 130-hectare parkland, was voted among the top 10 most popular green spaces in the UK, for the tenth consecutive time, in the 2020 Green Flag People's Choice Award.

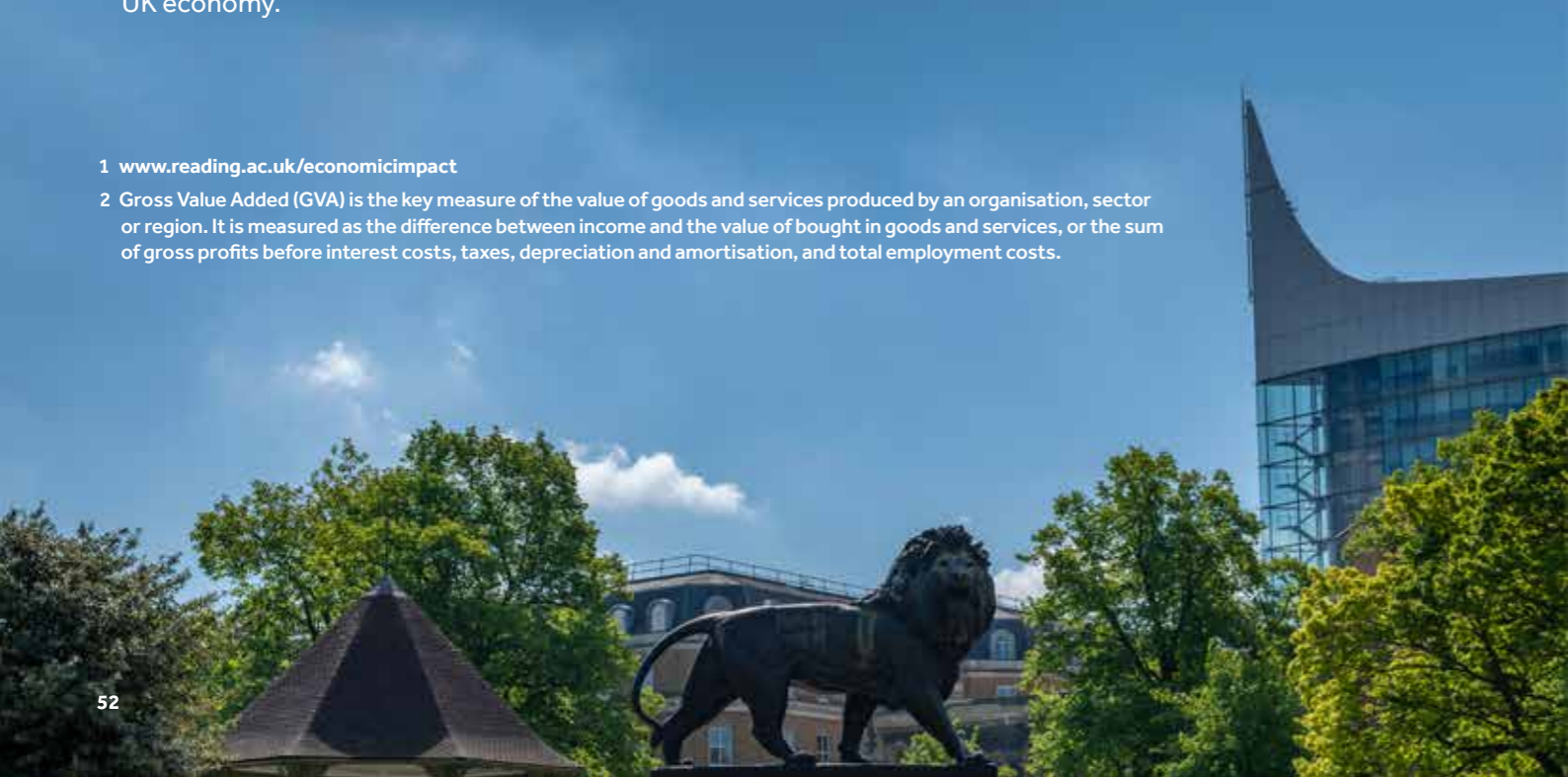
Thousands of people have also attended our public events, such as lectures, music concerts and exhibitions, and we have received more than one million enrolments from as many as 190 countries for our free online courses.

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

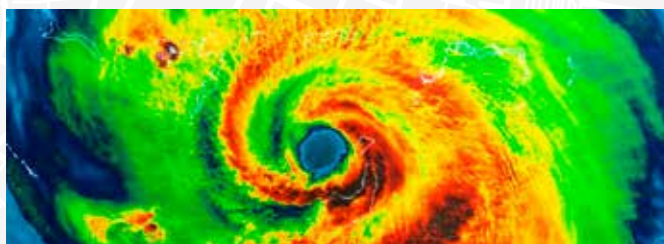
- supplying highly skilled graduates: more than 20% of graduates stay locally, and most contribute to the future growth of London and the south east. The University is a major supplier and supporter of Continuing Professional Development for both business and key public services like schools, health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

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.



KEY REGIONAL PARTNERSHIPS



WORKING TOGETHER FOR WEATHER RESEARCH

Our 40-year partnership with the European Centre for Medium-Range Weather Forecasts (ECMWF) is one of our most valued.

Together, we are advancing understanding of weather and climate and making a real-world impact on the humanitarian aid response to extreme weather events. In 2019, 35 live joint projects, including large European projects, have enabled the latest Reading research to support ECMWF's work as the world-leading centre for medium-range weather forecasting.

The partnership also supports the education and training of the next generation of weather and climate scientists, at both master's and PhD level.



DEVELOPING A UNIQUE DESTINATION IN THE THAMES VALLEY

The University is delivering ambitious plans to further develop our Thames Valley Science Park, creating a unique destination for businesses, students and the local community. Following our announcement in February 2020, we are progressing the development of a creative media hub for film and television. The University has recently engaged with a partner to create a film studio development, which could bring an estimated £500m per annum in foreign direct investment, and provide 3,000 jobs on site or as part of the wider associated ecosystem. In December 2020, the University granted the right to a long term lease of land at the Thames Valley Science Park with the partner. The next phase of development will be for them to secure planning permission, before a film studio complex is built on the land (see note 41). Working with Wokingham Borough Council and the local community, development of a master plan is underway and is due to complete in 2021.



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 centre 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 collection. The building will be completed and objects moved in by March 2023.



MEETING THE HEALTHCARE CHALLENGES OF THE REGION

The University has strong partnerships with both the Royal Berkshire NHS Foundation Trust (RBFT) and the Berkshire Healthcare NHS Foundation Trust (BHFT). These include partnerships on new teaching programmes, including a multi-professional postgraduate certificate in healthcare education developed by our Institute of Education to certify RBFT trainers, and student placements in the Royal Berkshire Hospital (RBH) for the Physician Associate programme. Through our Joint Academic Board, we have supported over 30 novel research projects between clinicians and University colleagues, which have laid the foundations for externally-won research grants from the Health Foundation to exploit our artificial intelligence expertise and RBFT electronic patient records. We have also won an award of approximately £500,000 for work between our pain research group and radiology to evaluate a new procedure for osteoarthritis. These new successes further enhance our existing partnerships, including our joint research clinics on the Whiteknights campus.

Additionally, BHFT have leased Erleigh House – formerly the Science and Technology building on the Whiteknights campus – to offer community healthcare services. Erleigh House will also accommodate the RBH's Dingly Clinic, which offers Child and Adolescent Mental Health Services and other talking therapy services. Erleigh House formally opened in October 2020.

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.

The University has reviewed and continues to review its governance arrangements and is satisfied that it has fully complied with OfS's and others' guidelines throughout the financial year, including being fully compliant with the CUC Code of Governance.

As a provider that is in receipt of public funding from the OfS, UK Research and Innovation (UKRI, including Research England), the Department for Education or the Education and Skills Funding Agency, the governance arrangements set out in this section demonstrate how we ensure regularity in the use of this public funding and propriety in the use of public funding.

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:

- approved a 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 and in adopting the CUC Remuneration Code
- received briefings, and provided decisions or advice to the University, on such matters as progress towards meeting diversity and inclusion targets, dealing with the effects of the pandemic (including financial, welfare and academic matters), and trusts
- monitored significant capital investment.

Lay members of the Council receive no remuneration for their role 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, Deans, and Heads of Schools, Services and Functions 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 four times a year, the Senate advises on areas such as student entry, assessment and awards. With around 90 members, the Senate includes Deans, Heads and elected representatives of Schools, as well as professional staff and students. University Boards responsible for developments in enterprise, research and teaching and learning report to the Senate.

Following a review of its effectiveness in 2016–17, Senate has operated in a different form, with time devoted 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. Senators are positive about this new way of working. A significant change in the membership of Senate, encouraging a more diverse membership including more junior staff, was implemented in 2018–19. We expect to review every five years, and intend to carry out the next review in 2021/22.

Committees of Council

The Council has six 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 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 Audit Committee has received the new 2020 CUC Audit Code of Practice. It has been agreed to adopt it. The Audit Committee is compliant with the vast majority of the Code, and will ensure that in the few areas where it is not yet, it will be so by the end of Spring Term 2021.

- The Remuneration Committee which determines the pay and conditions for the University's senior executive management, including the Vice-Chancellor, the Professoriate and equivalent non-academic 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 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.
- The Investments Committee which has responsibility for managing long-term investments of the University and its trusts, and overseeing the operational management of the investment property portfolio.

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 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 considers 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 Head 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 led by the Deputy 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 held at school and central services level which 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 central services 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.

Over the last two years, the National Institute for Research in Dairying Trust (NIRD) and its sole Trustee, the University of Reading, have been in discussions to resolve some legacy governance issues that were self-reported by the University to its principal regulators OfS and the Charity Commission. These discussions have progressed well to the point that both parties believe they have reviewed and agreed in principle all legacy issues, and are now close to resolving the future relationship between the parties. As both parties agreed at the start to treat all these issues as a single negotiation, the discussions are still ongoing but the Trust expects them to be concluded in 2020/21. To date the discussions have not raised any issues that would have a material impact on the Trust. 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 2020, and sets out how the Committee had 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 £100,000. The Committee also approves severance payments for any staff whose pay exceeds £100,000, and approves all severance payments in excess of £90,000. The Committee 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 six 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 Robin Evans** (Vice-President of the Council and Chair of the Committee)
- **Mrs Kate Owen** (Vice-President of the Council)
- **Mrs Sue Woodman** (Lay member of the Council)
- **Mr John Taylor** (Lay member of Council) (Right of attendance)
- **Mrs Sue Maple** (Lay member of Council).

It is chaired by a Vice-President of the Council, and 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 2019/20 on the following dates:

- 21 October 2019
- 28 January 2020
- 9 June 2020.

Attendance at the meeting was as follows:

	Eligible to attend	Actual attendance
Dr Preston	3	3
Mr Evans	3	3
Mrs Owen	3	3
Mrs Maple	3	3
Mrs Woodman	3	3
Mr John Taylor	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 UCEA Remuneration Survey in the course of their deliberations and are mindful at all times of such guidance as Committee of University Chairs (CUC) or Office for Students (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 which it reports about the University's remuneration policies and approach towards senior post holders' reward.

Institutional context

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. We have more than 22,000 students from around 180 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 our academic staff working at the forefront of their fields of expertise, and we remain one of the most-popular higher education choices in the UK.

The University is one of the foremost research-led universities in the UK. Our research is divided into four broad themes: Agriculture, Food and Health; Environment; Heritage and Creativity; and Prosperity and Resilience. Under these themes sit our 36 research divisions, many of which are recognised as international centres of excellence.

We have a global presence – with our Whiteknights and London Road campuses in Reading, 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, USA, Canada, Malaysia, Russia, Ghana, Italy, Philippines, France, Australia, Thailand, the Netherlands, Singapore, Japan and Greece.

We have invested over £200m into improving our campus facilities, which includes upgrading existing facilities and creating brand-new ones, via an exciting programme of capital investment projects known as 2026: TRANSFORM.

We are ranked 205th in the QS World University Rankings, 2021, placing us among the top 20% of world institutions ranked by QS, a position we have now held for six consecutive years. We are ranked joint 24th out of 116 UK institutions in the THE Student Experience Survey, 2018, and joint 30th in the UK according to the THE World University Rankings, 2020, joint 38th in the UK in the Times and Sunday Times Good University, 2020, and 39th in the UK in the Complete University Guide, 2021.

However, we are now facing significant challenges. We must address, in common with other HEIs, the likely financial impact of the COVID-19 pandemic, the uncertainties arising from Brexit, intensive competition for student recruitment, growing student expectations around facilities and teaching and learning quality, 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 head-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 the Engaged University.

Approach to remuneration

The overarching 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 Committee of University Chairs (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.

Insofar 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 looming financial challenges, normal salary reviews under the purview of the Remuneration Committee for the 2019–20 round have been postponed until further notice.

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, 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 underperformance, 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 sector. 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. 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, 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, 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-Chancellor's 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) will normally be taken at the Autumn Term meeting

of the Remuneration Committee, on the basis of proposals presented by the President. It should be noted that such decisions had previously been taken at the Committee's Summer Term meeting, the arrangements having been altered to allow 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 following table illustrates the full-time equivalent payments made to the Vice-Chancellor for the relevant reporting period (with previous years reflecting the final months of the previous Vice-Chancellor's employment, Professor Van de Noort's period as Acting VC, and subsequent substantive employment).

Emoluments of the Vice-Chancellor

	2019–20	2018–19 Period 3	2018–19 Period 2	2018–19 Period 1
Salary	199,000	195,000	195,000	265,000
Performance-related pay ¹	5,000		3,000	
Benefits				15,000
Sub-total	204,000	195,000	198,000	280,000
Pension costs	41,000	38,025	35,100	47,400
Total	245,000	233,025	233,100	327,400

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
2018–2019 Period 1	30,688	265,000	8.63–1
2018–2019 Period 2	32,236	195,000	6.05–1
2018–2019 Period 3	30,395	195,000	6.42–1
2019–20	32,817	199,000	6.06–1

Vice-Chancellor's total pay ratio

(as measured against total median pay for all staff):

Date	Median	Salary	Ratio
2018–2019 Period 1	30,688	280,000	9.12–1
2018–2019 Period 2	32,402	198,000	6.11–1
2018–2019 Period 3	30,463	195,000	6.40–1
2019–20	33,143	204,000	6.16–1

Period 1: 01/08/2018–21/09/2018 Sir David Bell

Period 2: 22/09/2018–22/02/2019 Prof Van de Noort (Acting VC)

Period 3: 23/02/2019–31/07/2019 Prof Van de Noort (VC)

¹ Lump sum, non-consolidated payment.

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.

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, where 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 that 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 the University Executive Board (UEB) are published openly. The Remuneration Committee has access to such reports and reserves 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, 75 employees received compensation for loss of office, at a total cost of £314,000.

Committee activities during 2019–20

In addition, during 2019–20 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) agreed an approach in regard to certain pensions matters, including USS
- (vi) reviewed the Henley Business School Salary Structure
- (vii) undertaken a review of the Grade 9 pay and grading structure
- (viii) agreed adjustments to salary for members of the University Executive Board
- (ix) 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 2019
- (x) 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 2019
- (xi) reviewed guidance issued by the Office for Students (OfS), the Universities and Colleges Employers' Association (UCEA) and the Higher Education Funding Council for England (HEFCE)
- (xii) reviewed and discussed the Gender Pay Gap Report
- (xiii) reviewed a local pay equality claim from the UCU
- (xiv) reviewed the Coronavirus Job Retention Scheme.

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

Mr T Beardmore-Gray, MA, FCA (Chair of Audit Committee)
 Mr K Corrigan, BA, FCCA
 Mrs P Egan, BA, CBE
 Mr R E R Evans, BSc, FRICS (Vice-President of the Council, Chair of Remuneration Committee)
 Mrs H Gordon, MBA
 Ms S Maple, MBA
 Mr P Milhofer, BA
 Mrs K Owen, BA (Vice-President of Council and Chair of the Student Experience Committee)
 Dr P R Preston, BSc, PhD (President of the Council)
 Mr S C C Pryce, BSc, ACA (Chair of the Investments Committee)
 Mr N Richards, MBA, ACIB, DipFS
 Dr C Shaw, BSc, PhD
 Mr J Taylor, BA, DLitt, CBE
 Ms S M Woodman, BA

Class 3: Two members 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 J R Park, BSc, CertEd, PhD (to 31 December 2019)
 Professor U Kambhampati, PhD Cantab (from 1 January 2020)

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

Professor C L Furneaux, EdD, MA, Dip TEO, NTF, SFHEA

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 C L Furneaux, EdD, MA, Dip TEO, NTF, SFHEA

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

The Rt. Hon. the Lord Waldegrave of North Hill

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 R E R Evans, BSc, FRICS (to 31 July 2020)

Mrs K Owen, BA

Mr T Beardmore-Gray, MA, FCA (from 1 August 2020)

Mrs H Gordon (from 1 August 2020)

Deputy Vice-Chancellor

Professor G Brooks, BPharm, PhD, MRPharmS, FAHA (to 31 December 2019)

Professor P Yaqoob, MA, MPhil, RNutr, Fafn, FHEA (from 1 January 2020)

Pro-Vice-Chancellors

Professor G Brooks, BPharm, PhD, MRPharmS, FAHA (to 31 December 2019)

Professor M Fellowes, BSc, ARCS, PhD, DIC, PgCert, FRSB

Mr P Inman, MA, PGDip, FRSA (from 3 August 2020)

Professor E McCrum, BA, MA, PGCE, EdD (from 1 January 2020)

Professor J R Park, BSc, CertEd, PhD (from 1 January 2020)

Professor P Yaqoob, MA, MPhil, 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

In our opinion the financial statements of University of Reading (the 'University') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the Group and University statement of comprehensive income;
- the Group and University statement of changes in reserves;
- the Group and University statement of financial position;
- the Group and University statement of cash flows;
- the statement of principal accounting policies; and
- the related notes 1 to 41.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019).

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 the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Emphasis of matter – material uncertainty related to investment property valuation

We draw attention to the Investment properties accounting policy note, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Group's investment property. As noted by the Group's external valuer, the pandemic has caused extensive disruptions to businesses and economic activities, and the uncertainties created have increased the estimation uncertainty over the fair value of the investment property at the balance sheet date. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the governing body's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the governing body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The governing body is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of the governing body

As explained more fully in the governing body's responsibilities statement, the governing body is responsible for the preparation of the financial statements that give a true and fair view, and for such internal control as the governing body determines 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 is responsible for assessing the Group's and the 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 intends to liquidate the Group or the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds from whatever source administered by the university for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and 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; and
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated; or
- the provider's expenditure on access and participation activities for the financial year, as disclosed in note 4 to the accounts, has been materially misstated.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the governing body in accordance with the charter and ordinances of the University and the Accounts Direction issued by the Office for Students dated 25 October 2019. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it 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 board of governors as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte LLP
Statutory Auditor
St Albans, United Kingdom

11 January 2021

KEY FINANCIAL STATEMENTS

Statement of comprehensive income

Year ended 31 July 2020

Note		Consolidated		University	
		2020 £'000	as restated 2019 £'000	2020 £'000	2019 £'000
Income					
1,3	Tuition fees and education contracts	187,125	183,632	178,547	174,972
2,3	Funding body grants	31,499	30,537	31,499	30,537
3,5	Research grants and contracts	38,022	39,389	37,809	39,128
6	Other income	48,930	54,584	46,924	52,622
7	Investment income	5,469	5,974	3,487	3,579
8	Donations and endowments	2,798	7,499	2,309	4,619
	Total income	313,843	321,615	300,575	305,457
Expenditure					
4,9	Staff costs	183,921	188,115	179,417	180,458
9,25	Staff costs – movement in pension provision	(44,262)	59,906	(44,262)	59,906
	Other operating expenses	108,514	116,521	101,270	101,292
13,14	Depreciation and amortisation	27,743	31,100	26,858	30,067
10	Interest and other finance costs	7,030	5,306	7,533	5,783
11	Total expenditure	282,946	400,948	270,816	377,506
	Total income less total expenditure	30,897	(79,333)	29,759	(72,049)
	Gain / (loss) on disposal of property, plant and equipment	15,150	2,527	9	(722)
17	Gain on disposal of investment properties	34	17,953	34	17,953
	Gain on disposal of investments	18,031	5,125	9,353	-
17	Gain / (loss) on revaluation of investment properties	85	(4,483)	(165)	(6,707)
	(Loss) / gain on revaluation of investments	(20,224)	5,331	(9,245)	967
	Impairment of non-current investments	-	-	-	-
19	Share of operating (deficit) / surplus in associates	(1,119)	209	-	-
	Surplus / (deficit) before tax	42,854	(52,671)	29,745	(60,558)
12	Taxation charge	(292)	(153)	(153)	(126)
	Surplus / (deficit) for the year (including decrease / (increase) in pension provision)	42,562	(52,824)	29,592	(60,684)
15	Unrealised surplus on revaluation of heritage assets	-	-	-	-
19	Surplus on revaluation of property, plant and equipment held by associate	2	1,952	-	-
19	Tax credit on revaluation of property, plant and equipment held by associate	-	-	-	-
38	Remeasurement losses in respect of pension schemes	(8,835)	(15,201)	(8,835)	(15,201)
	Exchange differences on consolidation of overseas subsidiaries	3,511	(1,957)	-	-
	Total comprehensive income / (expense) for the year	37,240	(68,030)	20,757	(75,885)
Represented by:					
	Endowment comprehensive income for the year	11,997	18,595	409	2,802
	Restricted comprehensive income for the year	714	1,107	743	952
	Unrestricted comprehensive income / (expense) for the year	24,527	(89,684)	19,605	(79,639)
	Revaluation reserve comprehensive income for the year	2	1,952	-	-
		37,240	(68,030)	20,757	(75,885)

All items of income and expenditure arise from continuing activities.

Statement of changes in reserves

Year ended 31 July 2020

Consolidated

At 1 August 2018

	Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	Total £'000
Surplus / (deficit) for the year (as restated)	18,595	1,107	(72,526)	-	(52,824)
Other comprehensive (expense) / income	-	-	(17,158)	1,952	(15,206)
Transfers between endowment and unrestricted reserves	(9)	-	9	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-

At 1 August 2019

Surplus for the year	11,997	714	29,851	-	42,562
Other comprehensive (expense) / income	-	-	(5,324)	2	(5,322)
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-

At 31 July 2020

	Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	Total £'000
Surplus / (deficit) for the year	2,802	952	(64,438)	-	(60,684)
Other comprehensive expense	-	-	(15,201)	-	(15,201)
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-
At 1 August 2019	17,461	1,125	94,990	37,814	151,390
Surplus for the year	409	743	28,440	-	29,592
Other comprehensive expense	-	-	(8,835)	-	(8,835)
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-
At 31 July 2020	17,870	1,868	114,595	37,814	172,147

University

At 1 August 2018

Surplus / (deficit) for the year	2,802	952	(64,438)	-	(60,684)
Other comprehensive expense	-	-	(15,201)	-	(15,201)
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-

At 1 August 2019

Surplus for the year	409	743	28,440	-	29,592
Other comprehensive expense	-	-	(8,835)	-	(8,835)
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-

At 31 July 2020

Surplus for the year	409	743	28,440	-	29,592
Other comprehensive expense	-	-	(8,835)	-	(8,835)
Transfers between endowment and unrestricted reserves	-	-	-	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-	-
Transfers between revaluation and unrestricted reserves	-	-	-	-	-

Statement of financial position

At 31 July 2020

	Consolidated		University	
	2020	as restated 2019	2020	2019
	£'000	£'000	£'000	£'000
Note Non-current assets				
13 Intangible assets	11,101	11,652	11,101	11,652
14 Property, plant and equipment	376,343	377,292	360,092	360,232
15 Heritage assets	39,346	39,346	39,167	39,167
16 Biological assets	720	590	720	590
17 Investment properties	94,419	93,242	66,946	66,019
18 Non-current investments	24,758	23,898	24,552	23,708
19 Investments in associates	21,633	22,751	10,567	10,567
	568,320	568,771	513,145	511,935
Current assets				
Stock	1,398	1,285	1,388	1,272
20 Trade and other receivables	98,588	102,074	91,243	97,759
21 Current investments	98,050	99,152	-	-
Cash and cash equivalents	20,542	47,123	16,936	43,617
	218,578	249,634	109,567	142,648
22 Creditors: Amounts falling due within one year	(97,300)	(136,617)	(220,324)	(239,597)
Net current assets / (liabilities)	121,278	113,017	(110,757)	(96,949)
Total assets less current liabilities	689,598	681,788	402,388	414,986
23 Creditors: Amounts falling due after more than one year	(187,659)	(188,102)	(177,395)	(181,318)
Provisions				
25 Pension provisions	(34,716)	(68,890)	(34,716)	(68,890)
26 Other provisions	(28,928)	(23,741)	(18,130)	(13,388)
Total net assets	438,295	401,055	172,147	151,390
Restricted reserves				
27 Income and expenditure reserve – endowment	250,693	238,696	17,870	17,461
28 Income and expenditure reserve – other restricted	2,605	1,891	1,868	1,125
Unrestricted reserves				
Income and expenditure reserve – unrestricted	131,031	106,504	114,595	94,990
Revaluation reserve	53,966	53,964	37,814	37,814
Total reserves	438,295	401,055	172,147	151,390

The financial statements on pages 72 to 110 were approved by Council on 11 January 2021, and signed on its behalf by:

Dr P R Preston
President of the Council

Professor R Van de Noort
Vice-Chancellor

Ms S Foley
Chief Financial Officer

Statement of cash flows

Year ended 31 July 2020

	Consolidated	as restated
	2020	2019
	£'000	£'000
Cash flow from operating activities		
Surplus / (deficit) for the year before tax	42,854	(52,671)
Adjustments for non-cash items:		
Depreciation and amortisation	27,743	31,100
(Gain) / loss on revaluation of investment properties	(85)	4,483
Loss / (gain) on revaluation of investments	20,224	(5,331)
Gain on revaluation of biological assets	(114)	(41)
Exchange differences	3,621	(1,970)
(Increase) / decrease in stock	(113)	44
Decrease in receivables	8,687	275
(Decrease)/increase in Creditors	(35,049)	10,742
(Decrease) / increase in pension provisions	(43,983)	59,949
Increase in other provisions	5,187	9,212
Share of operating deficit / (surplus) in associates	1,119	(209)
Adjustments for investing or financing activities:		
Investment income	(5,469)	(5,974)
Capital grant income	(2,385)	(1,912)
New endowments	(59)	(1,606)
Interest payable	7,030	5,306
Gain on disposal of property, plant and equipment	(15,150)	(2,527)
Gain on disposal of investment properties	(34)	(17,953)
Gain on disposal of investments	(18,031)	(5,125)
	(4,007)	25,792
Tax paid	(234)	(291)
Net cash (outflow) / inflow from operating activities	(4,241)	25,501
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment and investment properties	10,091	24,922
Proceeds from sales of land in previous years	-	25,000
Net payments for investments	(1,950)	(25,019)
Investment income	4,930	4,835
Capital grants received	2,385	1,912
Payments made to acquire property, plant and equipment	(26,802)	(60,229)
Net (payments) / receipts for biological assets	(16)	43
Payments made to acquire investment properties	(750)	(1,446)
	(12,112)	(29,982)
Cash flows from financing activities		
New endowments	59	1,606
Interest paid	(5,517)	(4,581)
Repayments of amounts borrowed	(4,770)	(3,155)
	(10,228)	(6,130)
Decrease in cash and cash equivalents in the year	(26,581)	(10,611)
Cash and cash equivalents at beginning of the year	47,123	57,734
Cash and cash equivalents at end of the year	20,542	47,123

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.

Statement of compliance

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. 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 Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements. Furthermore, the University has sufficient resources to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The University's financial strategy has a clear focus on sustainability and facilitating efficient and effective working practices.

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.

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.

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 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
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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, which is used for operational purposes (i.e. commercial farming, research or supporting other operational activities), is valued at cost and not depreciated as it is considered to have an indefinite useful life.

All land parcels are reviewed every year and should the usage move from operational to investment (i.e. held for investment potential or rental income) then they will be reclassified as appropriate and valued annually.

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	10 years
General equipment	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, investment potential or capital appreciation rather than for use in operational activity. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the statement of comprehensive income. Investment properties are not depreciated but are revalued annually according to market conditions as at the reporting date.

The most recent valuations have been carried out as at 31 July 2020 by Haslams, a firm of independent valuers based in Reading, with considerable experience of the local residential and commercial property markets. Haslams are members of the Royal Institution of Chartered Surveyors.

The outbreak of COVID-19 has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the investment properties. As a result of COVID-19 and in line with the advice provided by the Royal Institution of Chartered Surveyors (RICS), the valuer has reported on the basis of 'material valuation uncertainty'. In particular they reference the following:

'Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 2 and VPGA 10 of the RICS Red Book Global. Consequently, less uncertainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review'.

The valuation report has been used to inform the measurement of the investment properties in the accounts. However, there have been material uncertainties highlighted in the report.

Although there are material uncertainties, the valuer has continued to exercise professional judgement in preparing the valuation.

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, measurement, and disclosure 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.

Going Concern

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

It is anticipated that the main impact on the University is international student recruitment and the impact on commercial income streams generated through on-campus activities such as halls of residences and catering.

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 an income loss is anticipated, the University, through various mitigations, is well placed to respond to this. Such mitigations include a voluntary redundancy scheme, agreed pay freezes for three years, and recruitment freezes. In addition, the University has access to funds through its two main Trusts.

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

NOTES TO THE FINANCIAL STATEMENTS

1 Tuition fees and education contracts	Consolidated		University	
	2020 £'000	2019 as restated £'000	2020 £'000	2019 as restated £'000
Full-time home and EU students	101,947	101,357	101,947	101,357
Full-time international students	63,500	59,836	60,288	56,589
Part-time students	12,290	12,639	7,824	8,692
Research training support grants	4,237	5,107	4,237	5,107
Short course fees	900	1,466	-	-
Education contracts	4,251	3,227	4,251	3,227
	187,125	183,632	178,547	174,972

The 2019 Tuition fees and education income has been restated to recognise that the Apprenticeship Levy Income should be accounted for as Educational Contracts rather than Part time student fee income. The movement between the two headings nets to zero and the overall income recognised in 2019 has not changed.

2 Funding body grants	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Recurrent grants				
Office for Students	5,704	5,597	5,704	5,597
Research England	18,345	17,426	18,345	17,426
Education and Skills Funding Agency	-	-	-	-
Capital grants	2,365	1,802	2,365	1,802
Specific grants				
OfS and UK Research and Innovation	2,363	3,238	2,363	3,238
Higher Education Innovation Fund	2,722	2,474	2,722	2,474
Other	-	-	-	-
	31,499	30,537	31,499	30,537

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Grant income from the OfS	8,069	7,399	8,069	7,399
Grant income from other bodies	23,430	23,138	23,430	23,138
Fee income for research awards (exclusive of VAT)	38,022	39,389	37,809	39,128
Fee income from non-qualifying courses (exclusive of VAT)	5,137	6,573	4,237	5,107
Fee income for taught awards (exclusive of VAT)	181,988	177,059	174,310	169,865
	256,646	253,558	247,855	244,637

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	
	2020 £'000	2019 £'000
Access investment	2,086	2,086
Financial support	3,342	3,342
Disability support (in addition to above)	925	925
Research and evaluation	151	151
	6,504	6,504

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

	University	
	2020 £'000	2019 £'000
Access investment – permanent staff	1,185	1,185
Access investment – student ambassadors	72	72
Disability support	552	552
Research and evaluation	140	140
	1,949	1,949

Details of the University's current access and participation plan can be found here:
reading.ac.uk/Ready-to-Study/study/student-access-participation-plans

5 Research grants and contracts	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Research Councils	12,980	17,215	12,980	17,215
Charities	3,282	3,469	3,282	3,469
Industry and commerce	7,208	6,264	7,141	6,137
Government (UK and overseas)	14,552	12,441	14,406	12,307
Research and Development Expenditure Credit (RDEC)	-	-	-	-
	38,022	39,389	37,809	39,128

6 Other income	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Residences, catering and conferences	7,061	10,251	7,030	10,237
Other revenue grants	1,123	863	1,123	863
Other capital grants	20	110	20	119
Other income	40,726	43,360	38,751	41,403
	48,930	54,584	46,924	52,622

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 £2m (2019: £nil).

7 Investment income	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Income from short-term investments	4,035	4,742	2,053	2,440
Interest receivable on the deferred proceeds of sale of land	895	93	895	-
Net return on pension scheme	539	1,139	539	1,139
	5,469	5,974	3,487	3,579

8 Donations and endowments

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
New endowments	59	1,606	59	1,606
Donations with restrictions	2,456	3,060	2,161	2,723
Unrestricted donations	270	500	89	290
Income from site servicing arrangements	13	2,333	-	-
	2,798	7,499	2,309	4,619

9 Staff costs

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Analysis of staff costs				
Salaries	132,932	134,869	129,307	129,498
Social security costs	13,966	13,585	13,601	13,045
Pension costs	36,443	33,010	35,993	32,648
Other staff costs	580	6,651	516	5,267
	183,921	188,115	179,417	180,458
Movement in USS pension provision (see note 25)	(44,262)	59,906	(44,262)	59,906
	139,659	248,021	135,155	240,364

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, 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-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 2019	22 Sep 2018
To:	31 Jul 2020	31 Jul 2019
	£000	£000
Salary	199	177
Bonus	5	3
Performance-related pay	-	-
Living accommodation provided	-	-
	204	180
Pension contributions to USS	41	33
	245	213

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 and the University's car parking charges; such opportunities are available to all staff.

The current Vice-Chancellor's basic salary is 6.06 times the median pay of staff (2019: 6.42), where the median pay is calculated on a full-time equivalent basis. His total remuneration is currently 6.16 times the median total remuneration of staff (2019: 6.40).

In 2019, the previous Vice-Chancellor's basic salary was 8.63 times the median pay of staff. His total remuneration was 9.12 times the median total remuneration of staff.

9 Staff costs (continued)**Higher paid staff**

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

£100,000 to £104,999
£105,000 to £109,999
£110,000 to £114,999
£115,000 to £119,999
£120,000 to £124,999
£125,000 to £129,999
£130,000 to £134,999
£135,000 to £139,999
£140,000 to £144,999
£145,000 to £149,999
£150,000 to £154,999
£155,000 to £159,999
£160,000 to £164,999
£175,000 to £179,999
£195,000 to £199,999
£220,000 to £224,999
£265,000 to £269,999
£270,000 to £274,999

	2020	2019
	Number	Number
12	13	
12	8	
6	9	
6	4	
5	5	
2	2	
5	4	
2	-	
-	2	
3	1	
2	1	
-	3	
1	-	
1	-	
2	1	
-	1	
-	1	
1	-	
60	55	

	2020	2019
	£000	£000
Compensation for loss of office to 75 employees (2019: 336)	314	6,382

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 8 posts (2019: 7).

	2020	2019
	£000	£000
Salary and benefits of key management personnel (including pension contributions)	1,134	1,175

Average staff numbers by major category:

	2020	2019
	Number	Number
Academic	939	988
Research	338	350
Management and specialist	991	988
Technical	157	160
Other	1,069	1,103
	3,494	3,589

10 Interest and other finance costs

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loan interest	5,643	5,194	5,307	5,194
Net interest charge on pension schemes	1,513	725	1,514	725
Exchange differences	210	(16)	156	(21)
Other	(336)	(597)	556	(115)
	7,030	5,306	7,533	5,783

11 Analysis of total expenditure by activity

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Academic and related expenditure	153,396	157,518	148,775	151,446
Administration and central services	24,773	65,431	22,543	60,796
Premises	36,693	50,311	39,352	38,820
Catering and conferences	16,736	13,503	16,385	12,863
Research grants and contracts	38,507	39,740	38,293	39,487
Other expenses	56,825	14,539	49,452	14,188
Movement in USS pension provision	(43,984)	59,906	(43,984)	59,906
	282,946	400,948	270,816	377,506
	Consolidated	as restated	University	as restated
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other operating expenses include:				
Operating lease rentals				
• land and buildings	2,697	(4,078)	1,546	1,519
• other	981	432	197	187
External auditor's remuneration				
• audit services	248	204	121	112
• non-audit services	80	24	14	10

The consolidated operating lease rentals for land and buildings in the previous year included a credit of £6,132k arising from a retrospective reduction in the rent payable at the University's campus in Malaysia.

12 Taxation charge

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Overseas – current tax	292	382	153	126
Overseas – deferred tax	-	(229)	-	-
	292	153	153	126

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

13 Intangible assets

Consolidated and University	Software under development		Total £'000
	£'000	£'000	
Cost or valuation			
At 1 August 2019	8,603	5,173	13,776
Additions	841	481	1,322
Transfers between categories	4,466	(4,466)	-
At 31 July 2020	13,910	1,188	15,098
Amortisation			
At 1 August 2019	2,124	-	2,124
Charge for the year	1,873	-	1,873
At 31 July 2020	3,997	-	3,997
Net book value at 31 July 2020	9,913	1,188	11,101
Net book value at 31 July 2019	6,479	5,173	11,652

14 Property, plant and equipment

Consolidated	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 2019	457,254	40,741	88,647	50,326	636,968
Additions	6,238	323	2,512	16,407	25,480
Transfers between categories	10,524	1,336	1,318	(13,178)	-
Transfers to investment properties	(380)	-	-	-	(380)
Disposals	(40)	-	(176)	(44)	(260)
Exchange differences	(82)	(1)	(380)	-	(463)
At 31 July 2020	473,514	42,399	91,921	53,511	661,345
Depreciation					
At 1 August 2019	175,802	23,805	60,069	-	259,676
Charge for the year	14,982	3,274	7,614	-	25,870
Transfers between categories	(408)	134	274	-	-
Transfers to investment properties	(15)	-	-	-	(15)
Disposals	(7)	-	(169)	-	(176)
Exchange differences	(44)	-	(309)	-	(353)
At 31 July 2020	190,310	27,213	67,479	-	285,002
Net book value at 31 July 2020	283,204	15,186	24,442	53,511	376,343
Net book value at 31 July 2019	281,452	16,936	28,578	50,326	377,292

Total aggregate capitalised finance costs to date within property, plant and equipment at 31 July 2020 were £4,996k (2019: £4,804k).

Disposal at Cutbush

At the end of July 2020 the Group sold some land south of Cutbush Lane, Shinfield in Berkshire to a housing developer. The land had been owned for a number of years by two of the University's Trusts, the Research Endowment Trust (RET) and the National Institute for Research in Dairying Trust (NIRD), during which time it had been used for farming purposes. Prior to the sale the land had little value and so there were minimal disposal costs to match against the sale proceeds.

The total proceeds have been accounted for in the year with further remittances shown in other debtors.

14 Property, plant and equipment (continued)

Reconciliation of total proceeds of sale to net income and gains recognised in the year:

	£'000
Proceeds receivable in respect of land transferred to developer	15,234
Less: Costs incurred	(90)
Net income and gains recognised	15,144

University	Assets in the course of construction				Total
	Land and buildings	Plant and machinery	Equipment		
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	433,523	40,740	84,806	50,326	609,395
Additions	6,169	323	2,352	16,407	25,251
Transfers between categories	10,524	1,336	1,318	(13,178)	-
Transfers to investment properties	(380)	-	-	-	(380)
Disposals	(2)	-	-	(44)	(46)
At 31 July 2020	449,834	42,399	88,476	53,511	634,220
Depreciation					
At 1 August 2019	168,755	23,804	56,604	-	249,163
Charge for the year	14,220	3,274	7,491	-	24,985
Transfers between categories	(408)	134	274	-	-
Transfers to investment properties	(15)	-	-	-	(15)
Disposals	(5)	-	-	-	(5)
At 31 July 2020	182,547	27,212	64,369	-	274,128
Net book value at 31 July 2020	267,287	15,187	24,107	53,511	360,092
Net book value at 31 July 2019	264,768	16,936	28,202	50,326	360,232

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

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Land not depreciated	18,336	18,336	10,245	10,245

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 Library, the Museum of English Rural Life, the Cole Museum of Zoology, the Herbarium, the Ure Museum of Greek Archaeology, and other important teaching and research departmental museum, library and archive collections. These collections can be viewed by members of the public (some collections can only be viewed by appointment).

The University Library holds collections of rare books including early printed books from the handpress era (pre-1851), private press books, modern literary first editions and other printed material. It also contains around 140 collections of historical and literary papers, a small number of historical manuscripts and a large body of University archives and records.

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 100,000 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 and hold records from the thirteenth to the twenty-first century.

15 Heritage assets (continued)

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. Highlights include complete skeletons of a male Indian elephant, a killer whale, a five metre reticulated python and a pair of giant spider crabs.

The Herbarium in the School of Plant Sciences 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, as well as metal and stone artefacts of Greek and Roman date. There is also an important collection of Egyptian antiquities, ranging from the Pre-dynastic to the Roman period. There are approximately 2,000 objects in the museum.

The University is home to the Beckett International Foundation and the Beckett Collection, the world's largest collection of resources relating to Samuel Beckett, and has many internationally-renowned Beckett scholars.

The collections were valued in December 2012 by an external antique and fine art dealer and valuer and this has been adopted as the deemed cost of the assets in existence at that date. Subsequent acquisitions have been recorded at cost. 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.

The 2012 valuation encompassed all collections in existence at that time. No significant new collections have been received since that date, though it can be expected that there are a small number of individual items which have been received by donation which are not recorded in the statement of financial position.

Consolidated	2020	2019	2018	2017	2016
Cost	£'000	£'000	£'000	£'000	£'000
Acquisitions purchased with specific donations	-	-	-	-	-
Acquisitions purchased with University funds	-	-	-	-	-
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised	-	-	-	-	-
At 1 August	39,346	39,346	39,346	39,346	39,346
Revaluations	-	-	-	-	-
At 31 July	39,346	39,346	39,346	39,346	39,346

University	2020	2019	2018	2017	2016
Cost	£'000	£'000	£'000	£'000	£'000
Acquisitions purchased with specific donations	-	-	-	-	-
Acquisitions purchased with University funds	-	-	-	-	-
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised	-	-	-	-	-
At 1 August	39,167	39,167	39,167	39,167	39,167
Revaluations	-	-	-	-	-
At 31 July	39,167	39,167	39,167	39,167	39,167

The split of heritage assets by type of asset is:

	Consolidated		University	
	2020	2019	2020	2019
Cost	£'000	£'000	£'000	£'000
Books and manuscripts	25,708	25,708	25,708	25,708
Artworks	3,938	3,938	3,938	3,938
Natural history	2,156	2,156	2,156	2,156
Agricultural	4,176	4,176	4,176	4,176
Other	3,368	3,368	3,189	3,189
	39,346	39,346	39,167	39,167

16 Biological assets

Consolidated and University Fair value less costs to sell	Dairy cattle	Total
	£'000	£'000
At 1 August 2019	590	590
Net decrease in livestock	16	16
Increase in fair value less costs to sell	114	114
At 31 July 2020	720	720

17 Investment properties

Fair value	Consolidated	
	Total £'000	
At 1 August 2019	93,242	
Additions	750	
Transfers from property, plant and equipment	365	
Disposals	(23)	
Increase in value of properties in year	85	
At 31 July 2020	94,419	

Fair value	University	
	Total £'000	
At 1 August 2019	66,019	
Additions	750	
Transfers from property, plant and equipment	365	
Disposals	(23)	
Decrease in value of properties in year	(165)	
At 31 July 2020	66,946	

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 markets. Haslams are members of the Royal Institution of Chartered Surveyors (RICS).

The outbreak of COVID-19 has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the value of the investment properties. As a result of COVID-19 and in line with the advice provided by RICS, the valuer has reported on the basis of 'material valuation uncertainty'. Further information on this is included in the Accounting Policies.

The valuation report has been used to inform the measurement of the investment properties in the accounts, however there have been material uncertainties highlighted in the report. Although there are material uncertainties the valuer has continued to exercise professional judgement in preparing the valuation.

17 Investment properties (continued)

Disposal at Didcot

Last year 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 five 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 1.09%. 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
Proceeds relating to Section 106 works	1,866
Expenditure relating to Section 106 works	(986)
	880
Additional disposal costs expensed	(94)
Movement in discounting of receivable	895
Net income and gains recognised	1,681

Included within the original total proceeds recognised is an amount of £4,016k (2019: £3,953k) which is contingent on additional planning consent being obtained for a particular part of the site. This has been calculated based on a conservative estimate of the number of homes expected to be constructed on that site.

18 Non-current investments

Consolidated

Cost or valuation

	Listed investments £'000	Other investments £'000	Total £'000
At 1 August 2019	23,708	190	23,898
Additions	29	16	45
Sale of investments at book cost	(12,495)	-	(12,495)
Purchase of investments	20,888	-	20,888
Other net income and realised gains reinvested	1,667	-	1,667
Changes in market value	(9,245)	-	(9,245)
At 31 July 2020	24,552	206	24,758

University

Cost or valuation

	Listed investments £'000	Other investments £'000	Total £'000
At 1 August 2019	23,708	-	23,708
Additions	29	-	29
Sale of investments at book cost	(12,495)	-	(12,495)
Purchase of investments	20,888	-	20,888
Other net income and realised gains reinvested	1,667	-	1,667
Changes in market value	(9,245)	-	(9,245)
At 31 July 2020	24,552	-	24,552

Listed investments comprise:

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cazenove Capital Portfolio	24,409	-	24,409	-
Sarasin Endowments Funds	-	23,597	-	23,597
Genus plc	143	111	143	111
	24,552	23,708	24,552	23,708

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

19 Investments in associates

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Share of operating surplus retained by associates	(1,119)	209	-	-
Share of current tax from associates	-	-	-	-
Surplus on revaluation of property, plant and equipment	2	1,952	-	-
Tax credit arising on revaluation of property, plant and equipment	-	-	-	-
Total comprehensive income in the year for associates	(1,117)	2,161	-	-
At 1 August	22,750	20,590	10,567	10,567
Other movements in year	-	-	-	-
At 31 July	21,633	22,751	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	Loan notes	Total
	£'000	£'000	£'000
At 1 August 2019 and at 31 July 2020	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	2020	Income	Expenditure	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Rent collection	942	-	942	896	-	896
Facilities management services	1,901	-	1,901	1,851	-	1,851
Utilities	902	-	902	941	-	941
Estates service charge and infrastructure fees	506	-	506	492	-	492
Vacation residence and conferencing	362	(18)	344	674	(59)	615
Interest receivable on loan notes	696	-	696	828	-	828
Other income	48	-	48	110	-	110
Other expenditure	-	-	-	-	-	-
	5,357	(18)	5,339	5,792	(59)	5,733

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 £30.4m (2019: £30.0m) and have been netted with the income received from students in the statement of comprehensive income.

20 Trade and other receivables

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts falling due within one year:				
Research grants receivables	5,202	3,951	5,202	3,951
Trade receivables	13,190	14,400	11,102	11,117
Proceeds due on the sale of land at Didcot	14,641	-	14,641	-
Developer receivables for the Shinfield Eastern Relief Road	3,188	6,627	3,188	6,627
Proceeds due on the sale of land at Cutbush	5,234	-	-	-
Other receivables	3,095	4,204	1,817	3,458
Prepayments and accrued income	12,076	11,835	11,555	10,830
Amounts due from subsidiary undertakings	-	-	1,213	600
Amounts due from University endowment trusts	-	-	563	120
Amounts due from associated undertakings – UPP (Reading I) Limited	552	700	552	700
	57,178	41,717	49,833	37,403
Amounts falling due after more than one year:				
Developer receivables for the Shinfield Eastern Relief Road	98	3,148	98	3,148
Proceeds due on the sale of land at Didcot	40,966	56,810	40,966	56,810
Other receivables	346	399	346	398
	98,588	102,074	91,243	97,759

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 over the next two years. Amounts due have been included at their discounted values. A discount rate of 1.09% (2019: 1.26%) has been applied in line with similar debt instruments.

Included in University amounts due from subsidiary undertakings is £35.7m due from RUMAL Reading Sdn Bhd, against which a full provision has been made (2019: £30.2m). This has resulted in a charge for the year of £5.5m in the University's statement of comprehensive income (2019: £6.1m). The amount of this provision will be reviewed from time to time as circumstances change.

21 Current investments

Consolidated	Total
Cost or valuation	£'000
At 1 August 2019	99,152
Additions	-
Withdrawals	(1,200)
Sales of investments at book cost	(81,996)
Purchase of new investments	86,208
Other net income and realised gains reinvested	6,865
Changes in market value	(10,979)
At 31 July 2020	98,050
University	Total
Cost or valuation	£'000
At 1 August 2019 at 31 July 2020	-

Listed investments comprise:

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Segregated portfolios managed by Cazenove Capital	91,991	93,288	-	-
Cazenove Capital Portfolio	6,059	5,864	-	-
	98,050	99,152	-	-

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

22 Creditors: amounts falling due within one year

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Unsecured loans	4,126	4,770	4,126	4,770
Trade payables	4,167	5,724	4,086	5,390
Social security and other taxation payable	3,725	19,060	3,597	19,103
Other payables	8,764	9,288	8,136	8,530
Accruals and deferred income	69,481	90,517	60,178	69,462
Amounts due to subsidiary undertakings	-	-	1,570	1,627
Amounts due to University endowment trusts	-	-	131,594	123,457
Amounts due to associated undertakings – UPP (Reading I) Limited	7,037	7,258	7,037	7,258
	97,300	136,617	220,324	239,597

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Tuition fees	11,877	16,215	8,749	10,161
Research grants received on account	24,530	23,490	24,502	23,458
Site servicing arrangements	2,965	7,311	1,635	2,480
Other income	11,900	12,243	10,812	11,694
	51,272	59,259	45,698	47,793

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Unsecured loans	175,823	179,949	175,823	179,949
Deferred income on site servicing arrangements (see note 22)	11,500	7,850	1,236	1,074
Other payables	336	303	336	295
	187,659	188,102	177,395	181,318

24 Loans

	Consolidated & University	
	2020 £'000	2019 £'000
Analysis of loans:		
Due within one year or on demand	4,126	4,770
Due between one and two years	52,323	4,126
Due between two and five years	6,000	56,323
Due in five years or more	117,500	119,500
Due after more than one year	175,823	179,949
Total loans	179,949	184,719

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.

24 Loans (continued)

In April 2017 the University entered into a £50m revolving credit facility with HSBC, available for five years, at a set margin of 0.55% above LIBOR for amounts drawn. Non-utilisation fees apply at 0.1925% in respect of amounts undrawn. At 31 July 2020, £50m of this facility had been drawn (2019: £50m). 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 April 2022.

The University has a loan from the Homes and Communities Agency which was used to fund the construction of the Shinfield Eastern Relief Road and motorway bridge associated with the University's land disposals in Shinfield ahead of developer contributions. The loan is repayable by quarterly instalments until September 2021. The interest rate on this loan is at a set margin of 1.31% above the EU reference rate for the UK.

	Bond £'000	"Barclays loan" £'000	"HSBC RCF" £'000	"HCA loan" £'000	Other £'000	Total £'000
At 1 August 2019	70,000	59,500	50,000	5,032	187	184,719
Repayments	-	(2,000)	-	(2,645)	(125)	(4,770)
At 31 July 2020	70,000	57,500	50,000	2,387	62	179,949

25 Pension provisions**Consolidated and University**

	Obligation to fund USS deficit £'000	UREPF scheme surplus £'000	Total £'000
At 1 August 2019	93,426	(24,536)	68,890
Net charge to statement of comprehensive income	(11,032)	11,207	175
Contributions paid in year	(31,716)	(2,633)	(34,349)
At 31 July 2020	50,678	(15,962)	34,716

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 2018, 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, however the latest valuation incorporates the recent higher than expected investment returns and changes in underlying financial conditions. This is the main factor in the decrease of £(42.8)m in the deficit funding provision in the year, of which £(44.3)m has been included in staff costs and £1.5m in interest and other finance costs.

The interim valuation as at 31 March 2020 was underway but not yet completed at 31 July 2020.

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	<i>as restated</i>				
	Student Halls	TVSP	RUMAL	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	-	9,488	12,919	1,334	23,741
Utilised in year	-	-	-	-	-
Transferred to accrued expenditure	-	-	-	-	-
Charged / (credited) to statement of comprehensive income	7,200	(429)	(3,835)	2,251	5,187
At 31 July 2020	7,200	9,059	9,084	3,585	28,928

University	Student Halls	RUMAL	Other	Total
	£'000	£'000	£'000	£'000
	At 1 August 2019	-	12,054	1,334
Utilised in year	-	-	-	-
Charged / (credited) to statement of comprehensive income	7,200	(4,874)	2,416	4,742
At 31 July 2020	7,200	7,180	3,750	18,130

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 last year 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 prior year, 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. The review was conducted after the University's accounts were finalised and so the prior year numbers have been restated to include this provision as described in Note 40. This onerous lease provision was reviewed in the current year which has resulted in a reduction of the lease provision from £9.5m to £9.1m.

For the year commencing 1st August 2020, the University entered into an agreement to underwrite the occupancy of certain student accommodation at anything less than 99%. The impact of the COVID-19 pandemic has meant that the accommodation occupancy has fallen and as such a provision of £7.2m has been recognised.

27 Endowment reserves

Consolidated	Unrestricted permanent	Restricted permanent	Restricted expendable	2020	2019
	£'000	£'000	£'000	£'000	£'000
At 1 August					
Capital	2,611	8,677	222,616	233,904	215,827
Accumulated income	838	3,500	454	4,792	4,283
	3,449	12,177	223,070	238,696	220,110
New endowments	-	34	25	59	1,606
Income	125	420	4,521	5,066	7,477
Expenditure	(42)	(164)	(6,087)	(6,293)	(6,271)
Profit on disposal of property, plant and equipment	-	-	15,144	15,144	3,253
Gain on disposal of investments	1,549	5,504	9,450	16,503	5,125
Increase in value of investment properties	-	-	250	250	2,223
(Decrease)/Increase in value of investments	(1,538)	(5,451)	(11,743)	(18,732)	5,182
Transfers to unrestricted reserves	-	-	-	-	(9)
At 31 July	3,543	12,520	234,630	250,693	238,696

Represented by:	Capital	Accumulated income
Capital	2,622	8,764
Accumulated income	921	3,756
	3,543	12,520

27 Endowment reserves (continued)

University	Unrestricted permanent	Restricted permanent	Restricted expendable	2020	2019
	£'000	£'000	£'000	£'000	£'000
At 1 August					
Capital	2,611	8,677	1,384	12,672	10,379
Accumulated income	838	3,500	451	4,789	4,280
	3,449	12,177	1,835	17,461	14,659
New endowments	-	34	25	59	1,606
Income	125	420	65	610	584
Expenditure	(42)	(164)	(126)	(332)	(207)
Gain on disposal of investments	1,549	5,504	772	7,825	
Decrease in value of investments	(1,538)	(5,451)	(764)	(7,753)	819
At 31 July	3,543	12,520	1,807	17,870	17,461

Represented by:	Capital	Accumulated income
Capital	2,622	8,764
Accumulated income	921	3,756
	3,543	12,520

Analysis by asset

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Land and property	2,844	2,914	-	-
Investment properties	27,473	27,223	-	-
Investments	117,413	116,857	19,317	17,660
Receivables due in greater than one year	-	-	-	-
Funds held by the University	109,967	103,526	(1,448)	(196)
Other	(7,004)	(11,824)	1	(3)
	250,693	238,696	17,870	17,461

The bulk of the assets are held by two trusts, the Research Endowment Trust and the National Institute for Research in Dairying Trust. See note 37 for further details of these trusts and the nature of the restrictions.

28 Restricted reserves – donations

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 August	1,891	784	1,125	173
New donations	2,456	3,060	2,161	2,723
Expenditure	(1,742)	(1,953)	(1,418)	(1,771)
Transfers from unrestricted reserves	-	-	-	-
At 31 July	2,605	1,891	1,868	1,125

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
	£'000
Net debt at 1 August 2019	137,596
Movement in cash and cash equivalents	26,581
New loans	-
Loan repayments	(4,770)
Net debt at 31 July 2020	159,407

Analysis of net debt

	Consolidated	
	2020	2019
	£'000	£'000
Unsecured loans: amounts falling due within one year	4,126	4,770
Unsecured loans: amounts falling due after more than one year	175,823	179,949
Less: cash and cash equivalents	(20,542)	(47,123)
Net debt	159,407	137,596

30 Financial instruments

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

Financial assets	Note	Consolidated		University	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Cash and cash equivalents		20,542	47,123	16,936	43,617
Measured at fair value through income and expenditure					
Managed investment funds – segregated	21	91,991	93,288	-	-
Managed investment funds – common	18, 21	6,059	29,461	24,409	23,597
Other listed investments	18	143	111	143	111
Debt instruments measured at amortised cost					
Trade and other receivables	20	96,860	101,039	89,709	96,930
Bank deposits		161	145	-	-
Equity instruments measured at cost less impairment					
Non-current investments in unlisted equity instruments		45	45	-	-
		215,801	271,212	131,197	164,255

Financial liabilities	Note	Consolidated		University	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Measured at amortised cost					
Loans payable	24	179,949	184,719	179,949	184,719
Trade and other creditors	22	38,513	53,831	167,239	168,226
		218,462	238,550	347,188	352,945

The Group's and University's income, expenditure, gains and losses in respect of financial instruments are summarised below:

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through income and expenditure	(16,189)	10,073	(7,192)	3,407
Financial assets measured at amortised cost – interest receivable	895	93	895	-
Financial liabilities measured at amortised cost – interest payable	(5,643)	(5,194)	(5,307)	(5,194)
Impairment losses on trade and other receivables	(607)	(1,720)	(7,928)	(10,291)
Impairment losses on non-current investments	-	-	-	-
	(21,544)	3,252	(19,532)	(12,078)

31 Capital commitments

Provision has not been made for the following capital commitments:	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Commitments contracted for	5,187	23,409	5,187	23,409

These commitments arise from contracts included in the ongoing capital programme. At the end of the financial year, two major capital projects (Library refurbishment and new Health & Life Sciences building) had been completed.

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 £3.1m and the Highways Agency totalling £1.0m. In relation to works related to developments on former University land at Didcot the University provided a bond of £0.1m to Oxfordshire County Council. All of the Wokingham Borough Council and most of the Highways Agency bonds expire in the next year.

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:

Consolidated	<i>as restated</i>			
	Land and buildings	Other	2020	2019
	£'000	£'000	£'000	£'000
Future minimum lease payments due:				
Not later than 1 year	3,042	305	3,347	3,701
Later than 1 year and not later than 5 years	13,156	256	13,412	13,913
Later than 5 years	21,693	-	21,693	24,069
	37,891	561	38,452	41,683

University	<i>as restated</i>			
	Land and buildings	Other	2020	2019
	£'000	£'000	£'000	£'000
Future minimum lease payments due:				
Not later than 1 year	1,553	179	1,732	1,659
Later than 1 year and not later than 5 years	6,687	123	6,810	6,356
Later than 5 years	19,894	-	19,894	20,580
	28,134	302	28,436	28,595

Included in the University and consolidated totals for land and buildings is £26.8m in respect of the Enterprise Centre on the Whiteknights campus (2019: £28.2m as restated). The lease runs until 2036.

Included in the consolidated total for land and buildings are commitments of £8.5m in respect of the campus in Malaysia (2019: £10.2m). 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.

33 Future lease obligations and receivables (continued)

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:

			<i>as restated</i>	
	Land and buildings	Other	2020	2019
	£'000	£'000	£'000	£'000
Consolidated				
Future minimum lease payments receivable:				
Not later than 1 year	3,712	-	3,712	4,017
Later than 1 year and not later than 5 years	6,493	-	6,493	6,409
Later than 5 years	10,504	-	10,504	7,441
	20,709	-	20,709	17,867

			<i>as restated</i>	
	Land and buildings	Other	2020	2019
	£'000	£'000	£'000	£'000
University				
Future minimum lease payments receivable:				
Not later than 1 year	4,454	-	4,454	4,510
Later than 1 year and not later than 5 years	15,788	-	15,788	15,153
Later than 5 years	149,819	-	149,819	153,376
	170,061	-	170,061	173,039

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.

Prior year numbers have been restated as described in Note 40.

34 Amounts disbursed as agent – Consolidated & University

NCTL bursaries

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.

	2020	2019
	£'000	£'000
Excess of income over expenditure at 1 August	279	154
Income		
Funding Council grants	4,074	4,088
Expenditure		
Disbursed to students and nursery settings	(4,178)	(3,963)
Excess of income over expenditure at 31 July	175	279

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.

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 six members of Council was £1,293 (2019: £1,577 to 3 members of Council) which related to travel and subsistence expenses incurred.

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

	2020	2019
	£'000	£'000
Due from RUSU	405	471
The University paid the following grants to RUSU:	2020	2019
	£'000	£'000
Core block grant	1,501	1,445
Specific grants	106	134
	1,607	1,579

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 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 2019	Total income	Total expenditure	Other gains and losses	At 31 July 2020
	£'000	£'000	£'000	£'000	£'000
Research Endowment Trust	127,556	2,875	(3,423)	12,703	139,711
National Institute for Research in Dairying Trust	107,462	1,436	(2,079)	412	107,231
Hugh Sinclair Trust	5,831	144	(458)	(22)	5,495
Beckett International Foundation	3	1	(1)	-	3
Greenlands Trust	14,129	2	(640)	-	13,491

The Research Endowment Trust (RET) provides funds for specific research and education projects at the University of Reading.

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.

Both RET and NIRD hold 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	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
USS contributions	31,716	28,258	31,413	28,042
UREPF cost arising from employee service	2,553	2,679	2,538	2,664
URPS	2,062	1,957	2,042	1,942
Other pension schemes	113	116	-	-
	36,443	33,010	35,993	32,648
Movement on USS provision	(44,262)	59,906	(44,262)	59,906
Total pension costs	(7,819)	92,916	(8,269)	92,554

Included in other creditors are unpaid pension contributions of £3,134k (2019: £3,088k).

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 19.5% of payroll costs until 30 September 2019 and 21.1% for the remainder of the year. Members contributed 8.8% until 30 September 2019 and 9.6% for the remainder of the year.

For members earning below a salary threshold, currently £59,586 per annum, all of these contributions are made to the defined benefit part of the scheme. For those members earning above the salary threshold, 12% of the University's contribution and all of the member's contribution above that threshold are invested in the defined contribution part of the scheme. Under the defined benefit arrangements, members currently accrue a pension of 1/75th for each year of service along with a 3/75th lump sum under a career average earnings arrangement.

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.

38 Pension schemes (continued)

The latest available completed actuarial valuation of the defined benefit part of the scheme was at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. The interim valuation as at 31 March 2020 was underway but not yet completed at 31 July 2020.

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 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The shortfall on the scheme and its funding level are shown below.

	2020	2019
Scheme assets	£63.7bn	£60.0bn
Total scheme liabilities	£67.3bn	£67.5bn
FRS 102 total scheme deficit	£3.6bn	£7.5bn
FRS 102 total funding level	95%	89%

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

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

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

	2020	2019
Mortality base table		
Pre-retirement	71% of AMC00 (duration 0) for males; 112% of AFC00 (duration 0) for females.	71% of AMC00 (duration 0) for males; 112% of AFC00 (duration 0) for females.
Post-retirement	97.6% of SAPS S1NMA "light" for males; 102.7% of RFV00 for females.	96.5% of SAPS S1NMA "light" for males; 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2016 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:

	2020	2019
	Years	Years
Males currently aged 65	24.4	24.6
Females currently aged 65	25.9	26.1
Males currently aged 45	26.3	26.6
Females currently aged 45	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 USS deficit funding provision outlined in note 25 reflects this plan. The provision figures have been produced using the following assumptions.

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	N/A	N/A
Pensions inflation (CPI)	4.20%	2.11%

38 Pension schemes (continued)**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 2020 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 2021.

A full actuarial valuation was carried out as at 31 July 2017 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 2020. 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	2020	2019
	£'000	£'000
At 1 August	183,060	158,841
Cost arising from employee service in the year	2,558	2,446
Past service costs	-	233
Interest expense	3,784	4,445
Benefits paid from plan assets	(5,730)	(5,743)
Plan participants' contributions	11	14
Premiums paid	(20)	(3)
Remeasurements – Effect of changes in assumptions	12,099	22,827
Remeasurements – Effect of experience adjustments	-	-
At 31 July	195,762	183,060

Analysis of movement in plan assets	2020	2019
	£'000	£'000
Fair value at 1 August	207,596	197,482
Interest income	4,328	5,584
Employer contributions	2,633	3,033
Plan participants' contributions	11	14
Benefits paid from plan assets	(5,730)	(5,743)
Administrative expenses paid from plan assets	(358)	(397)
Premiums paid	(20)	(3)
Remeasurements – Return on plan assets	3,264	7,626
Fair value at 31 July	211,724	207,596

Amounts recognised in the statement of financial position

Defined benefit obligation	(195,762)	(183,060)
Fair value of plan assets	211,724	207,596
Net defined benefit asset	15,962	24,536

Components of pension cost

Cost arising from employee service in the year	2,558	2,446
Past service costs	-	233
Interest expense on defined benefit obligation	3,784	4,445
Interest income on plan assets	(4,328)	(5,584)
Administrative expenses paid from plan assets	358	397
Total cost recognised in deficit before tax	2,372	1,937
Remeasurements	8,835	15,201
Total cost / (credit) recognised in the statement of comprehensive income	11,207	17,138

38 Pension schemes (continued)

Fair value of plan assets	2020	2019
	£'000	£'000
Cash and cash equivalents	408	1,428
Equity instruments	39,357	18,373
Debt instruments	128,875	164,906
Property	1,469	1,541
Other	41,615	21,348
	211,724	207,596

Actual return on plan assets

Actual return on plan assets	2020	2019
	£'000	£'000
Interest income	4,328	5,584
Remeasurements – Return on plan assets	3,264	7,626
	7,592	13,210

Experience gains and losses

Experience gains and losses	2020	2019
	£'000	£'000
Remeasurements – Return on plan assets		
Amount	3,264	7,626
Percentage of plan assets	1.5%	3.7%
Remeasurements – Effect of experience adjustments		
Amount	-	-
Percentage of present value of plan liabilities	0.0%	0.0%

Weighted average assumptions used to determine benefit obligations

Weighted average assumptions used to determine benefit obligations	2020	2019
	Discount rate	1.55%
Rate of salary increases	4.83% fixed for first year 3.9% thereafter	4.25%
Rate of RPI price inflation	2.90%	3.25%
Rate of CPI price inflation	2.20%	2.25%
Assumed life expectancy on retirement at age 65:		
Male member aged 65 (current life expectancy)	22.0	22.0
Male member aged 45 (life expectancy at age 65)	23.6	23.7
Female member aged 65 (current life expectancy)	23.9	23.9
Female member aged 45 (life expectancy at age 65)	25.7	25.7

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

Weighted average assumptions used to determine cost relating to defined benefit plans	2020	2019
	Discount rate	2.10%
Rate of salary increases	4.25%	4.15%
Rate of RPI price inflation	3.25%	3.15%
Rate of CPI price inflation	2.25%	2.15%

The University participates in the 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 members who have been employed for less than five years and 7% for members who have been employed 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.

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

There were no critical judgements, apart from those involving estimations.

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. The amount of deferred income at 31 July 2020 was £14.5m (2019: £15.2m).

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 2020 was £50.7m (2019: £93.4m). 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 2020 was £16m (2019: £24.5m).

Provisions in respect of RUMAL

During the prior year, 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

During the prior year, 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 a reduction of the lease provision from £11.8m to £11.2m.

40 Prior year restatements

Other provisions (note 26)

Following the signing of the University consolidated accounts, the financial statements of Thames Valley Science Park Limited, (a subsidiary undertaking) were finalised. Following a review of TVSP Ltd's leases, the finalised accounts included a provision for onerous leases which were not included in the University consolidated accounts for the year ended 31 July 2019. The prior year figures have therefore been restated to include this provision.

	Consolidated
	31 July
	2019
	£'000
Net assets reported in previous financial statements	410,543
Provision for onerous leases	(9,488)
Net assets restated	401,055

	Consolidated
	31 July
	2019
	£'000
Total reserves reported in previous financial statements	410,543
Correction to income and expenditure reserve – unrestricted	(9,488)
Total reserves restated	401,055

	Consolidated
	31 July
	2019
	£'000
Total comprehensive loss for the year reported in previous financial statements	(58,542)
Correction to operating expenditure	(9,488)
Total comprehensive loss for the year restated	(68,030)

Future lease obligations and receivables (note 33)

The future lease obligations and receivables have been restated to include the minimum rental increases from the 5 year reviews in respect of the Enterprise Centre on the Whiteknights Campus. In addition the prior year disclosure had included the release of income relating to future lease incentives. Under FRS102 these should have been excluded, and only the contractual future amounts included.

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

	as previously reported	as restated
	2019	2019
	£'000	£'000
Consolidated		
Future minimum lease payments due:		
Not later than 1 year	3,593	3,701
Later than 1 year and not later than 5 years	12,969	13,913
Later than 5 years	18,603	24,069
	35,165	41,683

	as previously reported	as restated
	2020	2019
	£'000	£'000
University		
Future minimum lease payments due:		
Not later than 1 year	1,551	1,659
Later than 1 year and not later than 5 years	5,411	6,356
Later than 5 years	15,115	20,580
	22,077	28,595

40 Prior year restatements (continued)

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

	as previously reported	<i>as restated</i>
	2019	2019
	£'000	£'000
Consolidated		
Future minimum lease payments receivable:		
Not later than 1 year	4,018	4,017
Later than 1 year and not later than 5 years	6,409	6,409
Later than 5 years	7,441	7,441
	17,868	17,867

	<i>as restated</i>	
	2020	2019
	£'000	£'000
University		
Future minimum lease payments receivable:		
Not later than 1 year	4,510	4,510
Later than 1 year and not later than 5 years	14,636	15,153
Later than 5 years	149,145	153,376
	168,291	173,039

Statement of cash flows (extract)


The prior year statement of cash flows has been restated to reflect the onerous lease provision posted in the accounts of TVSP Ltd. The extract below from the statement of cash flows discloses the items we have changed.

The prior year deficit has increased and the movement in provisions has changed due to the provision for onerous leases (note 26).

	as previously reported	<i>as restated</i>
	2019	2019
	£'000	£'000
Cash flow from operating activities		
Deficit for the year before tax	(43,183)	(52,671)
Adjustments for non-cash items:		
(Decrease) / increase in other provisions	(276)	9,212
Net cash inflow from operating activities	25,501	25,501

- 41** The University entered into a series of contracts with Shinfield Studios Limited on 17 December 2020, under which Shinfield Studios Limited intend to develop land at the Thames Valley Science Park into a film studio complex. We have treated this as a non-adjusting post balance sheet event. Shinfield Studios Limited has entered into a conditional agreement for lease and will now proceed to seek planning permission. If the conditions of the agreement for lease are met the University will grant a long leasehold interest, following which Shinfield Studios Limited intend to construct and develop facilities on the land. The University has retained the freehold interest and will account for the future income as it falls due.

UNIVERSITY OF READING FINANCIAL STATEMENTS 2019–2020

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