



University
of Glasgow

REPORTS & FINANCIAL STATEMENTS

FOR THE YEAR TO 31 JULY 2021

**WORLD
CHANGING
GLASGOW**

**THE AWARDS
2020**

**UNIVERSITY
OF THE YEAR**

TABLE OF CONTENTS

Introduction

Page 3 Welcome from The Principal

Overview

Page 5 - 9 Operating and Financial Review

Page 10 - 17 Five-Year Strategy

Page 18 - 19 Campus Development

Page 20 Future Developments and Principal Risks and Uncertainties

Page 21 University Policies

Governance

Page 23 - 25 Corporate Governance Statement

Page 26 Statement of Responsibilities of Court

Page 27 - 28 Membership of Court

Page 29 - 30 Independent Auditor's Report to the University Court of the University of Glasgow

Financial Statements

Page 32 - 34 Statement of Principal Accounting Policies

Page 35 Consolidated and Institution Statement of Comprehensive Income

Page 36 Consolidated and Institution Statement of Changes in Reserves

Page 37 Consolidated and Institution Statement of Financial Position

Page 38 Consolidated Statement of Cash Flows

Page 39 - 64 Notes to the Financial Statements

Charity number: SC004401





WELCOME FROM THE PRINCIPAL



Anton Muscatelli
(Principal and Vice Chancellor)

The past year has been characterised by continuing uncertainty on an unprecedented scale. At the same time, it was a year in which the University of Glasgow launched our new 5-year strategy, World Changers Together, with collaboration and connection at its heart and underpinned by a set of core values. We were named Times Higher Education University of the Year, improved our performance in national and international league tables, made further progress with the redevelopment of our campus and reaffirmed our commitment to achieving net zero carbon emissions. In addition, as part of our broader goals towards equality, diversity and inclusion, we published a major new report and action plan addressing issues of racial justice across campus and throughout our wider community.

In the first months of the pandemic, the University focused on the health and welfare of our students and staff, while playing a leading role in the national response to the crisis through the Lighthouse Lab and research activities. We strengthened our financial and operational planning to safeguard the institution against the shock of Covid.

Prior to this we had a period of robust growth, with increases in international student numbers, research and other income, and strong league table performance. This was the context in which we were progressing our ambitions for the years to come. Due to the contingency measures we put in place at the onset of the pandemic – and thanks to the incredible efforts of colleagues across the University – we find ourselves in a relatively strong position despite the huge challenges of the last 18 months. As is apparent from the financial statements, we have continued our period of growth into this academic year. This surplus

which has been generated, along with our current cash holdings, allows us to invest in our capital programme, infrastructure and resourcing levels of the institution for the benefit of students and staff. There is no complacency here: the pandemic is not over and operating in such an uncertain environment inevitably leads to some imperfect decisions. But we have put in place strong foundations, and I am tremendously grateful for all that our staff have accomplished over the last year. The dedication and hard work of our people is a major reason for our strong performance over the period.

It is incredibly important that we work to sustain this strong performance – not just for our students and colleagues, but also to continue our work to make a real impact on society.

The economic impact of Universities is rarely spoken about outside the higher education sphere but, earlier this year, London Economics undertook a study of the University of Glasgow's economic impact. A full copy of the report is available at:

https://www.gla.ac.uk/media/Media_8166_33_smxx.pdf

This report contains the following key findings:

- The University contributes £4.4 billion of economic impact to the UK
- It directly employed 6,280 FTE in 2018-19 and sustained a further 14,350 jobs across the UK
- For every £1 million we spend, a further £5.8 million of impact is generated across the UK
- Our economic impact increased by 14% in the 3 years to 2018-19

As well as this direct economic impact, we also contribute to broader social, cultural and environmental goals. I highlight just a few examples below:

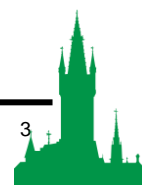
- The University has been at the heart of the national Covid response, hosting Scotland's only Lighthouse Lab and leading numerous research studies, including major studies on Long Covid, and participating in national clinical trials on vaccine boosters and on understanding the immune response to Covid vaccinations in patients with immunosuppressed conditions, such as cancer
- Our research contributes to tackling major global challenges, and has informed policy at home and abroad
- We are helping to remove barriers to education for those from disadvantaged backgrounds through our Widening Participation

programmes and Into University centres

- We were the first university in the UK to commit to divestment from fossil fuels and the first in Scotland to declare a climate emergency. Our response to that emergency, our Glasgow Green strategy, commits the University to an ambitious target to be carbon neutral by 2030 – with a detailed action plan and interim targets over the next decade
- Our iconic campus is part of the city's cultural and historical fabric. The campus currently consists of 172 buildings, of which 113 are listed by Historic Scotland as being of historical and/or architectural significance. This not only makes the University of Glasgow one of the largest single landowners in Glasgow, but one of the principal managers of listed buildings in Scotland
- The Hunterian Museum is Scotland's oldest public museum and has been recognised as a collection of national significance. Pre Covid restrictions, over 190,000 people attended exhibitions held in our museum and art gallery in 2018-19

As we implement our strategy over the coming years, our challenge is to plan carefully for a range of scenarios and take a resilient and adaptable approach so that we can change course if necessary. I have no doubt that our University community can continue to inspire students, grow our world-class research, and play our full part in national recovery.

Anton Muscatelli
Principal and Vice Chancellor



OVERVIEW



OPERATING AND FINANCIAL REVIEW



History

The University is the fourth oldest University in the English-speaking world. Founded in 1451, it has earned an international reputation for research, for connecting with experts in global business, and for being the home of inspiring thinkers from the father of economics, Adam Smith, to the eminent scientist, Lord Kelvin. In keeping with its historic legacy of changing the world, the University is a founding member of the elite Russell Group of 24 major UK research universities.

Principal operations

Study and research are grouped into four Colleges, which are made up of broadly related Schools and Research Institutes. The Colleges are:

- Arts
- Medical, Veterinary & Life Sciences
- Science & Engineering
- Social Sciences

The majority of operations are carried out on the University's main Gilmorehill campus in the West End of Glasgow. Finding community within diversity, the University attracts students and academics from more than 150 countries around the globe. In addition, as a venue for international conferences and a hub of cultural interest, the University is also a major contributor to the cultural and commercial life of the country.

The University attracts students and academics from more than 150 countries around the globe.

Constitution, governance and regulation

Founded by Papal Bull in 1451, much of the University's modern constitutional framework derives from the Universities (Scotland) Act 1966, which updated and expanded on the Universities (Scotland) Acts 1858 to 1932; and from the Higher Education Governance (Scotland) Act 2016. These Acts make provision for the main statutory bodies and officers of the University - the Court, the Senate, the General Council, the Chancellor, the Principal and Vice Chancellor, and the Rector - and set out the powers and duties of the statutory bodies and officers, as well as specifying the composition of the statutory bodies.

From 1858 until 1966 the University exercised its powers using Ordinances. These were drafted by the University and given legal authority by the Privy Council after approval by the General Councils of the other Scottish Universities. The Universities (Scotland) Act 1966 enabled the University to exercise its powers using Resolutions and Procedures. Resolutions are issued by the University Court of the University of Glasgow (Court) after consultation with the University. Procedures are determined by Court. In a few areas, mainly of constitutional import, Ordinances are still required.

Court is responsible for the management and regulation of the financial affairs of the University, ensuring compliance with the Financial Memorandum and associated guidance as published by the Scottish Funding Council (SFC). A full statement of Court's responsibilities, membership and corporate arrangements is detailed within these Reports and Financial Statements.

The University is a charity and is registered with the Office of the Scottish Charity Regulator under number SC004401. The Principal is the chief

executive officer appointed by Court who is directly accountable to the chief executive officer of the Scottish Funding Council for the University's proper use of funds.

Outcome Agreements

During 2012-13, in return for the increased financial settlement to the HE sector, the Scottish Government indicated that it expected the Scottish Funding Council (SFC) to ensure that improved outcomes are delivered by universities. In response, the SFC implemented Outcome Agreements with each university. Each agreement contains institutional targets and goals for the coming academic year that will enable the SFC to detail and report improvements back to the Scottish Government.

Due to the Covid pandemic, the 2020-21 Outcome Agreement schedule was disrupted, with progress on the original pre-Covid Outcome Agreement suspended in March 2020. Instead, Glasgow submitted an Interim Outcome Agreement in April 2021, reflecting upon the 2020-21 academic year in-progress. This interim document reflected upon key themes of how the University operated during Covid: Outcomes for Students, Outcomes for Research, Outcomes for Economic Recovery and Social Renewal, and demonstrating that we were Responsive and Collaborative during the emergency.

The SFC have recently confirmed, as part of their Review of Sustainability and Coherence, that they intend to revisit the Outcome Agreement format and process over the coming year, with a greater emphasis on universities demonstrating 'Impact'.

Impact of and response to Covid

The University has responded strongly to the Covid-19 pandemic. This has included strong fiscal management, continued communication and support of staff and students, and assisting the national response through the Lighthouse Laboratory and research activities.

The pandemic created uncertainties for the University which had to be carefully managed. As a result of this, the University implemented a series of cost control measures at the start of the year given uncertainties around international student recruitment.

These cost control measures included:

- a freeze in staff recruitment;
- a reduction in budgets available to spend on consumables;
- a reduction in maintenance and IT budgets to minimal levels; and
- a deferral of capital projects.



OPERATING AND FINANCIAL REVIEW (continued)

As well as cost control measures, the University also supported investment in the early part of the year, in particular, in support of the additional Home and rUK student demand, and in the running of the Lighthouse Laboratory, which provides a key part of the nation's response to Covid. As at 31 July 2021, the Laboratory had successfully processed 16 million samples and delivered results to the nation. When daily testing commenced in April 2020, the laboratory was processing 45 per day. This has now increased to 105,000 per day and is expected to increase to 150,000 per day by December 2021.

The Scottish Funding Council provided additional significant one-off financial support for research during the 2020-21 academic/financial year given funding and pressure on staff.

In response to the concerns and risks around international student market and the loss of Overseas fee income, the University demonstrated its agility and innovation, through the development of additional entry routes (in November and January) to meet changes in Overseas demand preferences. As a result, the University was able to continue to grow Overseas students income in the 2020-21 academic/financial year.

The combination of higher than anticipated income streams and subdued expenditure has resulted in the underlying surplus generated in 2020-21. As shown in the table on the following page, underlying surplus is the reported surplus before other gains and losses and the charge for USS pensions.

The surplus generated for the year and cash balances held at the year end provide the University with funds to reinvest. There are also a number of future commitments that need to be met.

These investments and commitments include:

USS pension deficit obligations

The 2020 USS actuarial valuation was finalised after the year end and revealed a significant deterioration in funding when compared to the 2018 valuation. This is outlined in note 26 as a non-adjusting event after the reporting period and the impact of the change in the funding position will be reflected in next year's financial statements.

Depending on whether benefits reforms are agreed by 28 Feb 2022:

- The USS provision recognised in the financial statements (£105m) could increase by either £250m or £420m.
- The current employer contribution rate of 21.4% could see continual increases every 6 months from 1 April 2022 to 1 October 2025, up to 38.2%. This would be unaffordable



The Lighthouse Laboratory team in November 2020

for employers and would cost the University c.£2m per annum for every 1% increase in the employer pension contribution rate.

Capital Plan

The University has a large and complex Estate that requires substantial investment. These requirements will only increase with the introduction of necessary sustainability goals.

The main areas of planned spend are as follows:

- Capital project expenditure of £634m over the next 15 years.
- Estates' maintenance costs of £530m over the next 15 years.
- IT infrastructure costs of over £400m over the next 15 years.
- While the capital and maintenance spend referenced above will be a major contributor to the University achieving its goal of net zero by making our estate more energy efficient, the University has planned spend on Sustainability projects directly of £70m over the next 10 years.
- These programmes are reflected in contracted and authorised capital commitments at the year end of £172.5m

Repayment of debt

The University has long-term debt that will require repayment or refinancing:

- Private placement bonds of £245m with maturity dates between 2042 and 2051.

Continued investment in staff levels

The University entered the pandemic with a large number of vacancies and this

number increased throughout the year as cost control measures were put in place. Continued investment in staff levels will be required through forthcoming years to return to sustainable levels.

Effect of increased student numbers on research activity

Increased student numbers have increased teaching load, thereby reducing research activity. This will need to be rebalanced in future years.



OPERATING AND FINANCIAL REVIEW (continued)

Key financial information

	2021 £m	2020 £m
Consolidated income	813.1	690.1
Consolidated expenditure	(695.8)	(591.3)
Surplus / (deficit) before other gains and losses	117.3	98.8
Adjust for increase / (decrease) in USS provision	5.5	(62.2)
Underlying surplus before other gains and losses	122.8	36.6
Income from overseas students	200.3	161.7
Cash and cash equivalents at year end	503.6	414.3
Borrowing Levels	253.8	254.8
Net Cash (note 22)	254.6	164.4
Capital Commitments contracted and authorised	172.5	283.4
Capital Expenditure	113.7	109.3
Campus Development spend to date	323.6	229.5

The table above includes some of the key financial information for the year, with prior year numbers provided for comparison.

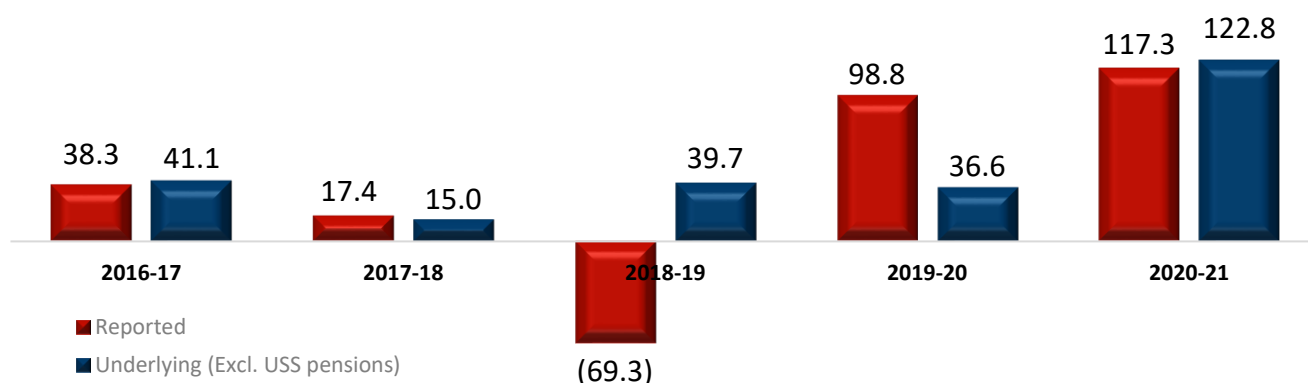
Income and expenditure

Given the challenging conditions relating to the Covid pandemic, the University achieved significantly better than expected results in the 2020-21 financial year. The underlying operating surplus in 2020-21 was £122.8m. As outlined earlier on pages 5 and 6, the surplus is a result of one off savings as a result of reducing and deferring expenditure given the

uncertainty with Covid, combined with increased student recruitment. This surplus will be invested in future years to address significant maintenance debt levels in both IT and Estates, ensure we remain competitive through investment in pursuing our strategy, investment in staffing levels and used to meet capital commitments.

The graph below shows the trend in operating surplus / (deficit) over the last five years, with the underlying position adjusted for the movement in the provision for the Universities Superannuation Scheme (USS) deficit reduction plan. Accounting for this provision can cause significant volatility in the reported surplus / (deficit).

£m - Operating Surplus / (Deficit) Before Other Gains and Losses Five Year History



OPERATING AND FINANCIAL REVIEW (continued)

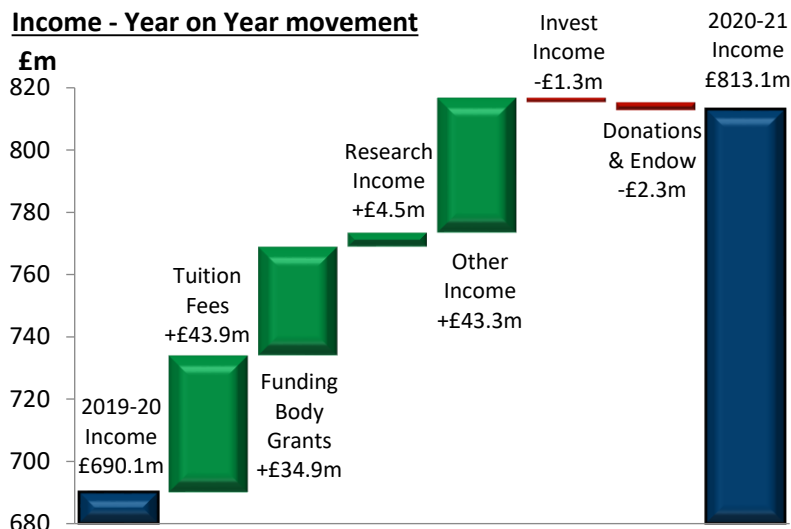
Income

Total income increased by £123.0m or 17.8% from 2019-20 to 2020-21.

The main movements are as follows:

- Income from tuition fees and education contracts grew by £43.9m or 17.6% to £292.8m. The largest movement was in overseas students, with income growing by £38.7m or 23.9% (2019-20: 13.9%), and reflects the staggering of entry dates for Taught Postgraduate students;
- Income from funding body grants increased by £34.9m or 21.3% in 2020-21. Approximately £27m of the increase related to one-off in-year support provided by the SFC in response to the financial impact of Covid, with a further £3m relating to additional funded student places following the revised 2020 Scottish Qualifications Authority (SQA) qualification results;
- Underlying research income (research income excluding movements in capital grants) increased by £5.1m during the year, with increases in funding from Research Councils, UK Government and UK Industry, partially offset by a reduction in funding from UK Charities. Capital grant income decreased slightly by £0.6m. The overall increase in income from research grants and contracts was therefore £4.5m or 2.7% (2019-20:

Income - Year on Year movement



decrease of £26.3m or 13.5%). Research income remains significantly below the 2019 figure of £195m reflecting the impact of the pandemic on activities and the scale of the gap that needs to be closed;

- Other income increased by £43.3m or 48.6% in 2020-21. £50.8m of the increase was in Other services rendered, mainly relating to the operation of a laboratory to process samples on behalf of the Department of Health and Social Care as part of their Lighthouse Lab Covid response. The operation of the laboratory is priced on a full

economic cost basis (not at a profit). Covid had a significant impact on Residences and hospitality services income, which saw a £6.4m (24.3%) reduction on prior year;

- Investment income decreased by £1.3m in 2020-21, mainly due to a reduction in interest receivable, reflecting the liquidation of investments in 2019-20; and
- Income from donations and endowments decreased by £2.3m in 2020-21, with a reduction of £1.7m in new endowments bequeathed.

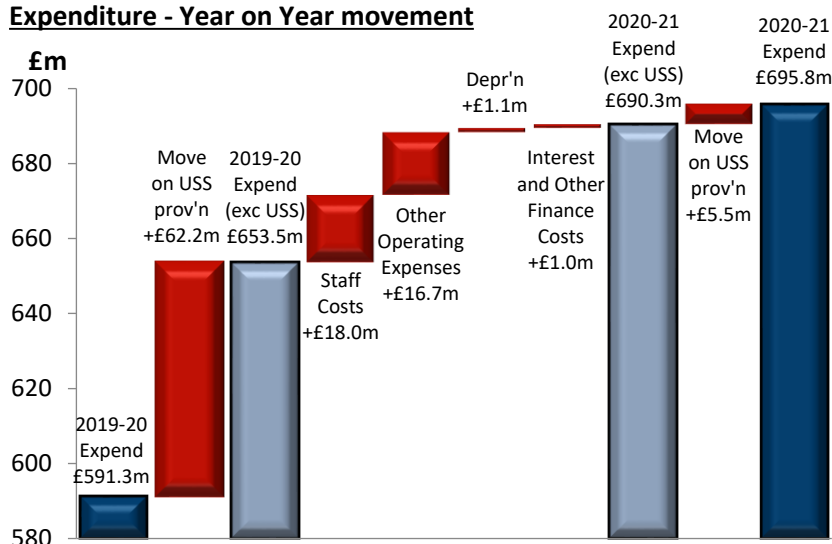
Expenditure

Total expenditure increased by £104.5m or 17.7% in 2020-21. This includes a £67.7m year on year movement in the USS deficit reduction plan provision with a £5.5m charge in 2020-21 versus a £62.2m credit in 2019-20. Expenditure excluding this USS movement increased by £36.8m or 5.6%.

The make-up of the £36.8m increase in expenditure is as follows:

- Staff costs increased by £17.9m or 4.7% in 2020-21 (2019-20: increase of £26.1m or 7.3%). Adjusting for the year on year movement in FRS102 adjustment for unpaid holiday pay (a decrease in expenditure of £8.6m), staff costs increased by £26.5m or 7.0%, mainly due to increased staff numbers of 8.5%. There was no annual salary increase in 2020-21 but staff received one-off recognition payments in the year;
- Other operating expenses increased by £16.7m or 7.2% (2019-20: decrease of £19.1m or 7.6%). £7.6m of the increase was in Other income generating activities;

Expenditure - Year on Year movement



- The depreciation charge increased by £1.1m, the majority within Equipment, where additions were significantly higher in 2020-21; and

- Interest and other finance costs increased by £1.0m, mainly due to set-up costs and non-utilisation fees relating to the Revolving Credit Facilities outlined in the next page.



OPERATING AND FINANCIAL REVIEW (continued)

Net cash and cash flow

Net cash shows a positive funding position of £254.6m as at 31 July 2021. This represents a £90.2m increase on the 2019-20 closing position of £164.4m. Cash balances are being held to meet the significant capital commitments the University has as part of its campus redevelopment programme which were £172.5m at the end of the year. Available funds (cash and cash equivalents and investments) increased by £89.3m, and debt decreased by £1m due to annual repayment of the SFC loan. During 2020-21 the University took out two Revolving Credit Facilities giving additional borrowing capacity of £140m in total. This is to ensure the University has sufficient liquidity to manage challenges arising from Covid and to ensure funds are available to progress the institution's strategic goals.

The six-year net cash history is shown in the graph, with the position from 2015-16 onwards including the impact of borrowing £245m for the campus development programme. This programme is ongoing, and funds will be further utilised as it is delivered.

Net cash flow from operating activities was strongly positive in 2020-21 at £188.0m representing the surplus after tax of £162.0m adjusted for non-cash items being mainly depreciation of £33.6m, an increase in the value of endowment assets and other investments of £44.3m and a positive movement in working capital of £46.0m. This is mainly due to delays in research contracts, the deferral of tuition fee income relating to changes in some course start dates due to Covid-19 restrictions, and an increase in accruals around the Lighthouse Laboratory and Infrastructure projects.

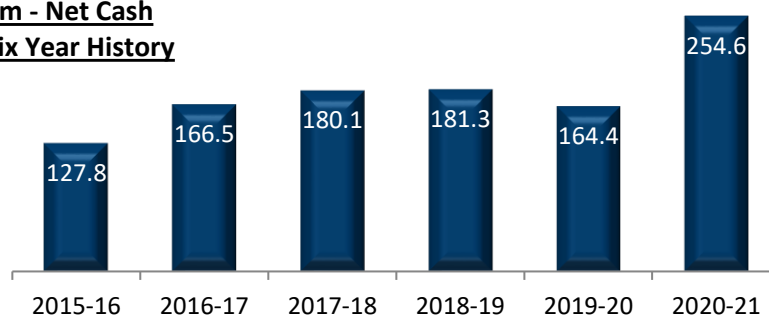
Investing activities saw a net cash outflow in 2020-21 of £89.0m. This was in contrast to the inflow reported in the prior year; however this inflow arose from a one-off receipt of £217.8m on the liquidation of other investments as the University decided to hold the funds as cash investments rather than market funds. Had this change of investment type not taken place then the prior year would have seen a net cash outflow of £86.8m.

Financing activities saw a net cash outflow in 2020-21 of £9.4m. This was significantly higher than in the prior year. Last year though the University received a one-off loan from the Scottish Funding Council to fund building re-cladding of £10m (fully repayable by 2030), without this the net cash outflow in 2019-20 would have been £10.8m.

Capital commitments decreased by £110.9m in 2020-21 from £283.4m to £172.5m, mainly relating to commitments from the campus development programme.

£m - Net Cash

Six Year History



Investment performance

The FTSE All Share index fell sharply at the outset of the Covid pandemic and market conditions were subsequently fairly flat during the summer of 2020. However, since then, with the roll out of the vaccine programme, the Index has rallied strongly over the last 12 months.

During 2020-21 the University has thus experienced a positive change in market value of its funds of £44.5m, out of a total increase in the value of its endowment funds of £48.0m, to £225.2m.

2020-21 saw new endowments of £2.4m, with investment income and expenditure being £5.5m and £4.5m respectively during the year.

Since the start of 2021-22, against a background of broadly stable markets, the University's endowment assets have seen further modest increases in fund values. The performance of the fund managers is monitored, with targets being periodically reviewed, on a regular basis by a sub-committee of the Finance Committee, the Investment Advisory Committee.

Pension liability

The University's pension provision increased in 2020-21 by £28.4m to £159.2m. This was due to negative movements in the Universities Superannuation Scheme (USS) and the University of Glasgow Pension Scheme (UGPS) of £5.5m and £23.8m respectively and a positive movement in the Strathclyde Pension Fund (SPF) of £0.9m.

For USS, in accordance with FRS 102, the University records the present value of its deficit recovery commitments and updates key assumptions on an annual basis, these being the discount rate, future payroll and headcount growth.

The provision is based on the deficit recovery plan that was put in place as part of the 2018 valuation. A new Schedule of Contributions based on the 2020 actuarial valuation was agreed subsequent to the year end, in September 2021, please see note 26 "Events after the reporting period" for more information.

As from 1 October 2021, both employer and employee contributions have increased and are now 21.4% and 9.8% respectively (previously 21.1% and 9.6%).

The scheme provisions for both UGPS and SPF have been subject to actuarial valuation at 31 July 2021 in accordance with FRS 102, with a number of financial and demographic assumptions being applied.

For both schemes it has been changes to assumptions that are driven by external market conditions that have been the primary drivers of the movements in the provisions. The key positive drivers have been an increase in the discount rate due to increases in corporate bonds yields over the year and higher than expected returns on pension assets due to strong financial markets. The key negative drivers have been an increase in the RPI inflation assumption and a change in the CPI inflation assumption methodology which has reduced the average RPI/CPI gap to reflect the confirmation by the UKSA that they plan to make the change to RPI as from February 2030.

Summary

The University has successfully faced a challenging and unprecedented year due to the impact of Covid and has delivered a strong financial performance for the year and saw continued growth in tuition fee income.

The University continues to be mindful that, looking forward, the environment remains challenging and is constantly changing. The University continues to monitor the uncertainties surrounding both USS and post-Brexit settlement, which both continue to pose significant challenges.

The University has prepared for the potential financial challenges in future years through the application of robust planning and budgeting, basing these on financially prudent assumptions. The University has the required tools and plans in place to manage the risks faced during the current year and in years to come. The University's Senior Management Group assesses the strategic risks that the University faces at each monthly management meeting and identifies and executes appropriate mitigating plans.

Court continues to emphasise that strong financial management is essential and that this should be achieved, whilst ensuring that progress is made towards realising the University's strategic goals.



FIVE-YEAR STRATEGY

World Changers Together:
World Changing Glasgow 2025



In late 2020, following extensive consultation with our community and our partners to understand the expected drivers of global change within our sector and our society, the University published its new five-year strategy, World Changers Together: World Changing Glasgow 2025.

The strategy responds to four major challenges facing higher education and wider society:

- Building a sustainable future
- Creating a fairer society
- Reimagining the learning experience
- Diversifying the student body

The University's vision is to be The World-Changing University. Our purpose is transforming lives through ideas and

actions. Our mission is to bring a community of world changers together.

The future holds innumerable challenges for our sector, our society and our world and we will have to adapt and change what we do and what we offer if we are to navigate these successfully. Our strategy and approach may evolve as the landscape changes, but our values will remain constant:

- Ambition & Excellence
- Curiosity & Discovery
- Integrity & Truth
- An Inclusive Community

The strategy supports the long-term realisation of our vision by recognising the fundamental importance of a culture of open cooperation and is articulated across three themes:

- Community: people centered, globally engaged
- Connectivity: collaboratively minded, digitally enhanced
- Challenges: solution focused, impact oriented

Key to the realisation of our vision is our continuing success within the six strategic pillars of a world-changing University:

- World-Class Research
- Outstanding Teaching
- Lasting Impact
- Global Perspective
- Life-Changing Experiences
- Inspiring People

1. World-Class Research

Context

Our researchers are drawn from the best of global academia, with our disciplinary areas benefiting from internationally recognised experts in their fields. Whether working side by side or as part of large-scale multinational efforts, our teams explore the very edges of human knowledge and understanding – and bring world-changing discoveries within reach.

Update

The University's focused investment in recruiting and nurturing research leadership has led to substantial grant income. The University has six research 'beacons' which are cross-disciplinary areas of research excellence which have attracted major financial and intellectual investment. They bring together inspiring researchers from across the University who are working with other institutions, funders, practitioners, policy makers and charities to address grand challenges that have impact on both a national and international scale. The 'beacons' are:

- Precision Medicine & Chronic Diseases
- Cultural & Creative Economies
- Future Life
- One Health



FIVE-YEAR STRATEGY (continued)

The University is 6th in the Russell Group for research income per academic FTE.

- Addressing Inequalities
- The Nano & Quantum World

The University is in 6th place in the Russell Group for research income per academic FTE, and the University has had notable successes in attracting multi-million-pound awards of an increasingly collaborative and interdisciplinary nature to tackle worldwide problems. The University is also 4th in the Russell Group for the number of research students per academic FTE.

The Research Strategy 2020–2025 was launched in October 2020. The Strategy has a simple message: by working in teams, building on each other's ideas, and making Glasgow the best place to develop a career, our research transforms lives and changes the world. Projects and investments will be focused on fulfilling three priorities: Collaboration, Creativity and Careers. The Advanced Research Centre, due to open in Spring 2022, will have a key role in delivering the aims of the strategy.

The VP Research has led several interventions to help mitigate the impact of lockdown on research, including stipend extensions to research students and funds to help redress the impact of Covid on the productivity of different staff groups.

The University is 4th in the Russell Group for the number of research students per academic FTE.



Wolfson Wohl research activity

The pandemic has led to a significant change in the University's research focus with Covid related research accelerating throughout lockdown. The MRC-University of Glasgow Centre for Virus Research (CVR) has played a major role in combatting the coronavirus outbreak. Researchers from the Centre have been involved in tracking the virus, contributing to clinical trials, the design of the Scottish surveillance programme, supporting the NHS through staff secondments and contributing to public understanding of the virus and outbreak.

The University operates a laboratory to process samples on behalf of the Department for Health and Social Care as part of their Lighthouse Lab Covid response. The Centre was one of the seven initial Lighthouse Laboratories established across the UK and the first to be established in Scotland.

The outcomes of the Research Excellence Framework in 2014 (REF 2014) showed that the power of the University's research (overall quality multiplied by volume) placed it 12th in the UK and 2nd in Scotland. The percentage of research judged to be 'world leading' – the top category – doubled to 31% between the 2008 and 2014 assessment exercises.

Since 2014, the University has implemented an intense programme of reviews to ensure that each discipline fulfils its potential in all aspects of the research portfolio – importantly, the quality of outputs (weighted at 60%), impact and the quality of the research environment.

2. Outstanding Teaching

Context

Our internationally renowned degree programmes are shaped by our rich, dynamic research environment which connects learning with global challenges. Adopting evidence-based approaches that are supported by world-class physical and digital learning environments, we work in partnership with our students to co-create knowledge and to develop the next generation of global thinkers and leaders – creating a living legacy of future world changers.



FIVE-YEAR STRATEGY (continued)

Student satisfaction ranking of 7th in the UK.

Update

Performance against target is detailed below. Data are not yet available for all measures in 2020-21, although the pandemic will have negatively impacted the 2020-21 mobility outcomes and will have had a more marginal impact on 2019-20 given the impact on travel (mobility here refers to international travel).

- **International Student Population** was 7,039 in 19/20, significantly exceeding our previous target of 5,000 FTE and placing Glasgow 12th in the Russell Group for international student FTE.
- **Student Progression:** The University has set a target of 90% for student progression. There are a number of workstreams underway to help enable improvement towards this target.
- **Student Satisfaction:** Our UK rank climbed from 14th to 7th in Student Satisfaction (National Student Survey 2021). A general decrease in satisfaction scores was experienced sector wide as the impact of Covid was felt by students, as such our rise to 7th was a notable achievement.
- **Entry Tariff:** Our Russell Group rank improved to 2nd owing to an increase in our average Tariff.
- **Widening Access:** Glasgow's proportion of widening access students has increased steadily in recent years and is currently at its highest ever level.
- **Graduate Employability:** This KPI is taken from the new Graduate Outcomes survey and our ambition is to climb from our current position into top 20 in the UK.
- **UG Mobility** saw 21% of the final year cohort of students confirmed as having had an international experience. Clearly the volume of in-country mobility will have decreased due to the pandemic, but virtual mobility will be included as part of this measure owing to its relevance and as a result we expect to see big increases in international mobility levels over time.



Geology Pease Bay field trip

The particular challenges associated with the pandemic and the need to move all teaching and assessment online meant that there was a significant expansion in online learning and teaching activity throughout the last year. Zoom usage was around 150,000 events monthly (webinars and meetings) with events hosting up to 700 attendees. There was a 5-fold increase in usage of the Virtual Learning Environment (Moodle), with additional tools added to support online lab-work, enhance digital accessibility, and support online interactions. Staff and student support and upskilling sessions were created to facilitate online learning at scale, with a university wide community of practitioners created to successfully deliver online assessments, supported by a dedicated 24-hour help desk.

Cloud hosted "Glasgow Anywhere" virtual desktop was added for access to bespoke L&T applications and University of Glasgow resources.

Student support also moved online and expanded to provide wellbeing and learning support online, creating entirely new forms of provision and new resources. For example, Student Learning Development (SLD) developed new resources for students around online study, online assessment (9,820 students engaging in the last calendar year), good practice with 'netiquette', and video explanation of new approaches under our assessment policy (11,298 total video views). For undergraduate students joining in 2021-22, we ran a new inter- and multi-disciplinary course – T2G: Transition to Glasgow – to help prepare our students for their studies.



FIVE-YEAR STRATEGY (continued)

Assessment has fundamentally changed in the last 18 months. The University had to pivot exams from an on-campus, in-person, invigilated exam hall experience, to a fully online experience with just a six-week planning timeframe in March 2020. All subsequent processes moved online (marking, reporting grades, calculating final degree outcomes, and conducting examination boards involving internal and external examiners) leading to degree completion and graduations by July 2020 with only a small delay in the normal timeframe. This affected around 1,500 members of staff and 15,000 students in circa 40,000 exam instances (students taking exams) in 2020 and at the same time in 2021 there were 68,000 exam instances. Most other forms of assessment have also been submitted online. This assessment activity required change across several interdependent areas of policy, practice, business processes and systems.

The University's overall 2020/21 intake was significantly up on 2019/20 for both new undergraduate and taught postgraduate students.

Undergraduate numbers rose in the year by 20% and PGT by 40% across all fee statuses.

2020/21 full time enrolled undergraduate numbers saw a 20% increase with growth across all fee statuses - Scot/EU (+14%), RUK (+24%) and International (+44%). This was fueled by mitigating actions, mid-cycle onwards, to support applicants through the pandemic, including changes to assessment awarding criteria. This was also the final year that EU students were eligible for "home" fee status, at all levels.

Postgraduate Taught new enrolments also saw increases in 2020/21, overall (+40%), and across all fee statuses – UK/EU (+16%) and International (+55%).

Research new entrant numbers saw a small (+2%) increase in 2020/21, a decline in UK/EU offset by growth in International.

Once again, the University has adopted a prudent approach to its projections for the 2021-22 intake, reverting to a pre-pandemic model of majority September commencing programmes, whilst evaluating an expanded January commencing portfolio on an on-going basis for future years.

Experience year to date is that the projections for the year ahead will be met or exceeded, despite the on-going challenges of the pandemic and significantly reduced EU demand. The University continues to monitor the position carefully.

3. Lasting Impact

Context

Our discoveries are only the starting point. Through innovative partnerships with industry, policy engagements with governments and our role as a regional civic anchor, we work to transform our ideas into action, using our skills to make a difference in everything from local problems to the global grand challenges of our age – changing the world at every scale.

Update

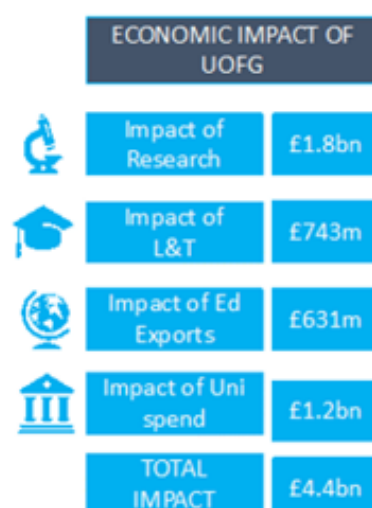
Our strategy, World Changers Together articulates the importance of creating a lasting impact through all our core activities at the University, whether through our research and innovation activities, our learning and teaching or our capital investment and operations as a significant employer that employs over 9,000 members of staff and around 30,000 students onto our campus annually.

As a civic university, we are focused on understanding and improving the footprint we leave within our local communities, and our contribution to the regional and national economy. Our latest report on the Economic Impact of the University of Glasgow (2021) demonstrates that our total economic impact on the UK economy stood at £4.4 billion. A link to a full copy of this report is provided on page 3.

A significant element of this was derived from our research impact as measured through our productivity spill overs – accounting for £1.8 billion contribution and comprising 41% of our total economic impact. The impact of the University's operations as measured by its total spend on investment and infrastructure stood at £1.2 billion, accounting for 27% of our total economic impact generated. Furthermore, our educational exports associated with international students generated 14% of our total economic impact, at £631 million which includes the additional spend from international students on our economy.

As an international university, our perspective is also global. Our world class research seeks to tackle the societal, economic and climate challenges of our time. The continuing impact can be demonstrated in many ways, but some of our key achievements across a broad range of activities over the last year include:

- The University of Glasgow has led the fight against Coronavirus by helping to understand the nature of the virus, its transmission dynamics, its effects on health, and by supporting the development of vaccines.



FIVE-YEAR STRATEGY (continued)

The University supported the fight against COVID-19 through testing, supporting the development of vaccines and advising the Government on policy matters.

- The University continues to play a major role in economic and social recovery from Covid. Our academics have been advising Government throughout the pandemic on policies including on education, social justice and the economy.
- The Glasgow Riverside Innovation District (GRID), a joint initiative between Glasgow City Council, Scottish Enterprise and the University seeks to deliver impact within our local community in Govan, an area of multiple deprivation. We will seek to catalyse the development of an innovation ecosystem composed of academics, entrepreneurs, industry partners, support networks, social enterprises and sources of finance that will build on the University's research excellence and partnerships. A major step on this journey is the £60m "Living Lab" project to expand the application of precision medicine by industry and within the NHS.
- The University's commitment to impact research is underlined by the recent investment of £116m in building the Advanced Research Centre, our single largest infrastructure investment to date, to enhance collaboration and creativity in research, and thereby accelerate innovation.
- We have a strong commitment to delivering inclusive growth through our Widening Access programmes and have surpassed targets for the recruitment of students from disadvantaged backgrounds. In March 2021, we launched our IntoUniversity centre in partnership with the University of Edinburgh. These two centres (Govan and Craigmillar) will provide invaluable long-term support with young people's educational outcomes and their journey into employment and a positive destination.



The Glasgow Riverside Innovation District (GRID)

The GRID has access to the outstanding academic expertise based around the University, however it is also home to the world-leading Clinical Innovation Zone based around the Queen Elizabeth University Hospital, the largest hospital campus in Europe, as well as the emerging cultural quarter based around the Kelvingrove Museum & Art Gallery, the world-leading Scottish Events Campus and the vibrant media hub at Pacific Quay, which includes the headquarters of BBC Scotland.

The Imaging Centre of Excellence (ICE) is part of the Clinical Innovation Zone based around the Queen Elizabeth University Hospital.

At the University of Glasgow, we are committed to measuring and reporting progress against our ambitions, including on our outcomes and impact. This is key to developing a robust evidence base, to help us identify where we need to make further improvements and progress and to better articulate our institutional impact.

Our strategic KPIs, which measure the progress of our University Strategy and its supporting strategies will be reported on annually.

Furthermore, we are also committed to understanding our global contribution and impact against the UN Sustainable Development Goals (SDG) and to create alignment between our actions, priorities and lasting impact. Our first SDG report is expected to be published later this year.



FIVE-YEAR STRATEGY (continued)

4. Global Perspective

Context

Our extensive international network of people and partnerships enables us to connect and collaborate with leaders across academia, industry and society. In doing so, we develop a truly global understanding of the world's most pressing problems and grand challenges – and the means and relationships through which we can use knowledge to make a difference.

Update

The University has enjoyed exponential international student growth over the last five years, with record numbers joining the University in 2020/21 despite the challenges faced by the global pandemic. At present, student income is forecast to be ahead of budget this cycle, and international student numbers stand at around 9,000 against a strategic plan KPI of 11,000 international students by 2025.



Partnership with Sun Yat-sen University

The University of Glasgow has been collaborating with Sun Yat-sen University in Guangzhou, China, since 1985. In October, we celebrated 35 years of partnership between our two world-class universities by holding a virtual Memorandum of Understanding (MoU) signing ceremony.

A new International Strategy, Global Glasgow, will launch this year, and it sets out ambitious objectives for internationalisation across the four pillars of global research, global relationships, global reputation and global recruitment. There is a continuous drive to attract international talent to the University, to increase successful international research funding bids, to develop international partnership across learning and teaching, research, and innovation, and to improve the University's global reputation in support of increasing the University's rank position in the world top 100.

Optimising network activity has been a key focus, and in addition to being founding members of Universitas 21 and The Guild for European Research Universities, Glasgow has become the only UK university to join the CIVIS European University Alliance as an associate member. Following Brexit, European engagement is deemed a key priority, with a new Dean for Europe appointed alongside the development of a new regional strategy.

At the same time, work is now underway with the Scottish Government to develop a new International Education Strategy that we hope will ensure Scotland remains open and welcoming for learners from across the world and will seek creative approaches to student mobility, particularly for EU learners post-Brexit. The University has successfully bid for £1.3m from the new Turing Scheme in this initial funding phase, but at the present time this does not support reciprocal exchange or staff mobility.

The strength of Scotland's international education connections is a key driver of our strong research standing and ambitions to be an innovation driven economy, but Scotland's international research reputation is built and sustained by funding from our non-publicly funded teaching. The new International Education Strategy should recognise that a reliance on non-publicly funded teaching is a key risk which must be managed. Also, given that internationalisation supports recovery and growth and delivers economic benefit to the Scottish economy, the International Strategy should go hand in hand with the Scottish Government's new 10-year strategy for economic transformation.

This is mission critical as there is no doubt that the environment for international education is evolving. There are a number of important trends that we need to monitor as an institution. First, geopolitics and student flows from the most important markets to the UK. Second, the need to diversify and develop new markets that are more price-sensitive and require the development of partnerships, and more bespoke courses. Third, the need as a world-changing University to attract the very best talent from around the globe. These developments will require major investments in our international strategy, and continuing Covid travel restrictions currently hamper the development of partnerships and new transnational education (TNE) initiatives.

The University is working with the Scottish Government to develop a new strategy that we hope will ensure Scotland remains open and welcoming for learners across the world.



FIVE-YEAR STRATEGY (continued)



UESTC

The University of Glasgow has a partnership with the University of Electronic Science and Technology of China (UESTC) which continues to grow. The purpose is to deliver undergraduate degree programmes in China at a standard commensurate with the highest quality education available internationally, providing students with the scholarship and skills that will equip them for lifetime careers as leaders in industry and academia.

5. Life-Changing Experiences

Context

Our graduates get more than a degree. We curate an enriching world of social events, sport, volunteering, internships, international experiences and more in which students can connect, develop new skills and enhance their prospects. More importantly, we give them the space, time and guidance to forge their own path – and take their first steps as future world changers.

Update

The past year has been life-changing in some quite unexpected ways and our focus throughout this period has been on the interests of our students. We transformed our approach to teaching and assessment, delivering the vast majority of our provision online, so that students could continue to progress in their studies, whilst maintaining educational quality and standards throughout. We strengthened support for students in our residences and for those who were studying remotely whether in the UK or further afield. We were one of very few UK universities to deliver a programme of fresher's events in September 2020 and, with the Students' Representative Council, the student unions and Sports Association, the entire University community has pulled together to support one another. Whilst our key metric of student satisfaction has declined a little over the period from 87.1% to 83.7%, this now places us second in the Russell Group of universities. Despite the operational challenges of the last year, we have launched a new Learning and Teaching strategy, which will help to consolidate and drive forward the positive aspects of change from the past year and we have invested in other aspects of the student experience, including the implementation of a new framework for student wellbeing. We have all learned extensively from the experience of the pandemic and have proven that we can continue to change lives for the better in even the most challenging of circumstances.

6. Inspiring People

Context

Our international community of staff, students and alumni represents a winning combination of talent and diversity drawn from almost every country, nationality, ethnicity and religion. The regular infusion of novel ideas, perspectives and passion from around the world into our community is vital to our success – bringing fresh insight to challenges old and new.

Update

Significant progress has been made in the development and subsequent implementation of our People & Organisational Development (P&OD) Strategy (2020-25) over the past year aligned with the University's World Changers Together Strategy. Our demonstrable track record of positively and meaningfully contributing to the achievement of institutional goals is evidenced through our progress in the HE league tables.



FIVE-YEAR STRATEGY (continued)

Our strategy and its associated implementation plan set out our strategic imperatives and priorities for the next 5 years. The strategy leverages the opportunities and mitigates the risks from a people perspective that arise from an increasingly globally competitive HE market against a backdrop of the most testing economic climate for decades.

Our **three strategic themes: Living our Values; Maximising our Organisational Capability and Employee Experience** guide our plans to deliver our strategic ambitions. Building on achievements in previous planning cycles, we highlight key areas of progress thus far in attracting, engaging, developing and retaining highly talented people together with our collective contribution to maximising organisational performance in realising institutional goals.



During this initial year of the strategic planning cycle, we have actioned and progressed a number of key deliverables. We have undertaken an intensive programme of rolling-out and embedding the University's Values across the Campus, reshaped and implemented a comprehensive suite of strategic leadership and change capability programmes aligned with our talent management and succession planning aspirations at an institutional level. A series of large-scale complex change and modernisation programmes have been concluded. We continue to develop our organisational capability through process streamlining and digitalisation of processes and services to realise business efficiencies, through shared service help desk capability and in our academic promotion, professorial zone movement and Personal Development Review mechanisms. We have actively embraced automation through a series of pilots in our recruitment processes aligned with our global talent attraction plans and taken the opportunity to further develop our strategic partnering capabilities in delivering customer focused service excellence.

Pulse survey feedback has recorded an overall colleague engagement score of 68%.

Employee experience is central to achieving our strategic ambitions. This year, we have developed and meaningfully applied our engagement strategy, informed by more regular Pulse survey feedback which has recorded an overall colleague engagement score of 68%, with year on year progress across key themes. We have strategically reviewed our approach to global mobility and reflected on the lived experiences of our community through the publication of our report, Understanding Racism, Transforming University Culture, which commits us to a stretching programme of change and action over the next 4 years. Together, these actions will inform our KPIs – Colleague Diversity & Colleague Engagement at an institutional level for the next 5 years.

There remains work to be done for the University to become a more diverse and inclusive community, and we have begun to make positive progress. This is evidenced by a further 2.5% decrease in our median gender pay gap to 13.7%, with some way to go in achieving our gender balance target aligned with our current plan. As part of the University's commitment to improving our track record in terms of equality and inclusion, we have published our ethnicity pay gap at 9.8% and our disability pay gap at 8.5%. Our current focus is ensuring accurate and relevant data to enable us to identify priority areas and generate specific action plans to address these.

We have made steady progress against our strategic deliverables despite the global pandemic continuing to impact every aspect of our lives this year. This has required agility to adapt policy provisions for our services in effectively supporting and managing our operations, in an ever-changing environment in terms of blended learning and restricted campus based activity. These challenges have required pro-active and co-ordinated communications and engagement plans, clear focus on partnership working with our Trade Union colleagues, rapid embracing of technology, more flexible ways of working and increased support for colleague wellbeing. Going forward we aim to embrace what we have learned from these new ways of working as we continue to deliver against our strategic aspirations in the coming year.



CAMPUS DEVELOPMENT

During April 2016, the University officially took vacant possession of the former Western Infirmary site adjacent to the existing campus. This provided the University with an unprecedented development opportunity to expand the footprint of our Gilmorehill estate by almost a third and create a visionary and inspiring campus for future generations.

The University has budgeted to spend £634m on capital projects over the next 15 years.

Overview

The masterplan for the 14-acre site, and Planning Permission in Principle (PPiP) and the James McCune Smith Learning Hub were granted planning permission in February 2017. Campus planning continues to evolve to ensure it enables the delivery of university strategic objectives. The University has budgeted to spend £634m on capital projects over the next 15 years and £530m on maintenance expenditure.

The Existing Estate

There has and continues to be significant focus and investment in the existing estate, with the development of a detailed 5-year investment plan supported by a 15 year long range budget and capital planning strategy.

The expansion into the Western site will deliver new and innovative types of space, enabling parts of the existing academic estate to be reconfigured, with investment into the fabric and services, thereby improving student experience, research performance and staff satisfaction.

The University also has a campus at Garscube, in the north of Glasgow, Dumfries, and facilities at the Queen Elizabeth University Hospital.

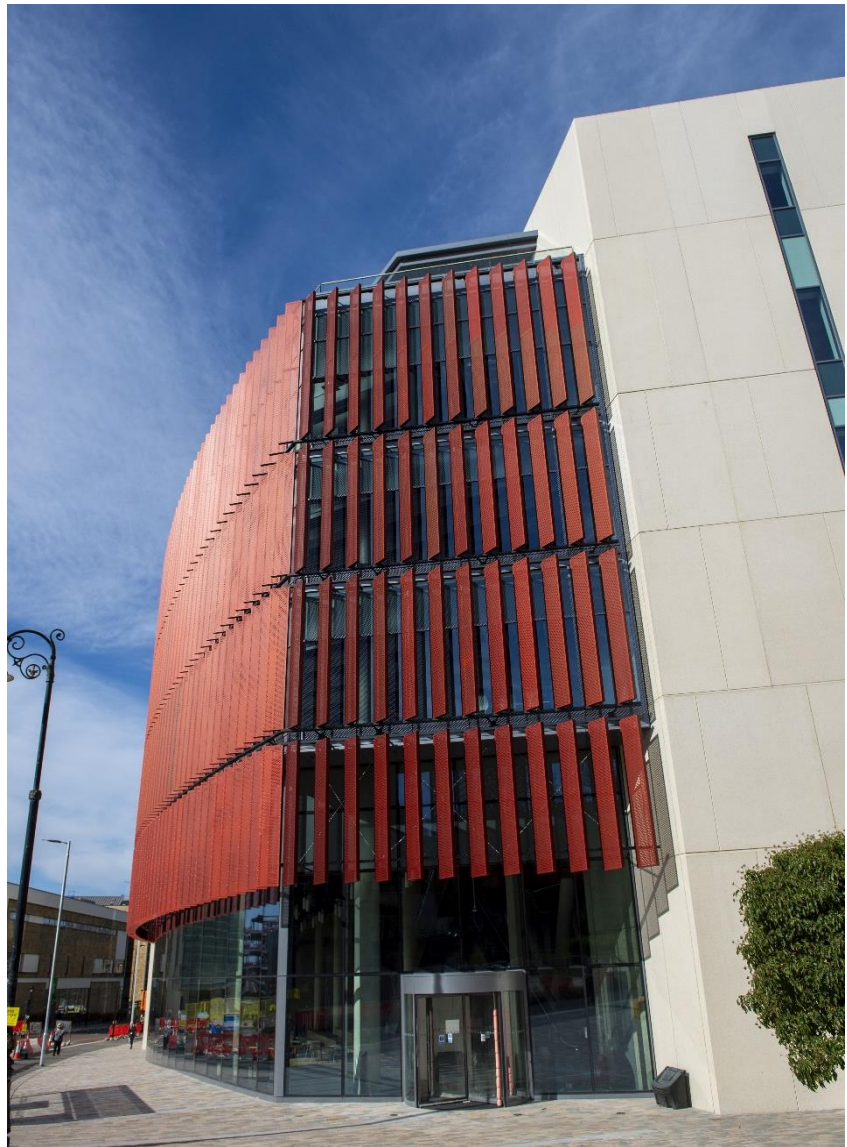
The University has budgeted to spend £530m on planned maintenance investment on the campus over the next 15 years.

Plans for 2021-22

Looking forward to 2021-22 the focus will be on the completion of the Advanced Research Centre, Clarice Pears and public realm and the delivery of key work to the existing campus including ongoing works to the construction of the Adam Smith Business School and Post Graduate Taught Hub.

Innovation

The investment the University is making into the West End of Glasgow has been recognised as delivering more than just



James McCune Smith Learning Hub

The James McCune Smith Learning Hub was the first major project in the University's development plan to open (April 21) and has increased teaching capacity and student study space, with a new student support model which will enhance student experience.

The Hub delivers a high-quality conference venue on campus which will have significant benefits for the economy of the City of Glasgow and also offer a potential events and exhibitions resource for the West End community. The building can accommodate more than 2,500 students, including a lecture theatre with capacity for 500 students. Interactive teaching spaces range in capacity from 75-340 students, while the hub will also accommodate a number of seminar/group study spaces. There is also a café on the ground floor.

The new building is named after James McCune Smith - the first African American to be awarded a medical degree, receiving an MD from the University of Glasgow in 1837.

new academic buildings. The University continues to work with the City Council and Scottish Enterprise to develop proposals for the Innovation District building on the tri-partite Memorandum of Understanding. The University has also

secured seed funding from Strength in Places to enable proposals for the development of a thriving ecosystem supporting innovation, enterprise and economic growth close to the Queen Elizabeth University Hospital.



CAMPUS DEVELOPMENT (continued)



The Advanced Research Centre

The Advanced Research Centre (ARC) will be the first new permanent building to be built on the Western campus. It is due for completion in Q3 2021 – with migration of research in 2022.

The £116 million ARC will be a vibrant, creative and collaborative heart for the Western campus. It will house around 600 academics, postdoctoral researchers and PhD students working across five themes. The ground floor will be accessible to the University and the wider community and will become a forum for knowledge exchange and public engagement. By housing diverse teams within the same building, the ARC will expose individuals and research areas to each other, increasing opportunities for working cross-disciplinary working. This building also provides a unique opportunity to build stakeholder networks and partnerships by creating space to support industry engagement and enterprise activities.

Sustainability

With the University's commitment to net zero carbon contribution by 2030, the estate and all projects undertaken are being scoped and delivered with a view to enabling the goal.

Over the next 10 years £70m has been committed in the capital plan to deliver on this global challenge.



The University is committed to net zero carbon contribution by 2030 and has budgeted to spend £70m to deliver on this global challenge.

Projects to date

- James McCune Smith Learning and Teaching Hub (£100m)
- The Advanced Research Centre (£116m)
- Clarice Pears Building for the Institute of Health and Wellbeing (£51m)
- Public Realm & Infrastructure (£82m)
- Data Centre (£4m)
- Joseph Black structural improvements (£42m)
- Adam Smith Business School (£84m)
- Continued investment in the existing estate:
 - improvements to existing teaching space (annual)
 - improvements in the research environment (annual)
 - investment in innovation space for student enterprise (annual)
 - improvements to fabric and services to existing assets

The Clarice Pears Building for the Institute of Health and Well Being



The Clarice Pears Building for the Institute of Health and Wellbeing will complete in spring 2022 and bring together multiple research groups working to engage and address societal challenges. It will allow staff from 10 different sites around the city to come together in a single state of the art facility.

Projects in the future

- Health Innovation Hub
- Clyde Waterfront and Innovation
- Continual refinement of the Capital Plan to ensure strategic alignment
- Ongoing investment in the existing estate for teaching, research, and innovation

The Adam Smith Business School and Post Graduate Taught Hub



The building will be a unique, multi-disciplinary home for students of our postgraduate master's degrees and will provide world-leading facilities for the Adam Smith Business School.

It will provide an excellent setting to support collaborative research, connections with practice, and a wide range of approaches to learning and teaching, delivering world-class student and learning experience. It will place business skills and engagement at the heart of our postgraduate experience.



FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES

Covid impact

The Covid pandemic is a substantial risk to the economy and operations of the University. The safety of students and staff is paramount, and investment has taken place across Campus to ensure that government guidelines are being followed and risks are minimised as much as possible.

There has been a drive across the University to develop and deliver materials online. Teaching and assessments are being redesigned to ensure that the quality of the student experience is maintained whilst ensuring safety in delivery.

Staff have been working from home where possible, in line with government guidelines. Alongside that there is extensive work being undertaken to support essential staff who are working on-campus and to support a more general phased return to the campus environment.

The uncertainty around student numbers has reduced considerably since the year-end date with the September undergraduate intake being above target for all intake categories, with a number still to complete full registration.

Income relating to research and other funding streams continues to be closely monitored as Covid continues to have an impact, though these are currently in line with projections. As part of its financial plan, the University has undertaken robust and extensive financial modelling around the potential impact of Covid and has implemented mitigating actions.

International Income

Fee income from overseas markets (non-EU) accounts for 68% of our overall fee income and 25% of our total income. Work continues on diversifying our income streams and on building and developing relationships in other key markets so as to reduce dependency on key international markets (China), in line with the new International Strategy, Global Glasgow.

Brexit

Brexit adds uncertainty to the University's operations with respect to the impact on our ability to recruit talented international staff, and the UK Higher Education sector's eligibility for access to European research funding and other EU funding streams. There may be future issues with our supply chain and import issues may have an impact on our construction plans. The situation is further complicated by the attendant risk of a second referendum on Scottish independence.

The University is proactively responding to the developing political landscape through dedicated information events for staff and ongoing engagement with both the Scottish and UK Governments.

Research risks

Research income in the 2020-21 financial year has increased notably, due to increases in activity on research grants and contracts funded by Research Councils, UK Government and UK industry.

Our Russell Group ranking position for income per academic FTE has been retained (6th). Support for research activity has been made available by the Scottish Funding Council, BEIS and UKRI.

The University has a significant amount of research funding from Charities, which is likely to see continued pressure. The in-year cut to the Official Development Assistance (ODA) budget, and continued uncertainty about the UKRI's international research budget, might have an impact on our international development partnerships.

The University has retained its Russell Group ranking position for income per academic FTE (6th).

Infrastructure debt

Significant investment is required in both Estate and IT infrastructure to address a maintenance backlog and to avoid an adverse impact on the University's performance and competitive advantage.

The University has also committed to an ambitious target to be carbon neutral by 2030, which will require significant investment to deliver.

The University's financial framework and latest infrastructure plan seek to address the required investment in Estate, IT and sustainability over the next 15 years.

Pay and pensions

Rising staffing costs continue to cause significant pressure due to cost of living and incremental pay increases. Deficits to the University's USS and UGPS pension schemes also remain volatile.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS).

The deficit recovery plan that applied during the year ended 31 July 2021 was put in place as part of the 2018 valuation and is set out in the Schedule of Contributions dated 16 September 2019.

However, a further full valuation as at 31 March 2020 was underway which was finalised in September 2021. This 2020 valuation revealed a significant deterioration in funding when compared to

the 2018 valuation. The size of the shortfall is dependent on whether the anticipated benefit structure reforms and covenant support measures are implemented by 28 February 2022. If this takes place, the shortfall in the scheme as a whole as at 31 March 2020 is £14.1 billion. If no Benefit Change Deed is entered into, the reduced level of covenant support results in an increase to the technical provisions and the shortfall as at 31 March 2020 is £18.4 billion.

Consequently, the year end provision, as included in these financial statements, is expected to increase significantly in 2021/22. The impact on the existing year end provision of £104.6m (Consolidated) and £104.3m (University) is an increase of either £250m or £420m depending on whether the benefit reforms are agreed.

More detail is provided in note 26 of the financial statements together with sensitivity analysis outlining the potential impact of changes to the principal assumptions used to value the USS deficit provision.

Due to the impact that the proposed benefit structure and covenant support reforms would have on both contribution rates and levels of benefits, there is a risk of industrial action taking place.

Cyber risks

Cyber crime is a threat to every organisation, and increasingly to the higher education sector. The University remains vigilant and proactive in identifying and taking measures to protect against information security threats.

Information Security is discussed at a strategic level with the senior leaders and operationally within the Information Systems and Policy Committee. The University monitors for new threats and takes measures to reduce the likelihood and impact of cyber crime.

Climate change

The world is facing a climate emergency. The University recognises that urgent change is required and is committed to a very significant plan of action to achieve net carbon neutrality by 2030, with interim targets over the next decade.

This plan is detailed in the University's Sustainability Strategy ('Glasgow Green: Towards a Climate Strategy and Action Plan for the University of Glasgow') which is published at:

[Media_767316_smx.pdf \(gla.ac.uk\)](#).

This strategy gives rise to transition risks arising from potential changes in technologies, the need for all capital projects to be scoped to deliver on this global challenge and the need to ensure that there are sufficient financial resources available to deliver on the University's commitment.



UNIVERSITY POLICIES

Creditor policy

The University aims to pay all of its suppliers promptly. The terms of payment of the University are 30 days from the date of invoice but specific terms and conditions can be agreed for certain suppliers if required. As at 31 July 2021 the University's outstanding payments represented approximately 8 days' purchases compared to 9 days in 2020. The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998.

The financing and liquidity of the University and its exposure to financial risk is overseen by Court through the Finance Committee. Each year, as part of the financial budgeting process, three year rolling forecasts are prepared which consider the likely cash position of the University given the assumed operational movements and planned investment in property, plant and equipment and working capital. There are also regular reviews of long-term cash flow scenario models. This enables the Finance Committee to consider any future borrowing requirements in a timely manner.

Treasury management

The University invests in funds to diversify its risk and the level of investment in these funds and fund performance is overseen by a separate investment committee. The University's remaining non-endowment cash balances are primarily held in the form of interest-bearing deposits with financial institutions.

In accordance with University policy, the non-endowment cash balances of the University can be invested in temporary cash deposits with the major clearing banks, building societies and money market funds up to a pre-set maximum level of counterparty capacity.

Individual institutions must be rated at a minimum of BBB+ (as per Standard and Poor's long-term rate) with money market funds at a minimum of A+ rated. The maximum term for deposits being set at 95 days. Limits on individual institutions range from £45-70m.

The University is exposed to changing interest rates, although the exposure is viewed as low given that interest receivable from interest was 0.10% of total income in the year (2020: 0.24%).

Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies as set out on pages 32 to 34.

The format of the financial statements reflects the format as required by the 2019 SORP. The notes to the financial statements reflect best practice guidance given by the British Universities Finance Directors' Group and also any requirements issued by the Scottish Funding Council in its annual accounts' instructions. Where a prior year restatement is required, this is disclosed

within the Statement of Principal Accounting Policies.

The University prohibits direct investment in the tobacco industry and in controversial armaments.

Disability policy

The University is committed to the implementation of a policy to achieve equality of opportunity for students, members of staff, potential students, potential members of staff and lay members of Court and other governance committees, and to meeting the requirements of all relevant external legislation.

To enable the University to fulfil its mission statement, the aim is to build an inclusive and supportive environment which meets the needs of all staff, students and visitors to the University.

The Disability Policy provides a framework for promoting disability equality with the aim of identifying and removing any barriers which exist for disabled people using the University's facilities and enabling them to access as fully as possible all education, employment, social and leisure opportunities.

Equality and diversity policy

The University is committed to ensuring that the creativity, innovation and talents of its people are fully utilised. The University community is made up of a wide range of people with diverse backgrounds and circumstances, which is valued and regarded as a great asset.

The University has developed a policy that aims to challenge discrimination, promote and implement equality measures, progress social justice and to strive to ensure that no one is disadvantaged. The policy also looks to ensure that the University complies with all current and relevant anti-discrimination legislation. By adopting this policy the University accepts its responsibility to ensure that discrimination does not take place and that everyone in the University is treated equally and fairly.

Ethical investment policy

It is the role of Court to set out the ethical platform on which the University's asset investments are managed. The University's approach is set out in the Socially Responsible Investment Policy which was approved by Court in October 2009 and updated in both 2018 and 2021. Court requires its investment managers to commit to socially responsible investment within their investment policies.

The University also prohibits direct investment in the tobacco industry and in

controversial armaments and, since 2014, the Court has mandated restrictions in investment in fossil fuels. Court has committed to a phased reduction in the University's direct investment in the fossil fuel extraction industry. During the first phase of the divestment strategy, the central target weight of fossil fuel stocks in the Portfolio was limited to the lower of the aggregate Benchmark Index weight for fossil fuel stocks or 5.7%, operating within a control range to the central target weight of +0.5% / -0.7%. In June 2021, following the completion of a review, Court approved enhanced restrictions, with a reduction in the central target weight to 2.85% and corresponding reductions in the control range to +0.25% / -0.35%. This change will be implemented by the University's fund managers during 2021-22. Court has committed to full divestment by 2024.

The University has committed to a phased reduction in direct investment in fossil fuel extraction industry.

Tax strategy

The University is committed to transparent reporting and has published its tax strategy for 2020-21 on the University's website. The document addresses the University's approach to risk management and governance, the University's attitude towards tax planning and the University's approach towards its dealings with HM Revenue & Customs (HMRC). For further information relating to the University's tax strategy, see website www.gla.ac.uk.

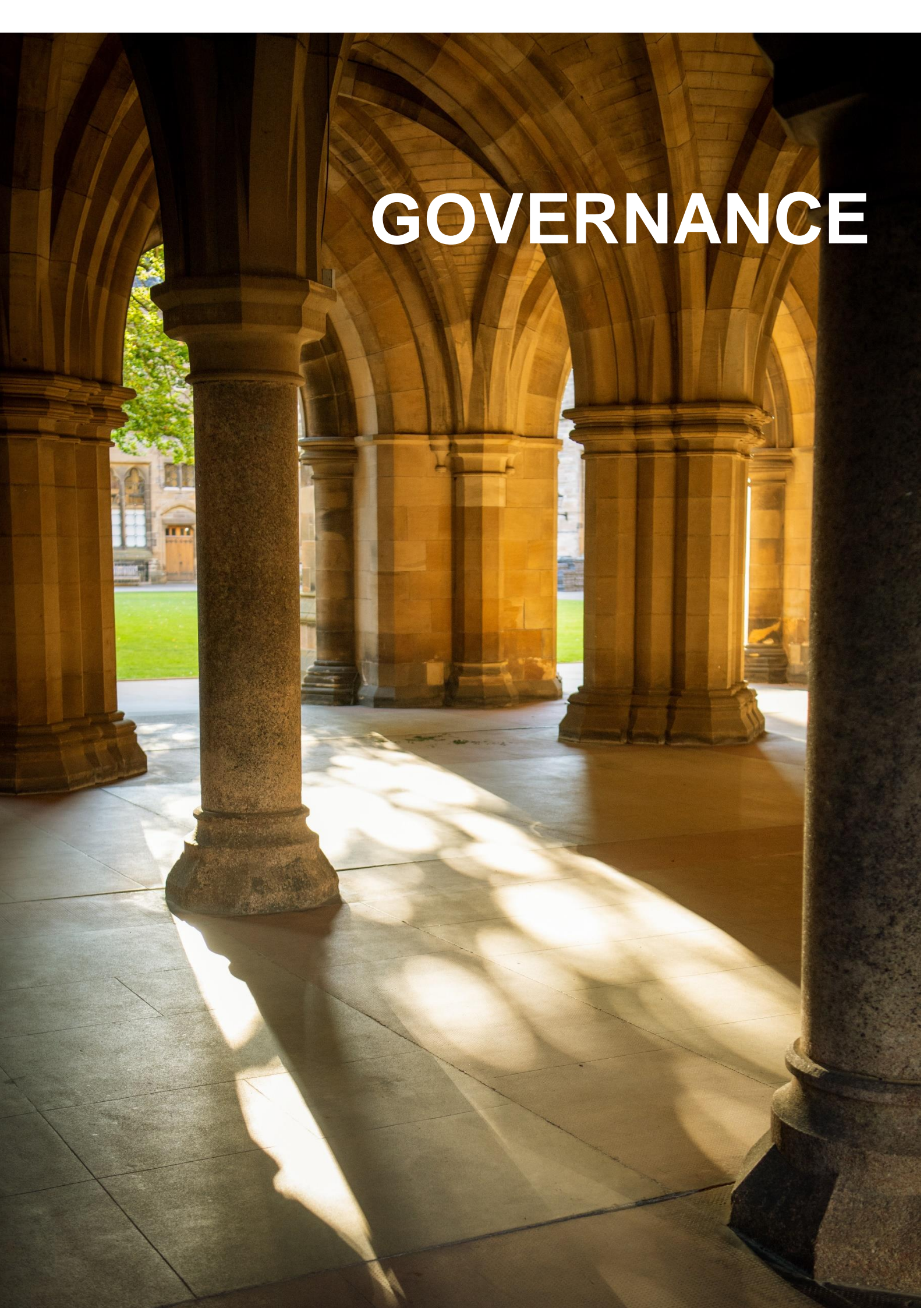
Professor Anton Muscatelli
Principal

Graeme Bissett
Convener of Finance Committee

Gregor Caldwell
Executive Director of Finance



GOVERNANCE



CORPORATE GOVERNANCE STATEMENT



Elizabeth Passey
(Convener of Court)

The University Court of the University of Glasgow (Court) follows best practice in all aspects of corporate governance relevant to the higher education sector. This summary describes the manner in which Court has applied the principles of the Turnbull Committee (as applicable) guidance on internal control as amended by the British Universities Finance Directors Group in its 2006 guidance, of the 2017 Scottish Code of Good HE Governance, and of the Annual Accounts direction as issued by the Scottish Funding Council. Its purpose is to help the reader of the reports and financial statements understand how the principles have been applied.

In the opinion of the Governing Body, the University complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance with the exception of:

- The Institution is expected to publish rules and procedures for the election of Senior Lay members on its website, along with the membership of the committee managing this process.

Action is being taken to address this and Court expects to be compliant by 2023 to align with the end of term of the current convener.

- The membership of the Nominations Committee should have a lay member majority.

As of November 2021 changes have been made to the Committee membership so that there is now a lay member majority going forward.

University governance

Much of the University's modern constitutional framework derives from the Universities (Scotland) Act 1966, which updated and expanded on the Universities (Scotland) Acts 1858 to 1932. The University also complies with the Post-16 Education (Scotland) Act 2013

and the Higher Education Governance (Scotland) Act 2016. These Acts make provision for the three main statutory bodies in the governance of the University – Court, the Senate and the General Council.

All governance matters have followed the annual schedule of business, with normal agendas and supported by regular pre-meeting briefings.

Since 23 March 2020 these meetings have been held largely virtually with papers being issued electronically.

Between formal meetings of Court and its sub-committees, the Convener of Court has kept in regular contact with the Principal and senior officers as the Covid-19 pandemic has progressed. Key information has been shared with Court members as a whole, and officers have responded to input from Court members regarding the University's response.

The **Court** is the University's governing body. Its powers have been defined over a number of years, commencing in 1858, when Court was first established, and are set out in a series of Acts of Parliament, the Universities (Scotland) Acts 1858-1966. These Acts are supplemented by sections of other Acts and certain Ordinances, promulgated by the University and approved by the Monarch in Council. Ordinances have been enacted to extend the powers available to Court, or to clarify the powers which are not explicit in the Acts.

Court has ultimate responsibility for the deployment of resources in the University, and for the strategic plans of the institution. It does not normally generate proposals but receives them from other bodies within the University - most notably the Senate and the Senior Management Group. It also has a monitoring role in relation to the overall performance of the University, and it holds the Principal to account for the effective and efficient management of the University. Working with the Senate, Court is responsible for the well-being of students and for the reputation of the University. It is also responsible for the well-being of staff. The Court Statement of Primary Responsibilities is published at https://www.gla.ac.uk/media/media_5722_63_en.pdf.

Court has 25 members and, in the financial year 2020-21, consisted of: the Rector (who is elected by the students of the University), the Principal, the Chancellor's Assessor, a representative of Glasgow City Council, two assessors elected by the General Council, five assessors elected by Senate, one elected professional services (support) staff member, two trade union nominees, the President of the Students' Representative Council, one assessor elected by the Students' Representative Council, and nine independent members appointed by

Court, one of whom is appointed Convener of Court. The role of Convener of Court is remunerated, as permitted by the Higher Education (Scotland) Governance Act of 2016. All members of Court are entitled to claim expenses incurred in the course of their duties.

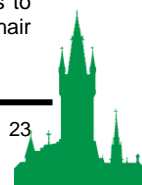
The current size of Court and its composition, as described in the Membership of Court, maintains a coherent and effectively functioning governing body, including an appropriate range of skills and experience. With regard to statutory requirements relating to membership, the Court amended its membership by Ordinance effective 1 August 2019 to align with the requirements of The Higher Education Governance (Scotland) Act 2016. This was within the timeframes required in the Act.

Court conducts much of its business through nine committees, each having formally constituted terms of reference. Committees report to Court through their Chair, who - with two exceptions (the Health, Safety & Wellbeing Committee and Information Policy and Strategy Committee) - is an independent member of Court. The Committees have each been required by Court to appoint a Vice-Chair, and Court itself has also appointed a Vice-Convener, who is an independent member of Court (Graeme Bissett). Court meets five times per year.

The **Finance Committee** monitors the financial performance of the University and its associated legal entities. It considers financial policies and issues and makes recommendations to Court on these matters and with regard to the importance of financial sustainability. It also considers the reports and financial statements and revenue/capital budgets of the University and its associated legal entities and makes recommendations to Court thereon. During the year to 31 July 2021, the Committee was chaired by Graeme Bissett, an independent member of Court and the Vice-Chair was Elspeth Orcharton, an independent member of Court. The Committee normally meets five times a year.

The **Audit & Risk Committee** oversees the arrangements for external and internal audit of the University's financial and management systems and of activities and processes related to these systems. During the year to 31 July 2021, the Committee was chaired by Heather Cousins, an independent member of Court and the Vice-Chair was Simon Bishop, an external independent member who is not a member of Court. The Committee normally meets four times a year, with the University's external and internal auditors in attendance.

The **Nominations Committee** makes recommendations to Court on the appointment of independent members to Court and on the appointment of the chair



CORPORATE GOVERNANCE STATEMENT

(continued)

and members of Court Committees, having regard to the skills and experience required. The University provides induction training for all new members of Court and its Committees. The training covers Higher Education in Scotland, University Governance, University Strategy and Financial Management.

From 1 August 2020 to 30 April 2021, the Committee was chaired by Elizabeth Passey, the Convener of Court, and the Vice-Chair was Lesley Sutherland, a General Council Assessor on Court. From 30 April 2021 until 31 July 2021, the committee was chaired by Lesley Sutherland and a process is currently underway to appoint a new Vice-Chair. The committee normally meets once a year.

The **Remuneration Committee** makes recommendations to Court on the process of determining salary awards for senior staff and determines the Principal's remuneration in the absence of the Principal, who is not a member of the Committee but attends for items relating to senior management remuneration other than his own. The Committee's remit also covers the remuneration of the Convener of Court. The Convener of Court is also a member of the Remuneration Committee and also leaves the meeting while Convener remuneration is discussed. Details of the remuneration of senior post-holders for the year ended 31 July 2021 are set out in note 7 to the financial statements. During the year to 31 July 2021, the Committee was chaired by June Milligan, an independent member of Court and the Vice-Chair was Ronnie Mercer, the Chancellor's Assessor. The Committee meets at least once a year.

As the University's Chief Executive Officer, the Principal has formal and wide-ranging responsibilities for the strategic leadership and direction of the University. The Principal is a member of Court and Convener of Senate. The Principal leads the Senior Management Group, which also includes the Senior Vice Principal & Deputy Vice Chancellor, Vice-Principals (9 in total), Chief Operating Officer & University Secretary, the Executive Director of Finance, the Executive Director of HR and the Deputy Secretary.

The remuneration and terms and conditions of the Principal & Vice Chancellor are determined by members of the Remuneration Committee.

The Remuneration Committee's review of the Principal's salary is informed by:

- the annual P&DR discussion conducted by the Convener of Court, reflecting feedback from staff, students, members of Court and the senior executive and informed by a 360° appraisal process;
- individual and collective SMG performance in advancing the University's strategic objectives; and

- the need to provide tangible reward for excellent performance and a competitive remuneration package that is consistent with robust benchmark data and reflective of equivalent positions within comparable Russell Group/major UK universities.

The remit of the Remuneration Committee also includes responsibility to determine the salaries of the Principal and other members of Senior Management Group, having regard to:

- their performance in advancing the University's strategic objectives;
- the need to offer salaries that are competitive with those of other major UK universities, as reflected in robust comparative data; and
- the budget approved by Court.

There is also an annual evaluation process of the performance of the Convener of Court. This is led by the Chancellor's Assessor.

The **People and Organisational Development Committee (Human Resource Committee)**, reviews the University's HR Strategy and, through agreed performance indicators, monitors its relevance, implementation and effectiveness; ensures that the strategy is consistent with and supports the University's mission, vision and values; monitors compliance with the legal and regulatory framework for HR and ensures the adoption of best practice; acts as a sounding board for the University's executive officers and HR function, providing advice, from a breadth of perspectives, on human resource management issues; and ensures that the University's senior management demonstrate the importance of HR to the institution by providing support and leadership to all staff. During the year to 31 July 2021, the Committee was chaired by an independent member of Court, June Milligan and the Vice-Chair was Rob Goward, an external independent member who is not a member of Court. The Committee normally meets four times a year.

The **Estates Committee** develops and maintains strategic estate plans for consideration by Court taking into account academic need, resource implications and the importance of environmental sustainability. During the year to 31 July 2021, the Committee was chaired by the Chancellor's Assessor, Ronnie Mercer and the Vice-Chair was David Milloy, an independent member of Court. The Committee normally meets five times a year.

The **Information Policy and Strategy Committee** develops and maintains a strategic Information Technology (IT) strategy and associated financial and implementation plans for

consideration by SMG and Court which supports the delivery of the University's Strategic Plan taking into account resource implications. During the year to 31 July 2021, the Committee was Chaired by Professor Frank Coton, Vice Principal (Academic Planning and Technological Innovation) and a process is currently underway to appoint a new Vice-Chair. The Committee normally meets four times a year.

The **Health, Safety and Wellbeing Committee** provides a forum within which consultation and discussion may take place between representatives of University management and representatives of staff and students on health, safety and wellbeing matters. The Committee will also make representations and recommendations to Court as required. During the year to 31 July 2021, the Committee was chaired by the Chief Operating Officer and University Secretary, David Duncan and the Vice-Chair was Elise Gallagher, Deputy Director of Human Resources. The Committee normally meets four times a year.

The **Student Experience Committee** is a joint committee of Court and Senate. It was co-chaired by the Chief Operating Officer and University Secretary, and the President of the SRC. Its remit includes: agreeing and overseeing implementation of a common strategy, plans and policies for non-academic aspects of student life; ensuring that every student has the opportunity to enjoy and derive value from their university experience; ensuring that the University's provision for the student experience reflects the diversity of needs within the student population; and reviewing and monitoring the effectiveness of services and determining their priorities. The Committee meets at least five times a year.

In respect of its strategic and development responsibilities, Court receives recommendations and advice from the **Senior Management Group**. The Heads of College, Vice Principals and other senior officers are members of the Senior Management Group which is convened by the Principal. The Principal briefs each meeting of Court on significant matters and reports on issues considered by the Senior Management Group.

The Senate

The Senate is the senior academic body of the University and subject to the powers of the Court, is responsible for the academic activity of the University and the maintenance of academic standards. From 1 August 2019 the composition of Senate has been amended via Ordinance to align with the requirements of the Higher Education Governance (Scotland) Act 2016; the number on Senate from 1 August is c130.



CORPORATE GOVERNANCE STATEMENT (continued)

The General Council

The General Council comprises the graduates of the University. It has a statutory right to comment on matters which affect the well-being and prosperity of the University. It meets twice a year and is chaired by the Chancellor.

Statement of internal control

Court is ultimately responsible for the University's system of internal control and, as chief executive officer, the Principal is responsible for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Senior Management Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms. A key control is the Principal's Budget Briefing which takes place in May of each year. This meeting is attended by the Heads of College and the University Secretary. The Budget Briefing provides a forum for the Principal, the Heads of College and the University Secretary to discuss the key strategic issues within each College and University Services. These meetings are also attended by the Vice-Principal Academic Planning and Technological Innovation and senior staff from the Finance Office.

The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit & Risk Committee. During this year's review period our Internal Auditor has identified areas of improvement which are common across the Higher Education sector. Management is responsible for the implementation of agreed audit recommendations and the internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit & Risk Committee considers summarised reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. Whilst senior executives attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee and the Committee meets the internal and external auditors on their own for independent discussions. Court receives regular reports from the Audit & Risk Committee, including reports relating to the University's risk register. On an annual basis, the Court also reviews the University's risk register.

Court is of a view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, and that it has been in place throughout the year ended 31 July 2021 and up to the date of approval of the annual reports and financial statements.

General data protection regulation

The University put in place actions to ensure compliance with the General Data Protection Regulation, which was introduced in May 2018.

Modern Slavery Act statement

The University is committed to ensuring and actively monitoring that modern slavery and human trafficking is not taking place in any parts of its operation within the University and its supply chain. For further information relating to the Modern Slavery Act statement, see website www.gla.ac.uk.

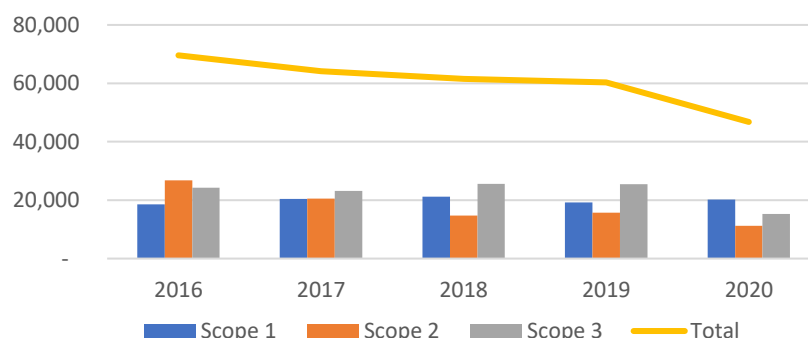
Sustainability strategy and delivery

Appointed by the Senior Management Group, the Sustainability Strategy and Delivery Board is responsible for overseeing the development and delivery of the University's Sustainability Strategy ('Glasgow Green: Towards a Climate Strategy and Action Plan for the University of Glasgow'). Under the Strategy, the University is committed to a very significant plan of action to achieve carbon neutrality by 2030 and will seek the support of all members of the University community in addressing the climate emergency and making the University a leader in this field. The Strategy is published at: [Media_767316_smx.pdf \(gla.ac.uk\)](http://Media_767316_smx.pdf(gla.ac.uk)).

As a public body, the University has to complete an annual climate change report as required by the Climate Change (Duties of Public Bodies; Reporting Requirements) (Scotland) Order 2015. Copies of the reports for the University can be found at: <https://sustainablescotlandnetwork.org/reports/university-of-glasgow>

The following graph shows a summary of the University's Carbon Footprint based on the 5 most recent returns submitted to the Scottish Government (up to Year to 31 July 2020):

University of Glasgow Carbon Footprint



Scope 1 emissions have generally increased over this period, due to the installation of a gas-fired CHP engine. At the same time, Scope 2 emissions have significantly decreased, partly because the University is now generating some of its own electricity via CHP and partly because of the continued decarbonisation of the national grid. Covid-related travel and commuting restrictions resulted in lower Scope 3 emissions in the 2019-20 reporting period.

Going concern

The University's principal operations, together with the factors likely to affect its future development and its financial position are noted in the Operating and Financial Review, Campus Development, Future Developments and Principal Risks and Uncertainties and University Policies sections.

At 31 July 2021 the University held cash and cash equivalents of £489m, while net current assets were £250m and the only external borrowings are private placement bonds of £245m on maturities from 2042 to 2057 and a £10m unsecured loan from the Scottish Funding Council that is fully repayable by 2030. The University complied with all covenant requirements for existing borrowing at 31 July 2021 and forecasts significant headroom in its covenant compliance at 31 July 2023.

Court has reviewed financial forecasts, including plans for future student recruitment, and after reviewing the assumptions utilised in the budget, it is satisfied that the University is expected to be able to meet its commitments and obligations until at least 31 July 2023 from the date of the signing of this report.

Accordingly, Court has concluded that it is correct to retain the going concern basis in preparing the financial statements. More information is provided in the Statement of Principal Accounting Policies on pages 32 to 34.

Elizabeth Passey
Convener of Court
Date: 24 November 2021



STATEMENT OF RESPONSIBILITIES OF COURT



David Duncan
(Chief Operating Officer and
University Secretary)

The University Court of the University of Glasgow (Court) is responsible for the administration and management of the affairs of the University. Amongst its duties, which are summarised in a formal Statement of Primary Responsibilities, Court is required to present audited financial statements for each financial year.

Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with all relevant Acts of Parliament, with the Statement of Recommended Practice on Accounting for Further and Higher Education issued in 2019, and with other relevant accounting standards (United Kingdom Generally Accepted Accounting Practice, Financial Reporting Standard 102). In addition, within the terms and conditions of a Financial Memorandum agreed with the Scottish Funding Council for Further and Higher Education (Scottish Funding Council), Court, 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 University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Court has 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 and that the financial statements are prepared on the going concern basis unless it is inappropriate to assume that the University will continue in operation.

Court is satisfied that the University has prepared forecasts extending beyond the going concern assessment period. The

University 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 the financial statements.

Court has a responsibility to ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum of the Scottish Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe. Court also has a responsibility to 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; take reasonable steps to prevent and detect fraud and to ensure that reasonable steps have been taken to secure the economic, efficient and effective management of the University's resources and expenditure.

The key elements in the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets and regular reviews of academic performance and quarterly reviews of financial results and forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court;
- comprehensive Financial Regulations detailing financial controls and procedures; and
- an Internal Audit service, the annual programme of which is approved by the Audit & Risk Committee.

The Audit & Risk Committee, on behalf of Court, has reviewed the effectiveness of the system of internal control. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Court is satisfied that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2021 and for the period to the date of the

approval of the reports and financial statements. This process accords with the internal control guidance as applicable to the higher education sector.

The members of Court who hold office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University auditor is unaware; and each member of Court has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

David Duncan
Chief Operating Officer and
University Secretary

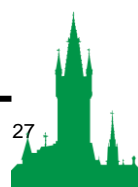
On behalf of Court
Date: 24 November 2021



MEMBERSHIP OF COURT

Members of Court who served during the year to 31 July 2021 are detailed below, as are members who served up to the date of approval of the reports and financial statements. Also shown is an indication of the Committees on which the members served, the expiry date of their current term of office and whether they are independent members of Court.

	Expiry date	Committee membership	Independent member	Attendance at court meetings during the financial year
The Rector				
Lady Rita Rae (elected Apr 2021)	Mar 2024	(SEC)		1/1
The Principal and Vice-Chancellor				
Professor Sir Anton Muscatelli	Sep 2024	(EC) (FC) (NC) (POD)		5/5
The Chancellor's Assessor				
Mr Ronnie Mercer	Oct 2023	(EC) (FC) (NC) (RC)		5/5
Assessor of City of Glasgow Council				
Councillor Susan Aitken	May 2022		*	2/5
General Council Assessors				
Dr Morag Macdonald Simpson	Jul 2022	(POD) (SEC)	*	5/5
Ms Lesley Sutherland	Jul 2022	(ARC) (NC)	*	5/5
Senate Assessors (Elected Academic Staff)				
Professor Carl Goodyear	Jul 2022	(NC) (POD)		5/5
Professor Nick Hill	Jul 2023	(FC) (IPSC)		5/5
Dr Simon Kennedy	Jul 2025	(ARC) (FC)		3/5
Professor Kirsteen McCue	Jul 2025	(EC) (POD)		5/5
Dr Bethan Wood	Jul 2025	(EC) (SEC)		5/5
Elected Professional Services (Support) Staff				
Mr Christopher Kennedy	Jul 2023	(EC)		5/5
Trade Union Nominees				
Dr Craig Daly	Jul 2023	(RC)		5/5
Mr Christopher Cassells (from Aug 2020)	Jul 2024	(NC) (POD)		5/5
Co-opted Members of Court				
Mr Graeme Bissett	Dec 2021	(FC)	*	5/5
Ms Heather Cousins	Mar 2022	(ARC) (NC)	*	5/5
Mr David Finlayson	Oct 2025	(SEC)	*	5/5
Mr Laic Khaliq (from Apr 2021)	Apr 2025	(IPSC)	*	2/2
Dr June Milligan	Oct 2023	(POD) (RC)	*	5/5
Mr David Milloy	Dec 2021	(EC)	*	4/5
Ms Elspeth Orcharton	Oct 2024	(FC)	*	5/5
Ms Elizabeth Passey**	Jul 2024**	(FC) (NC) (RC)	*	5/5
Mr Gavin Stewart	Mar 2025	(FC) (IPSC)	*	4/5
Dr Ken Sutherland (resigned Jan 2021)	Jan 2021	(IPSC)	*	1/2



MEMBERSHIP OF COURT (continued)

	Expiry date	Committee membership	Independent member	Attendance at court meetings during the financial year
President of the Students' Representative Council				
Mr Liam Brady	Jun 2021	(EC) (FC) (NC) (RC) (SEC)		5/5
Ms Ella McCabe (from Jul 2021)	Jun 2022	(EC) (FC) (NC) (RC) (SEC)		0/0
Assessor of the Students' Representative Council				
Ms Teresa Baños (nominated Oct 2019)	Oct 2020			0/1
Ms Julia Hegele (nominated Oct 2020)	Oct 2021			3/4
University Secretary				
Dr David Duncan***		(EC) (NC) (HSWC) (POD) (SEC)		5/5

The Committees of Court, as identified in the Corporate Governance statement are:

- Audit & Risk Committee (ARC)
- Estates Committee (EC)
- Finance Committee (FC)
- Health, Safety and Wellbeing Committee (HSWC)
- Information Policy and Strategy Committee (IPSC)
- Nominations Committee (NC)
- People and Organisational Development Committee (POD)
- Remuneration Committee (RC)
- Student Experience Committee (SEC).

**Ms Elizabeth Passey is also Convener of Court, an appointment that will run until July 2024.

*** Dr David Duncan is not a member of Court but attends in his capacity as University Secretary.



INDEPENDENT AUDITOR'S REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW

Opinion

We have audited the financial statements of the University of Glasgow ('the institution') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the Statement of Principal Accounting Policies, Consolidated and Institution Statement of Comprehensive Income, Consolidated and Institution Statement of Changes in Reserve, Consolidated and Institution Statement of Financial Position, Consolidated Statement of Cashflows and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's state of affairs as at 31 July 2021 and of the group and parent institution's income and expenditure, recognised gains and losses, changes in reserves, and of the group's statement of cash flows for the year for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent institution's ability to continue as a going concern for a period of 20 months to 31 July 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 28, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Scottish Funding Council's Financial Memorandum with Higher Education Institutions

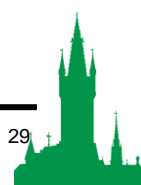
In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- Scottish Funding Council's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- funds provided by Scottish Funding Council have been applied in accordance with the requirements of the Scottish Funding Council Financial Memorandum with Higher Education Institutions.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



INDEPENDENT AUDITOR'S REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW (continued)

Responsibilities of the University Court

As explained more fully in the Statement of Responsibilities of Court set out on page 26, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Court is responsible for assessing the group'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 University Court either intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Auditor's responsibilities for the audit of the financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud

rests with both those charged with governance of the University and management

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent institution and determined that the most significant are FRS 102 and Statement of Recommended Practice for Further and Higher Education.
- We understood how the group and parent institution is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the Court minutes and papers provided to the Audit and Risk Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up.
- We have considered the culture of honesty and ethical behaviour of management and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the group and parent institution's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We also considered the oversight of those charged with governance (i.e., considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of stakeholders as to

the entity's performance and profitability).

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; review of Court minutes to identify any non-compliance with laws and regulations, and inspection of any correspondence between the University and Scottish Funding Council.

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

Use of our report

This report is made solely to the University Court of the University of Glasgow, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University of Glasgow and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory auditor
Glasgow

Date: 24 November 2021



FINANCIAL STATEMENTS



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The consolidated financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) (2019 edition) as they apply to the financial statements of the Group for the year ended 31 July 2021.

The University is a public benefit entity and has applied the relevant public benefit requirements of FRS 102.

The financial statements also conform to guidance published by the Scottish Funding Council.

Basis of preparation

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value.

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

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) not to produce a separate cash flow statement for the University as the parent entity.

Going Concern

The University's principal operations, together with the factors likely to affect its future development and its financial position are noted in the Operating and Financial Review, Campus Development, Future Developments and Principal Risks and Uncertainties and University Policies sections.

At 31 July 2021 the Group held cash and cash equivalents of £503.6m, while net current assets were £263.1m and the only external borrowings are private placement bonds of £245m on maturities from 2042 to 2057 and a £10m unsecured loan from the Scottish Funding Council that is fully repayable by 2030. Subsequent to the year-end the University held cash and cash equivalents of £585.6m at 31 October 2021 and had no further borrowing in place. The University complied with all covenant requirements for existing borrowing at 31 July 2021 and, even on its most restrictive covenant, forecasts headroom of at least £40m in its covenant compliance at 31 July 2023.

The University Court has reviewed financial forecasts, including plans for future student recruitment, and after reviewing the assumptions utilised in the budget, it is satisfied that the University and Group is expected to be able to meet its commitments and obligations until at least 31 July 2023.

The 2021 budget, which fully covers the period of the going concern assessment up to 31 July 2023, has been prepared after consideration of known business

risks and based on conservative financial assumptions. This projects positive operating cash surpluses each year.

Accordingly, Court has concluded that it is correct to retain the going concern basis in preparing the financial statements for both the Group and University.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University of Glasgow, its subsidiary companies and unincorporated undertakings for the financial year to 31 July 2021. Also consolidated are the results of the University of Glasgow Trust, an independent charity, set up to collect donations and disburse them for the benefit of the University. The consolidated financial statements do not include the income and expenditure of the University of Glasgow Students' Unions as the University does not exert control or dominant influence over them.

Gains or losses on any intra group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Income recognition

Income from the sale of goods or rendering of services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated net of any discounts and is credited to the Statement of Comprehensive Income over the period in which the students are studying. Bursaries and scholarships are accounted for gross as expenditure and are not netted from fee income.

Government grants, including funding body grants and research grants from government sources, are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met.

Other grants and donations from non-government sources (including research grants from non-government sources) are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

Capital grants are recognised in income when the University is entitled to the income subject to any performance related conditions being met.

Investment income and appreciation of endowments are recorded in income in

the year in which they arise and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment funds.

Tangible assets

Tangible assets include items of equipment and plant and machinery (including software and vehicles) costing over £50k and capital building projects over £100k.

Costs incurred in relation to land and property after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Tangible assets are stated at cost and depreciated on a straight-line basis as follows:

Buildings:	
Structural	50+ years
Roofing	20-25 years
Electrical & mechanical	15-20 years
Fit out	5-10 years
Plant & machinery	15-30 years
Equipment	Up to 10 years
Plant & machinery	15-30 years

Tangible assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a tangible asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss on tangible assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised.

Repairs and maintenance

Maintenance expenditure is recognised in the Statement of Comprehensive Income in the year it is incurred as it does not add value to the University estate and therefore is not appropriate to be capitalised. The University has a planned maintenance programme, which is reviewed on an annual basis.

Donated assets

When the University receives donated assets (such as gifts of equipment, works of art and property), items of a significant value, which had they been purchased by the University, would have been treated as tangible assets, are capitalised at their current value and depreciated in accordance with the tangible assets policy. The corresponding credit is recognised in



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

the Statement of Comprehensive Income in the year the donated assets are received.

Heritage assets

The University holds heritage assets across several locations including The Hunterian and Archives & Special Collections.

It has not been possible to obtain reliable information on the cost or valuation of the collections held within The Hunterian and Archives & Special Collections. It is not considered practicable to obtain valuations for the artefacts defined as heritage assets owing to the diverse nature of the assets held, the number of assets held, the lack of comparable market values and the prohibitive cost associated with obtaining valuations. The University does not therefore recognise these assets on the Statements of Financial Position. In accordance with FRS 102, recent and future acquisitions which meet the definition of a heritage asset, not held for the University's core purpose of teaching and research, are recognised at cost where the object is purchased or at an appropriate value where the object is donated. The threshold for capitalisation is £50k. Where it is not practicable to obtain a valuation, details of such significant donations will be disclosed.

Expenditure which is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the Statement of Comprehensive Income when it is incurred. The heritage assets are deemed to have indeterminate lives and therefore it is not considered appropriate to charge depreciation.

Further information on the collections and details of the University's management policy in respect of heritage assets is summarised in note 12.

Stocks

Stocks are valued at the lower of purchase cost or net realisable value and include stocks in the refectories, the halls of residence, the farm and at certain main stores. Other stocks held in academic departments are written off to the Statement of Comprehensive Income in the year in which the expenditure is incurred.

Investments

All investments will initially be recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment.

Investments in subsidiaries are carried at cost less impairment in the University's accounts.

All gains and losses on investment assets, both realised and unrealised are recognised in the Statement of Comprehensive Income as they accrue.

Joint ventures

The University accounts for its share of jointly controlled operations by recognising its share of the relevant assets, liabilities, income and expenditure in the Statement of Comprehensive Income.

The University accounts for its investments in jointly controlled entities where it is not the parent, as an investment at cost less impairment in the Statement of Financial Position.

Agency arrangements

Funds the University receives and disburses as the paying agent on behalf of a funding body or other body, where the institution is exposed to minimal risk and enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the Statement of Comprehensive Income. The balances and movement on these funds are disclosed in note 27.

Taxation

The University is a charity within the meaning of Part 1, chapter 2, section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within the categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 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. The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

The charge for corporation tax is based on the profit or loss for the year before charging the cost of any Gift Aid payment payable to the University. The charge for corporation tax also takes into account deferred tax due to timing differences between the treatment of certain items for taxation and accounting purposes.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash at bank and on hand and short-term investments with an original maturity date of 95 days or less.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents contains sums relating to endowment reserves which have yet to be passed to the investment fund managers. The University is restricted as to how they disburse these funds. Note 20 summarises the assets restricted in their use.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Interest-bearing loans and borrowings

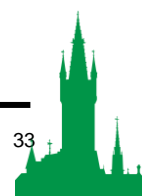
All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance cost in the Statement of Comprehensive Income.

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 a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed by way of a note when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than a present asset arising from a past event.



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Employee benefits

a. Short-term employee benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year employees render service to the University. A liability is recognised at each balance sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Statement of Comprehensive Income.

b. Post-employment benefits (pensions)

The University participates in a number of defined benefit pension schemes. For the University of Glasgow Pension Scheme and the Strathclyde Pension Fund, the expected cost of providing pensions is recognised in the Statement of Comprehensive Income on a systematic basis over the period that relevant employees provide services to the University. Under FRS 102, past service costs are recognised immediately. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability.

The net interest cost on the net defined benefit liability is charged to the Statement of Comprehensive Income and included within finance costs. Actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in Other Comprehensive Income.

For the other multi-employer schemes that the University participates in, it is not possible to identify each participating institution's share of the underlying assets and liabilities.

The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period, excluding any extra costs incurred related to reducing scheme deficits already provided for. A liability is recorded within provisions for any contractual commitment to fund past deficits within the multi-employer schemes as determined by the scheme management. The associated expense is recognised in the Statement of Comprehensive Income.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Leases

Rental costs incurred under operating leases are charged to expenditure on a straight-line basis over the period of the leases. Any lease premiums or incentives are spread over the minimum lease term.

Short-term debtors and creditors

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements and the application of accounting policies requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and estimations that management have made in the process of applying the University's accounting policies and that have a significant risk of causing material adjustments to amounts recognised in the financial statements:

a. Retirement benefit obligations

The financial statements include pension liabilities of £159.2m (Consolidated) and £158.9m (University).

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency that are AA rated. Certain categories of bonds are removed from this universe e.g., where the bonds are considered to be sovereign backed. Based on the remaining dataset, a yield curve is constructed and applied to a set of sample cashflows which correspond to the expected duration of the defined benefit

obligations to produce a single, cash-flow weighted discount rate assumption.

For the University of Glasgow Pension Scheme, the mortality rate is based on scheme-specific mortality tables constructed using analysis of the membership. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Further details about the assumptions used in determining the pension liabilities are given in note 29.

b. Tangible assets - useful lives and impairment

Tangible assets represent a significant proportion of the University's total assets (£940.5m (Consolidated) and £926.2m (University)).

Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the University's reported performance.

Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events.

At each reporting date, management make judgements as to whether any indicators of impairment are present for any of the University's tangible assets. If there is an indicator of impairment, the recoverable amount of any affected asset is estimated and compared with its' carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit in the period it arises.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of the individual asset, management estimate the recoverable amount of a cash-generating unit (CGU).

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit in the period it arises.

c. Revenue recognition

Certain grants, donations and research revenue are recognised in the income statement as performance related conditions are met.

Management apply judgement in deferring income received for conditions not yet satisfied and accruing for income not yet received.



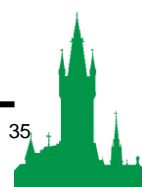
CONSOLIDATED AND INSTITUTION STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 July 2021

	Notes	Consolidated		University	
		2021	2020	2021	2020
		£000	£000	£000	£000
Income					
Tuition fees and education contracts	1	292,809	248,926	288,914	244,133
Funding body grants	2	198,356	163,469	198,356	163,469
Research grants and contracts	3	173,309	168,772	173,309	168,772
Other income	4	132,324	89,047	132,549	89,001
Investment income	5	6,345	7,686	6,340	7,664
Donations and endowments	6	9,934	12,206	9,934	12,226
Total income		813,077	690,106	809,402	685,265
Expenditure					
Staff costs	7	400,262	382,338	397,254	379,275
Movement on USS provision	29	5,510	(62,217)	5,607	(62,000)
Other operating expenses	9	248,871	232,157	249,641	232,450
Depreciation	11	33,622	32,515	33,073	31,965
Interest and other finance costs	8	7,555	6,550	7,555	6,550
Total expenditure		695,820	591,343	693,130	588,240
Surplus before other gains		117,257	98,763	116,272	97,025
Gain/(loss) on disposal of tangible assets		250	(78)	250	(78)
Gain on disposal of other investments		324	689	-	(461)
Gain/(loss) on investments	13	44,290	(29,523)	44,504	(29,521)
Surplus before tax		162,121	69,851	161,026	66,965
Taxation	10	(143)	(265)	-	-
Surplus after tax		161,978	69,586	161,026	66,965
Other comprehensive income					
Unrealised exchange (loss)		(230)	(276)	-	-
Actuarial (loss) in respect of defined benefit pension schemes	29	(17,610)	(21,264)	(17,610)	(21,264)
Total comprehensive income for the year		144,138	48,046	143,416	45,701
Represented by					
Endowment comprehensive income/(expenditure) for the year		47,970	(24,737)	47,970	(24,737)
Restricted comprehensive income for the year		5,258	5,847	5,258	5,847
Unrestricted comprehensive income for the year		90,910	66,936	90,188	64,591
		144,138	48,046	143,416	45,701

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 32 to 64 form part of these financial statements.



CONSOLIDATED AND INSTITUTION STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2021

Consolidated	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2019	201,929	15,057	608,574	825,560
(Deficit)/surplus for the year	(24,737)	5,847	88,476	69,586
Other comprehensive loss	-	-	(21,540)	(21,540)
Total comprehensive income for the year	(24,737)	5,847	66,936	48,046
Balance at 31 July 2020	177,192	20,904	675,510	873,606
Balance at 1 August 2020	177,192	20,904	675,510	873,606
Surplus for the year	47,970	5,258	108,750	161,978
Other comprehensive loss	-	-	(17,840)	(17,840)
Total comprehensive income for the year	47,970	5,258	90,910	144,138
Balance at 31 July 2021	225,162	26,162	766,420	1,017,744

University	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2019	201,929	15,057	601,894	818,880
(Deficit)/surplus for the year	(24,737)	5,847	85,855	66,965
Other comprehensive loss	-	-	(21,264)	(21,264)
Total comprehensive income for the year	(24,737)	5,847	64,591	45,701
Balance at 31 July 2020	177,192	20,904	666,485	864,581
Balance at 1 August 2020	177,192	20,904	666,485	864,581
Surplus for the year	47,970	5,258	107,798	161,026
Other comprehensive loss	-	-	(17,610)	(17,610)
Total comprehensive income for the year	47,970	5,258	90,188	143,416
Balance at 31 July 2021	225,162	26,162	756,673	1,007,997

The University's reserves comprise the following:

- The endowment reserve which represents the value of donations by individuals in the form of a gift which is to be invested. The income earned on that gift may be spent for a specific purpose and in certain circumstances the capital may be spent for that same specific purpose.
- The restricted reserve which represents the value of the retained surplus in the statement of comprehensive income and expenditure with restrictions on its distribution.
- The unrestricted reserve which represents the value of the University's accumulated funds through surpluses in the statement of comprehensive income and expenditure.



CONSOLIDATED AND INSTITUTION STATEMENT OF FINANCIAL POSITION

as at 31 July 2021

	Notes	Consolidated		University	
		2021 £000	2020 £000	2021 £000	2020 £000
Non-current assets					
Tangible assets	11	940,492	860,398	926,192	845,549
Investments	13	229,923	182,049	247,660	199,714
		1,170,415	1,042,447	1,173,852	1,045,263
Current assets					
Stock	14	1,015	997	686	559
Trade and other receivables	15	87,689	79,868	88,577	80,308
Cash and cash equivalents	21	503,568	414,267	488,928	399,871
		592,272	495,132	578,191	480,738
Creditors: amounts falling due within one year	16	(329,177)	(275,357)	(328,552)	(273,172)
Net current assets		263,095	219,775	249,639	207,566
Total assets less current liabilities		1,433,510	1,262,222	1,423,491	1,252,829
Creditors: amounts falling due after more than one year	17	(252,667)	(253,667)	(252,667)	(253,667)
Provisions					
Pension provisions	29	(159,189)	(130,752)	(158,917)	(130,384)
Other provisions	18	(3,910)	(4,197)	(3,910)	(4,197)
Total net assets		1,017,744	873,606	1,007,997	864,581
Restricted reserves					
Endowment reserve	19	225,162	177,192	225,162	177,192
Restricted reserve	20	26,162	20,904	26,162	20,904
Unrestricted reserve					
Income and expenditure reserve		766,420	675,510	756,673	666,485
Total reserves		1,017,744	873,606	1,007,997	864,581

The financial statements on pages 32 to 64 were approved by the University Court of the University of Glasgow on 24 November 2021 and were signed on its behalf by:

Professor Sir Anton Muscatelli
Principal

Graeme Bissett
Convener of Finance Committee

Gregor Caldwell
Executive Director of Finance



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 July 2021

		Consolidated	
		2021	2020
	Notes	£000	£000
Cash flow from operating activities			
Surplus for the year before tax		162,121	69,851
Taxation		(143)	(265)
Surplus for the year		161,978	69,586
Adjustment for non-cash items			
Depreciation	11	33,622	32,515
(Increase) in stock		(18)	(127)
(Increase) in debtors		(7,821)	(6,671)
Increase in creditors falling due within one year		53,820	32,678
(Decrease) in other provisions		(287)	(362)
Pension costs less contributions payable		10,827	(58,764)
Changes in values of endowment assets and other investments		(44,290)	29,523
Adjustment for investing and financing activities			
Investment income	5	(6,345)	(7,686)
(Gain) on disposal of non-current assets		(574)	(611)
Loan finance included in creditors due within one year		(1,085)	(1,085)
Interest payable and other finance costs		7,157	6,480
Capital grant income		(19,027)	(15,799)
Net cash inflow from operating activities		187,957	79,677
Cash flow from investing activities			
Endowment assets acquired		(3,442)	(4,753)
Payments to acquire other investments		(284)	(254)
Receipts from the sale of other investments		466	217,789
Payments to acquire tangible assets	11	(113,716)	(109,268)
Proceeds from sale of tangible assets		250	-
New endowment income	6	2,374	4,030
Investment income	5	6,345	7,686
Capital grant receipts		19,027	15,799
Net cash (outflow)/inflow from investing activities		(88,980)	131,029
Cash flows from financing activities			
Interest paid and other finance costs		(7,157)	(6,480)
Loan finance included in creditors due within one year		1,085	1,085
(Decrease)/increase in creditors falling due after one year		(1,000)	8,667
New endowments	6	(2,374)	(4,030)
Net cash (outflow) from financing activities		(9,446)	(758)
Currency translation			
		(230)	(276)
Increase in cash and cash equivalents in the year			
		89,301	209,672
Cash and cash equivalents at beginning of the year		414,267	204,595
Cash and cash equivalents at end of the year		503,568	414,267
Increase in cash and cash equivalents in the year		89,301	209,672



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

1 Tuition fees and education contracts

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Home students	42,481	36,530	42,481	36,530
EU students	11,031	10,420	11,031	10,420
Rest of the UK students	20,456	19,738	20,456	19,738
Overseas students	200,337	161,663	196,442	156,870
Short courses	4,477	7,176	4,477	7,176
Other fees	1,226	1,493	1,226	1,493
Research support grants	12,801	11,906	12,801	11,906
	292,809	248,926	288,914	244,133

2 Funding body grants

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Main teaching grant	89,959	85,298	89,959	85,298
Main quality research grant	48,992	47,595	48,992	47,595
Additional Covid-19 funding	27,327	-	27,327	-
Research postgraduate grant	8,392	7,939	8,392	7,939
Knowledge transfer grant	1,578	1,549	1,578	1,549
Infrastructure grants	11,056	10,441	11,056	10,441
Other funding council grants	11,052	10,647	11,052	10,647
	198,356	163,469	198,356	163,469

In 2020, this note included Government grants consisting of furlough income. This year, in line with the Accounts Direction 2020/21 for Scotland's Universities issued by the Scottish Funding Council in June 2021, these Government grants of £7,369k (Consolidated) and £7,234k (University) have been reclassified and are now included within note 4.

3 Research grants and contracts

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Research Councils	68,529	62,334	68,529	62,334
UK Charities	41,919	46,153	41,919	46,153
UK Government	23,702	21,751	23,702	21,751
European Union	15,220	15,573	15,220	15,573
UK industry	7,778	6,718	7,778	6,718
Overseas	9,013	9,376	9,013	9,376
Other sources	2,377	1,509	2,377	1,509
Capital grant income	4,771	5,358	4,771	5,358
	173,309	168,772	173,309	168,772



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

4 Other income

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Residences and hospitality services	19,830	26,191	19,829	26,191
Other services rendered	83,927	33,154	82,175	31,228
Health authorities	5,155	5,327	5,155	5,327
Other income	19,505	17,006	21,615	19,021
Government grants	3,119	7,369	2,987	7,234
Capital grant income	788	-	788	-
	132,324	89,047	132,549	89,001

Due to the Covid-19 pandemic, the University granted a rent-free period of four weeks to students in University residences. In the year ended 31 July 2021 this reduced income from Residences and hospitality services by £1.4m.

Government grants solely comprise furlough income from the Coronavirus Job Retention Scheme to cover staff costs. In 2020 this income was included within note 2. In line with the Accounts Direction 2020/21 for Scotland's Universities issued by the Scottish Funding Council in June 2021, these Government grants have been reclassified as shown above. The average number of staff on furlough during the year ended 31 July 2021 was 318.

5 Investment income

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Income from expendable endowments	823	796	823	796
Income from permanent endowments	4,726	5,241	4,726	5,241
Income from short-term investments	796	1,649	791	1,627
	6,345	7,686	6,340	7,664

6 Donations and endowments

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
New endowments	2,374	4,030	2,374	4,030
Donations - restricted	6,858	8,084	6,858	8,084
Donations - unrestricted	702	92	702	112
	9,934	12,206	9,934	12,226

7 Staff costs

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Salaries	287,599	276,123	285,042	273,488
Social security costs	29,023	28,086	28,797	27,869
Other pension costs	83,640	78,129	83,415	77,918
	400,262	382,338	397,254	379,275

Breakdown of other pension costs included in note 29.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

7 Staff costs (continued)

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
By staff category:				
Academic departments	156,586	153,432	155,351	152,224
Academic services	17,262	18,427	17,262	18,427
Research grants and contracts	76,305	80,584	76,305	80,584
Residences and hospitality services	2,413	2,665	2,413	2,665
Premises	14,664	13,716	14,664	13,716
Administration and other central services	21,181	22,125	20,855	21,806
Other income generating	28,211	13,260	26,989	11,935
Other pension costs	83,640	78,129	83,415	77,918
	400,262	382,338	397,254	379,275

There were no payments for loss of office greater than £100k during the year (2020: none). A payment of £54k for loss of office was made to one employee who earned in excess of £100k during the year (2020: none).

Remuneration of the Principal:

Salary	310	308
Contributions in lieu of pension	51	48
Contribution in respect of pension	7	7
Total remuneration	368	363

The Principal received no taxable or non-taxable benefits-in-kind during the year to 31 July 2021.

Ratio of the Principal's remuneration to the median salary of a University staff member

9.97:1	9.64:1
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The median is based on the annualised, full-time equivalent remuneration of all staff at the 31 July 2021.

In October 2017, Court decided that the role of Convener of Court should be remunerated at a rate of £500 a day up to a maximum of 50 days a year. The remuneration earned up to 31 July 2021 was £12.6k (2020: £16.5k).

	2021	2020
	Number	Number
Average full-time equivalent staff members by major category:		
Academic departments	2,913	2,895
Academic services	441	458
Research grants and contracts	1,580	1,507
Residences and hospitality services	93	100
Premises	503	519
Administration and other central services	533	527
Other income generating	766	289
	6,829	6,295



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

7 Staff costs (continued)

Key management personnel: Are the members of the Senior Management Group who have authority and responsibility for planning, directing and controlling the activities of the University. Total remuneration (including pension contributions) in respect of these employees is £2,849,736 (2020: £3,054,555).

During the year the total remuneration of key management personnel decreased by £204,819 due to changes in staff part way through the current and prior years.

Remuneration of higher paid staff, including NHS merit awards, but excluding employer's pension contributions, termination payments, consultancy fees and distributions from shares in spin out companies fell within the ranges shown below. Clinical academics' base salaries are set using NHS salary scales.

	2021			2020		
	Non-clinical staff	Clinical staff	Key management personnel	Non-clinical staff	Clinical staff	Key management personnel
	Number	Number	Number	Number	Number	Number
£100,001 - £110,000	46	16	-	44	14	-
£110,001 - £120,000	28	7	-	29	7	2
£120,001 - £130,000	17	9	3	17	4	2
£130,001 - £140,000	9	5	1	7	9	2
£140,001 - £150,000	5	5	3	5	12	1
£150,001 - £160,000	3	15	1	5	7	-
£160,001 - £170,000	3	7	-	3	3	-
£170,001 - £180,000	3	2	1	2	4	1
£180,001 - £190,000	2	2	1	1	5	2
£190,001 - £200,000	3	7	-	4	3	1
£200,001 - £210,000	1	3	2	-	3	1
£210,001 - £220,000	-	3	-	-	5	-
£220,001 - £230,000	-	2	2	-	-	1
£230,001 - £240,000	-	1	-	-	1	-
£240,001 - £250,000	-	-	-	-	-	-
£250,001 - £260,000	-	-	-	-	-	-
£260,001 - £270,000	-	-	-	-	-	-
£270,001 - £280,000	-	-	-	1	-	-
£280,001 - £290,000	-	-	-	-	-	-
£290,001 - £300,000	-	-	-	-	-	-
£300,001 - £310,000	-	1	-	-	-	1
£310,001 - £320,000	1	-	-	-	-	-
£320,001 - £330,000	-	-	-	-	-	-
£330,001 - £340,000	-	-	-	-	-	-
£340,001 - £350,000	-	-	-	-	-	-
£350,001 - £360,000	-	-	-	-	-	1
£360,001 - £370,000	-	-	1	-	-	-

The Principal is included in the table above. Excluded from this table is one key management personnel (2020: one individual) with total remuneration of less than £100,000.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

7 Staff costs (continued)

Facility time publication requirements

The Trade Union (Facility Time Publication Requirements) Regulations 2017 implement Section 13 of the Trade Union Act 2016 (inserted in TULRCA 1992) which requires relevant public sector employers to report annually on paid time off provided to relevant trade union officials* for trade union duties and activities. The regulations came into force on 1 April 2017 with the first reporting requirement to contain information up to 31 March 2018.

*Relevant union official refers to trade union officials, learning representatives or safety representatives.

Table 1 - Relevant union officials

31 March 2021

Number of employees who were relevant union officials during the relevant period	44
Full-time equivalent employee number	40.61

Table 2 - Percentage of time spent on facility time

Number of employees

0%	-
1%-50%	44
51%-99%	-
100%	-
	44

Table 3 - Percentage of pay bill spent on facility time

31 March 2021

Total cost of facility time	£62k
Total pay bill	£381,612k
Percentage of the total pay bill spent on facility time (calculated as total cost of facility time / total pay bill * 100)	0.02%

Table 4 - Paid trade union activities

31 March 2021

Time spent on paid trade union activities as a percentage of total paid facility time hours (calculated as (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100)

0.00%

Annual Trade Union conferences did not take place in 2021.

8 Interest and other finance costs

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Interest on private placement bonds	6,472	6,472	6,472	6,472
Interest on unsecured loan	23	8	23	8
Other finance costs	662	-	662	-
Net cost on pension schemes	398	70	398	70
	7,555	6,550	7,555	6,550



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

9 Other operating expenses

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Academic departments	75,947	71,744	75,947	71,744
Academic services	16,100	14,758	16,100	14,758
Research grants and contracts	60,044	61,213	60,044	61,213
Residences and hospitality services	18,902	17,477	18,902	17,477
Premises	36,801	33,424	36,801	33,424
Administration and other central services	19,278	19,199	21,855	21,923
Agency staff	2,767	2,945	2,767	2,945
Other income generating	19,032	11,397	17,225	8,966
	248,871	232,157	249,641	232,450

	Consolidated	
	2021	2020
	£000	£000
Other operating expenses include:		
Operating lease rentals - land and buildings	16,196	15,541
External auditors' remuneration in respect of audit and assurance related services	169	152
External auditors' remuneration in respect of non-audit and assurance related services	36	32
Internal auditors' remuneration in respect of audit and assurance related services	246	296
Internal auditors' remuneration in respect of non-audit and assurance related services	25	51

10 Taxation

	Consolidated	
	2021	2020
	£000	£000
UK corporation tax at 19% (2020: 19%)	-	-
Singapore corporation tax at 17% (2020: 17%)	143	265
Total tax expense	143	265
Reconciliation of current corporation tax charge:		
Surplus before taxation – UK	161,147	68,227
Surplus before taxation – Singapore	974	1,624
	162,121	69,851
Surplus before taxation multiplied by the average standard rate of corporation tax in the UK of 19%	30,803	13,272
Effect of:		
Surplus falling within charitable exemption	(30,618)	(12,964)
Effect of tax rates in foreign jurisdiction	(42)	(43)
Total tax expense	143	265



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

11 Tangible Assets

	Consolidated				Total £000
	Freehold land and buildings	Equipment	Plant and machinery	Assets under construction	
	£000	£000	£000	£000	
Cost:					
At 1 August 2020	809,806	141,782	11,612	206,346	1,169,546
Additions	-	10,811	-	102,905	113,716
Transfers	104,958	-	-	(104,958)	-
Disposals	-	(1,288)	-	-	(1,288)
At 31 July 2021	914,764	151,305	11,612	204,293	1,281,974
Depreciation:					
At 1 August 2020	192,983	114,307	1,858	-	309,148
Charge for the year	23,620	9,572	430	-	33,622
Disposals	-	(1,288)	-	-	(1,288)
At 31 July 2021	216,603	122,591	2,288	-	341,482
Net Book Value:					
At 31 July 2021	698,161	28,714	9,324	204,293	940,492
At 31 July 2020	616,823	27,475	9,754	206,346	860,398

	University				Total £000
	Freehold land and buildings	Equipment	Plant and machinery	Assets under construction	
	£000	£000	£000	£000	
Cost:					
At 1 August 2020	804,191	141,782	-	206,346	1,152,319
Additions	-	10,811	-	102,905	113,716
Transfers	104,958	-	-	(104,958)	-
Disposals	-	(1,288)	-	-	(1,288)
At 31 July 2021	909,149	151,305	-	204,293	1,264,747
Depreciation:					
At 1 August 2020	192,463	114,307	-	-	306,770
Charge for the year	23,501	9,572	-	-	33,073
Disposals	-	(1,288)	-	-	(1,288)
At 31 July 2021	215,964	122,591	-	-	338,555
Net Book Value:					
At 31 July 2021	693,185	28,714	-	204,293	926,192
At 31 July 2020	611,728	27,475	-	206,346	845,549

Property owned by the University includes academic buildings, student residences and other associated properties including a conference centre, a sports' centre, museum and art gallery, none of which is considered to be inalienable.

Freehold land and buildings includes £94.7m of land (2020: £94.7m) which is not depreciated and £204.3m (2020: £206.3m) of assets that are under construction and have not yet received a charge for depreciation.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

12 Heritage assets

The University holds heritage assets across several locations with the main collections in the following areas:

The Hunterian

The Hunterian at the University of Glasgow is Scotland's oldest public museum and the collections are recognised by the Scottish Government as being of national significance. The Hunterian has full Accreditation through Museums Galleries Scotland and is only the third Scottish museum and gallery to have been approved for Immunity From Seizure cover from the Scottish Government. The Hunterian is home to over 1.5m items ranging from fossils to coins and medals. The Hunterian Museum houses specific collections such as a permanent display based around the life and work of Lord Kelvin and displays dedicated to the history of medicine in Scotland, which includes the eminent Scottish physician and obstetrician, William Hunter's own medical collection from the 18th century. The Hunterian Art Gallery includes works by the Scottish colourists Peploe and Cadell and a display of works drawn from the estate of the American artist James McNeill Whistler, bequeathed to the Hunterian in 1958. The Charles Rennie Mackintosh Collection is the largest single holding of his work comprising over 800 drawings, designs and watercolours.

The Anatomy Museum and Zoology Museum are also managed by The Hunterian. The anatomy collections consist of William Hunter's medical teaching material from his career and range from wet specimens to skeletal material. The Zoology Museum houses most of the major groups of animals but has particular strength in insects, which constitutes 90% of the 600,000 specimens.

At Kelvin Hall, the University has created The Hunterian Collections Study Centre which offers a state-of-the-art environment for research, teaching and training. These unique facilities allow the University to build on its international reputation for collections and object-based pedagogies, offering much greater access to the collections while forging new academic and educational practice. To date, approximately 65% of the collection has been relocated to the new facilities, the remaining collections will move over the course of the next few years.

During the financial year, the main Hunterian Museum was open as follows:

- 1 August 2020 to 20 November 2020 - Tuesday to Saturday 10am to 5pm
- 21 November 2020 to 3 April 2021 – closed due to the Covid-19 pandemic
- 4 April 2021 to 3 May 2021 - Friday to Sunday 11am to 5pm
- 4 May 2021 to 5 June 2021 - Tuesday to Saturday 11am to 5pm and Sunday 11am to 4pm
- 6 June 2021 to 31 July 2021 - Tuesday to Saturday 10am to 5pm and Sunday 11am to 4pm

During the financial year, the Hunterian Art Gallery was open as follows:

- 1 August 2020 to 31 August 2020 – closed due to the Covid-19 pandemic
- 1 September 2020 to 20 November 2020 - Tuesday to Saturday 10am to 5pm
- 21 November 2020 to 5 June 2021 – closed due to the Covid-19 pandemic
- 6 June 2021 to 31 July 2021 - Tuesday to Saturday 10am to 5pm and Sunday 11am to 4pm

The Zoology museum, the Mackintosh House and Anatomy Museum remained closed during the financial year due to physical distancing guidelines.

The Hunterians's policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_287267_en.pdf and is currently under review. There have been no significant acquisitions or disposals during the financial year.

Archives & Special Collections

The University of Glasgow's Archives & Special Collections is one of the foremost resources in Scotland for academic research and teaching. The collection has been built up over a period of more than 500 years and now contains more than 200,000 manuscript items and approximately 200,000 printed works, including over 1,000 incunabula (books published before 1501). The collection covers a wide range of subjects including humanities, social and economic history and the history of science and medicine. Holdings in areas such as medieval and renaissance manuscripts and emblem literature are of world importance. The collection also includes the official records of the University created and accumulated since its foundation in 1451, including University related records deposited by staff, alumni and associated organisations, and the records of predecessor institutions. It also manages the Scottish Business Archive consisting of collections of historical business records dating from the 18th century to the present day.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

12 Heritage assets (continued)

During the financial year, Archives & Special Collections was open as follows:

- 1 August 2020 to 24 August 2020 – virtual services
- 25 August 2020 to 20 November 2020 - virtual services with limited opening services Tuesday - Friday 10am to 3pm
- 21 November 2020 to 17 May 2021 – virtual services
- 18 May 2021 to 31 July 2021 – appointments available Tuesday to Friday 9.30am to 4pm

Archives & Special Collections is closed during public holidays.

Information about the Archives & Special Collections policy for the acquisition, preservation and management and disposal of heritage assets can be found at:

<https://www.gla.ac.uk/myglasgow/specialcollections/aboutus/> and http://www.gla.ac.uk/media/media_514812_en.pdf.

Annual details can be found at: <http://www.gla.ac.uk/services/archives/about/ourperformance/annualreviews/>. There have been no significant disposals or acquisitions during the financial year.

Reliable information on cost or valuation cannot be obtained for the vast majority of collections held within the Hunterian and Archives & Special Collections. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The University does not therefore recognise these assets on the balance sheet, other than recent acquisitions which are reported at cost, where the object is purchased, or at the University's best estimate of current value where the object is donated and meets the definition of a heritage asset. Acquisitions in the year to 31 July 2021 do not meet the definition of a heritage asset and therefore are not recognised on the balance sheet.

13 Investments

	Consolidated				
	Treasury stock £000	Unlisted investments £000	Listed investments £000	Endowment assets £000	Total £000
At 1 August 2020	1,498	1,776	1,583	177,192	182,049
Additions	-	284	-	2,374	2,658
Disposals	-	-	(142)	-	(142)
Net income	-	-	-	1,068	1,068
Change in market value	(24)	-	(214)	44,528	44,290
At 31 July 2021	1,474	2,060	1,227	225,162	229,923

All investments are stated at market value, except unlisted investments which are stated at cost less impairment.

An analysis of endowment assets is included in this note.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

13 Investments (continued)

	University				Total £000
	Treasury stock	Unlisted investments	Listed investments	Endowment assets	
	£000	£000	£000	£000	
At 1 August 2020	1,498	21,024	-	177,192	199,714
Additions	-	-	-	2,374	2,374
Disposals	-	-	-	-	-
Net income	-	-	-	1,068	1,068
Change in market value	(24)	-	-	44,528	44,504
At 31 July 2021	1,474	21,024	-	225,162	247,660

The University has a direct interest of 100% in the ordinary share capital of G U Holdings Ltd, UOG Utilities Supply Company Ltd and UGlasgow Singapore Pte Ltd (registered in Singapore) and a >99% direct interest in the ordinary share capital of Kelvin Nanotechnology Ltd, with 2 shares held by G U Holdings Limited. G U Holdings Ltd in turn owns 100% of the ordinary share capital of GU Heritage Retail Ltd and UoG Commercial Ltd. These companies are incorporated in the consolidated financial statements, along with the University of Glasgow Trust, an independent charity set-up to collect donations and disburse them for the benefit of the University.

An analysis of endowment assets is included below.

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Endowment assets:				
Listed investments	207,375	166,597	207,375	166,597
Cash	17,787	10,595	17,787	10,595
	225,162	177,192	225,162	177,192

Cash comprises £8.9m which is held between the two external investment managers to facilitate portfolio management and £8.9m held by the University of Glasgow awaiting transfer to investment managers for investment.

14 Stock

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Raw materials & supplies	611	506	565	449
Finished goods	404	491	121	110
	1,015	997	686	559



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

15 Trade and other receivables

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Research grants and contracts	56,119	45,226	56,119	45,226
Prepayments and other sundry debtors	23,382	22,922	22,921	22,137
Salaries recoverable externally	2,798	3,391	2,798	3,391
Courses, consultancies and contracts	5,390	8,329	5,390	8,329
Amounts due from subsidiaries	-	-	1,349	1,225
	87,689	79,868	88,577	80,308

There are no debtors due after more than one year in both the current and the prior year.

16 Creditors: amounts falling due within one year

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Unsecured loan	1,085	1,085	1,085	1,085
Research grants and contracts	129,768	105,964	129,768	105,964
Sundry creditors	33,284	33,384	32,892	32,777
Accruals and sundry provisions	104,472	77,112	103,905	75,305
Courses, consultancies and contracts	34,977	30,188	34,977	30,189
Employment cost liabilities	25,591	27,624	25,591	27,624
Amounts due to subsidiaries	-	-	334	228
	329,177	275,357	328,552	273,172

Included within creditors: amounts falling due within one year are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Deferred income				
Research grants (within research grants and contracts)	102,026	82,186	102,026	82,186
Other income (within courses, consultancies and contracts)	21,932	15,407	21,932	15,407
	123,958	97,593	123,958	97,593



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

17 Creditors: amounts falling due after more than one year

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Unsecured loan	7,667	8,667	7,667	8,667
Private placement bonds	245,000	245,000	245,000	245,000
	252,667	253,667	252,667	253,667

Analysis of unsecured loan

Due within one year	1,000	1,000	1,000	1,000
Due within two to five years	3,000	3,000	3,000	3,000
After more than five years	3,667	4,667	3,667	4,667
	7,667	8,667	7,667	8,667

The University has an unsecured loan from the Scottish Funding Council for £10m for a 10-year term maturing in March 2030 at a rate of 0.25% per annum.

	Amount borrowed	Coupon rate	Term	Bonds maturity
	£000	%	Years	Year
Analysis of unsecured private placement bonds				
2016 Series A	30,000	2.97%	30	2046
2016 Series B	40,000	3.01%	35	2051
2017 Series A	92,000	2.49%	25	2042
2017 Series B	40,000	2.55%	30	2047
2017 Series C	43,000	2.48%	40	2057
	245,000			

18 Other provisions

	Consolidated and University		
	Funded pension liability	Unfunded pension liability	Total
	£000	£000	£000
At 1 August 2020	2,698	1,499	4,197
Income	33	-	33
Utilised in year	(168)	(149)	(317)
Transfer from Statement of Comprehensive Income and Expenditure	57	(60)	(3)
At 31 July 2021	2,620	1,290	3,910



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

19 Endowment reserve

	Consolidated and University				2020 Total £000
	Unrestricted Permanent £000	Restricted Permanent £000	Restricted Expendable £000	2021 Total £000	
	Balance at 1 August 2020				
Capital value	1,432	119,077	23,660	144,169	171,515
Accumulated income	467	27,919	4,637	33,023	30,414
	1,899	146,996	28,297	177,192	201,929
Transfers between endowments					
Capital value	-	94	(94)	-	-
Accumulated income	-	15	(15)	-	-
	-	109	(109)	-	-
Balance at 1 August 2020					
Capital value	1,432	119,171	23,566	144,169	171,515
Accumulated income	467	27,934	4,622	33,023	30,414
	1,899	147,105	28,188	177,192	201,929
New endowments	-	405	1,969	2,374	4,030
Investment income	57	4,669	823	5,549	6,037
Expenditure	(11)	(3,567)	(903)	(4,481)	(5,314)
Increase/(Decrease) in market value of investments	477	36,974	7,077	44,528	(29,490)
At 31 July 2021	2,422	185,586	37,154	225,162	177,192
Represented by:					
Capital value	1,901	156,029	32,112	190,042	144,169
Accumulated income	521	29,557	5,042	35,120	33,023
	2,422	185,586	37,154	225,162	177,192
Analysis by type of purpose:					
Lectureships	2,422	75,451	21,644	99,517	79,528
Scholarships and bursaries	-	96,297	15,283	111,580	86,579
Prize funds	-	7,809	227	8,036	6,323
General	-	6,029	-	6,029	4,762
	2,422	185,586	37,154	225,162	177,192

20 Restricted reserve

	Consolidated and University			Total 2020 £000
	Capital grants £000	Donations £000	Total 2021 £000	
	At 1 August 2020			
Research	-	20,904	20,904	15,057
New donations	-	2,195	2,195	911
Expenditure	-	6,858	6,858	8,084
Capital grant income	-	(3,795)	(3,795)	(3,148)
Capital grants utilised	19,027	-	19,027	15,799
	(19,027)	-	(19,027)	(15,799)
At 31 July 2021	-	26,162	26,162	20,904



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

21 Cash and cash equivalents

	Consolidated	
	2021	2020
	£000	£000
At 1 August	414,267	204,595
Cash inflow for the year	89,301	209,672
At 31 July	503,568	414,267

22 Consolidated reconciliation of net cash

	Consolidated	
	2021	2020
	£000	£000
At 1 August	164,372	181,331
Movement in cash and cash equivalents	89,301	209,672
Payments to acquire other investments	284	254
Disposal of investment funds	(466)	(217,789)
New loan finance	-	(9,752)
Other non-cash changes	1,324	689
Change in market value	(238)	(33)
At 31 July	254,577	164,372
Analysis of net cash:		
Non-current Investments (excluding endowment assets)	4,761	4,857
Cash and cash equivalents	503,568	414,267
Unsecured loan	(8,752)	(9,752)
Private placement bonds	(245,000)	(245,000)
	254,577	164,372

23 Commitments

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Commitments contracted at 31 July but not accrued	115,453	174,425	115,453	174,425
Authorised but not contracted at 31 July	57,077	109,006	57,077	109,006
	172,530	283,431	172,530	283,431

Commitments all relate to the University's capital programme, with £160m (2020: £255m) being for the campus redevelopment programme.

24 Contingent liability (Consolidated and University)

There are no contingent liabilities.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

25 Leases

The total of future minimum lease payments under non-cancellable operating leases for land and buildings for each of the following periods:

	Consolidated and University	
	2021	2020
	£000	£000
Lease commitments as a lessee:		
Within one year	15,178	15,105
In two to five years	4,802	16,727
After more than five years	1,514	1,705
	21,494	33,537

The total of future minimum lease payments receivable under non-cancellable operating leases for land and buildings for each of the following periods:

	Consolidated and University	
	2021	2020
	£000	£000
Lease payments receivable as a lessor:		
Within one year	7,300	7,700
In two to five years	-	7,700
After more than five years	-	-
	7,300	15,400

26 Events after the reporting period (Consolidated and University)

No adjusting events after the reporting period been identified.

In respect of the Universities Superannuation Scheme (USS), a new Schedule of Contributions based on the 2020 actuarial valuation was agreed in September 2021. The valuation revealed a shortfall in assets, when measured against the Scheme's technical provisions. The size of the shortfall is dependent on whether the anticipated benefit structure reforms and covenant support measures are implemented by 28 February 2022. If this takes place, the shortfall as at 31 March 2020 is £14.1 billion. If no Benefit Change Deed is entered into, the reduced level of covenant support results in an increase to the technical provisions and the shortfall as at 31 March 2020 is £18.4 billion. This represents a significant deterioration from the £3.6 billion deficit established under the 2018 valuation.

A new deficit recovery plan has been agreed which replaces the deficit recovery plan set out in the 2018 valuation. Under the new plan, deficit recovery contributions cease from 1 October 2021 and recommence 1 April 2022 at 6.3% of salaries payable for the length of the recovery plan until 31 March 2038. This assumes the Benefit Change Deed is entered into by 28 February 2022. If no Benefit Change Deed is entered into by 28 February 2022, the new plan requires deficit recovery contributions from 1 October 2022 to commence at 3% of salaries then increase every six months by 3% until they reach 20% of salaries at 1 October 2025 and then remain at this level until 31 July 2032.

As at 31 July 2021, and with all the other assumptions used to calculate the provision unchanged, the provision for the obligation to fund the deficit would be as follows:

	Consolidated		University	
	Base provision under 2020 valuation	Increase to amount recognised	Base provision under 2020 valuation	Increase to amount recognised
	£000	£000	£000	£000
On basis of:				
Reforms being in place	354,178	249,607	353,437	249,138
Reforms not being in place	524,951	420,380	523,743	419,444

This adjustment will be reflected in the financial statements for the year ending 31 July 2022.

At this stage, the USS Trustee has until 28 February 2022 to enter into the Benefit Change Deed. For the 2020/21 financial year, this is considered a non-adjusting event.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

26 Events after the reporting period (Consolidated and University) (continued)

As set out in the accounting policies, there is estimation uncertainty in the value of the obligation to fund the USS deficit.

Based on the inputs to the valuation model, the following sensitivity analysis outlines the potential impact of changes to the principal assumptions used to value the USS deficit provision on the base provision under the 2020 valuation (assuming the same discount rate of 0.89%). However, this may change significantly following recalculation in 2021/22 based on changes to key assumptions such as discount rate and inflation.

	Consolidated		University	
	Revised provision with sensitivity applied £000	Increase to base provision under 2020 valuation £000	Revised provision with sensitivity applied £000	Increase to base provision under 2020 valuation £000
On basis of reforms being in place by 28 February 2022:				
0.5% pa decrease in discount rate	372,662	18,484	371,885	18,448
0.5% pa increase in salary inflation over duration	372,100	17,922	371,324	17,887
0.5% pa increase in salary inflation year 1 only	355,897	1,719	355,152	1,715
0.5% increase in staff changes over duration	372,245	18,067	371,467	18,030
0.5% increase in staff changes year 1 only	355,811	1,633	355,065	1,628
1% increase in deficit contributions from October 2021	411,450	57,272	410,588	57,151

	Consolidated		University	
	Revised provision with sensitivity applied £000	Increase to base provision under 2020 valuation £000	Revised provision with sensitivity applied £000	Increase to base provision under 2020 valuation £000
On basis of reforms not being in place by 28 February 2022:				
0.5% pa decrease in discount rate	544,998	20,047	543,745	20,002
0.5% pa increase in salary inflation over duration	544,398	19,447	543,146	19,403
0.5% pa increase in salary inflation year 1 only	527,499	2,548	526,285	2,542
0.5% increase in staff changes over duration	544,543	19,592	543,289	19,546
0.5% increase in staff changes year 1 only	527,372	2,421	526,157	2,414
1% increase in deficit contributions from October 2021	557,128	32,177	555,843	32,100

27 Amounts disbursed as agent

	Consolidated and University					
	HE Childcare	HE Discretionary	HE Nursing	HE Covid	2021 Total	2020 Total
	£000	£000	£000	£000	£000	£000
At 1 August	237	974	-	-	1,211	-
Funds received in year	-	440	5	3,835	4,280	2,741
Expenditure	(153)	(1,499)	(1)	(2,164)	(3,817)	(1,534)
Virements	(84)	84	-	-	-	-
Interest	-	1	-	-	1	4
At 31 July	-	-	4	1,671	1,675	1,211



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

27 Amounts disbursed as agent (continued)

	HE Childcare	HE Discretionary	HE Nursing	HE Covid	2021 Total	2020 Total
	£000	£000	£000	£000	£000	£000
Analysis of closing balance						
Advance of funds for next academic year	-	-	4	1,671	1,675	1,211

The University acts solely as a paying agent for these student support funds. The amounts received and the corresponding disbursements by the University are excluded from the Statement of Comprehensive Income. The closing balances for HE Nursing and Covid support relate to undisbursed funds that will be disbursed in the next financial year.

28 Disclosure of related party transactions

Due to the nature of the University's operations and the composition of the University Court of the University of Glasgow (Court) (being drawn from local, public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which a member of Court may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

In accordance with the 2017 Scottish Code of Good HE Governance, all members of Court are required to complete a register of interests to record any areas of potential conflict with the interests of the University.

No material transactions have taken place during the year and there were no material balances at the year-end.

29 Pension schemes

The University participates in the following pension schemes:

- The Universities Superannuation Scheme (USS);
- The University of Glasgow Pension Scheme (UGPS);
- The Strathclyde Pension Fund (SPF);
- The National Employment Savings Trust (NEST);
 - NEST Autoenrol; and
 - NEST Contractual
- The Scottish Teachers' Superannuation Scheme (STSS);
- The NHS Superannuation Scheme (Scotland) (NHSSS);
- The Medical Research Council Pension Scheme (MRCPS)

Total pension costs for the year were:

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
USS - contributions paid	65,870	62,609	65,697	62,434
UGPS - charge to income statement	12,635	11,707	12,635	11,707
SPF - charge to income statement	197	183	197	183
Other schemes - contributions paid	4,938	3,630	4,886	3,594
Total pension costs at 31 July	83,640	78,129	83,415	77,918

Members of the USS and UGPS schemes give up a portion of their contractual gross pay equal to their employees' pension contribution as part of a HMRC approved salary sacrifice scheme, members may opt out of this scheme if they so wish. No changes to staff pensionable salaries or total pension scheme contributions arise from this arrangement. The figures within note 7 to the financial statements reflect the reduced gross pay earned by staff under this arrangement. The total pension costs shown above and in note 7 reflect the increased employer contributions under this arrangement. Employer contribution percentage rates quoted below represent only the employer's contribution rates specified by the scheme trustees.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

For both UGPS and SPF, pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the scheme. The expected cost of providing staff pensions is recognised in the income and expenditure account on a systematic basis over the expected average remaining lives of members of the pension funds, in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid. In accordance with the requirements of FRS 102, any surplus in these schemes is only recognised as a pension asset to the extent that it can be recovered either through reduced contributions in the future or through refunds from the schemes.

The consolidated balances for USS, UGPS and SPF as shown in the financial statements and associated notes are as follows:

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Pension provisions at 1 August:				
USS deficit reduction plan provision	(104,571)	(99,060)	(104,299)	(98,692)
UGPS net deficit in the scheme	(54,618)	(30,821)	(54,618)	(30,821)
SPF net surplus/(deficit) in the scheme	-	(871)	-	(871)
Total pension provisions at 31 July	(159,189)	(130,752)	(158,917)	(130,384)

As shown at note 29 (c), SPF had a net surplus of £3.8m as at 31 July 2021. This surplus has not been recognised as a pension asset in the financial statements as it does not meet the recognition criteria set out in FRS 102.

Amount recognised in the Statement of Comprehensive Income and Expenditure:

UGPS	(18,389)	(20,053)	(18,389)	(20,053)
SPF	779	(1,211)	779	(1,211)
Total (loss) for the year	(17,610)	(21,264)	(17,610)	(21,264)

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Interest and other finance costs:				
UGPS	(388)	(77)	(388)	(77)
SPF	(10)	7	(10)	7
Total net finance cost	(398)	(70)	(398)	(70)

a) USS

Obligation to fund deficit on USS

The obligation to fund the past deficit on USS arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, Management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation.

Details of the movements in the provision resulting from the obligation to fund the deficit, key assumptions and further information are provided within this note.

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
USS deficit reduction plan provision:				
At beginning of the year	(99,060)	(161,277)	(98,692)	(160,692)
Utilised in the year	4,176	3,361	4,160	3,347
Revaluation/additions in the period	(8,954)	61,468	(9,037)	61,256
Unwinding of the discount rate	(733)	(2,612)	(730)	(2,603)
At 31 July	(104,571)	(99,060)	(104,299)	(98,692)



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

The Universities Superannuation Scheme (USS) is a UK-wide scheme which throughout preceding periods was a defined benefit only pension scheme. With effect from 1 October 2016, the scheme changed from defined benefit only to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits.

The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the schemes' 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 is required by Section 28 of FRS 102, "Employee Benefits", accounts for the scheme as a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income in respect of the above, represents the contributions payable to the scheme in the year.

On conversion to FRS 102, the University has recognised a provision for the present value of the deficit reduction plan for the USS scheme. The discount rate used by the University to calculate the provision was 0.89% in 2021 (2020: 0.74%). The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees, this percentage was 21.1% (2020: 19.5% to 30 September 2019 and 21.1% from 1 October 2019).

The total USS pension cost for the University in the year was £65.7m (2020: £62.4m). This includes £5.6m (2020: £5.4m) of outstanding contributions at the balance sheet date.

The University's subsidiary Kelvin Nanotechnology Limited recognised its provision for the present value of the deficit reduction plan for the USS scheme in its individual financial statements and this provision is included in the University's consolidated position.

In respect of the year ended 31 July 2021, the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was as at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method.

As at the year end, a further full valuation as at 31 March 2020 was underway. Work was still to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant were also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation did not meet its statutory deadline of 30 June 2021.

The 2020 valuation was finalised on 30 September 2021 and details of the results are set out in note 26 Events after the reporting period (Consolidated and University).

Since the University cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures in respect of the 2018 valuation that was effective during the year ended 31 July 2021 and at the year end, reflect those relevant for the section as a whole.

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

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

Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
Mortality base table	<u>Post-retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies used in the 2018 valuation on retirement at age 65 are:

Males currently aged 65 (years)	24.4
Females currently aged 65 (years)	25.9
Males currently aged 45 (years)	26.3
Females currently aged 45 (years)	27.7

Existing benefits:

Scheme assets	£66.5bn
Total scheme liabilities	£79.7bn
FRS 102 total scheme deficit	£13.2bn
FRS 102 total funding level	83%

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%, until 31 March 2028. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.89%	0.74%
Pensionable salary growth	3.00%	1.50%

See Staff costs note 7 in respect of significant one-off pension costs / gains.

b) UGPS

This is a defined benefit scheme which is externally funded and was until 31 March 2016 contracted out of the State Second Pension [S2P]. The assets of the Scheme are held in a separate trustee-administered fund. The fund is valued every three years by professionally qualified independent actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years the actuaries review the progress of the Scheme. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the scheme. The Scheme closed to new members with effect from 1 April 2014. A full actuarial valuation was carried out as at 1 April 2019.

The major assumptions used at 31 July are shown below:

	2021	2020	2019
Discount rate	1.65%	1.40%	2.10%
Retail price inflation	3.50%	3.10%	3.45%
Rate of increase in salaries	2.68%	2.65%	2.56%
Rate of increase to pensions in payment	2.30%	2.30%	2.65%
Consumer price inflation (until 2030)	2.70%	2.30%	2.65%
Single equivalent consumer price inflation (after 2030)	3.20%	-	-

On 25 November 2020, HM Treasury and the UK Statistics Authority ("UKSA") released their joint response to the consultation on the 'Reform to RPI methodology', and specifically the proposal to align RPI with CPIH (CPI including owner occupiers' housing costs) from 2030 (or possibly as early as 2025). As part of this, the UKSA confirmed they plan to make the change to RPI from February 2030.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

The weighted average life expectancies used to determine benefit obligations are as follows:

	2021	2021	2020	2020
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.6	24.4	21.5	24.3
Member age 45 (life expectancy at age 65)	22.4	25.4	22.3	25.3
			Value at	Value at
			31 July 2021	31 July 2020
			£000	£000
			Value at	Value at
			31 July 2021	31 July 2019
			£000	£000

The assets in the scheme were:

Global equities	-	-	9,067
Corporate bonds	-	40,050	39,345
Government bonds	-	139,708	129,675
LDI	218,929	-	-
Diversified growth fund	112,325	142,830	140,263
Long lease property	37,998	37,037	38,410
Diversified credit	103,768	99,798	82,217
Direct lending	32,151	32,099	28,752
Cash/net current assets	14,521	13,222	6,841
Total	519,692	504,744	474,570

Assets categorised under diversified credit, diversified credit and direct lending include a mixed fund portfolio mostly consisting of listed investments, bonds, property, direct lending and other assets.

The following amounts at 31 July were measured in accordance with the requirements of FRS 102:

Total market value of assets	519,692	504,744	474,570
Present value of liabilities	(574,310)	(535,565)	(481,633)
Deficit in the scheme	(54,618)	(30,821)	(7,063)

The University has contributed 22.5% of pensionable salaries over the period to 31 July 2021. The University has entered into a recovery plan for the pension scheme from 1 July 2020 to 1 April 2034. The University expects to make deficit reduction contributions of £3,951k per year increasing by 2.5% per annum from 31 March 2023 to 31 March 2034. The recovery plan will be revisited every three years.

	2021	2020
	£000	£000
Amount charged to operating surplus:		
Staff costs:		
Current service cost	(11,271)	(10,460)
Administration costs	(1,364)	(1,247)
Total operating charge	(12,635)	(11,707)
Interest and other finance costs:		
Expected return on scheme assets	7,010	9,873
Interest on scheme liabilities	(7,398)	(9,950)
Total net return	(388)	(77)
Total UGPS pension cost recognised in the income and expenditure account	(13,023)	(11,784)



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

	2021	2020
	£000	£000
Other Comprehensive Income (OCI):		
Actual return on assets excluding amounts included in net interest	16,083	29,175
Actuarial loss on scheme obligations	(34,472)	(49,228)
Actuarial loss recognised in the OCI for UGPS	(18,389)	(20,053)

The cumulative loss recognised in the Other Comprehensive Income to date is £14.5m (2020: cumulative gain of £3.9m).

Movements in present value of scheme assets during the year:

Assets at beginning of the year	504,744	474,570
Movement in year:		
Interest income	7,010	9,873
Actual return on assets excluding amounts included in net interest	16,083	29,175
Contributions by the employer	7,614	8,079
Benefits paid	(15,759)	(16,953)
Assets at the end of the year	519,692	504,744

Movements in present value of scheme liabilities during the year:

Liabilities at beginning of the year	535,565	481,633
Movement in year:		
Current service cost	11,271	10,460
Administration costs	1,364	1,247
Interest cost	7,398	9,950
Actuarial loss	34,471	49,228
Benefits paid	(15,759)	(16,953)
Liabilities at the end of the year	574,310	535,565

Details of the experience gains and losses for the years to 31 July:

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Fair value of scheme assets	519,692	504,744	474,570	425,867	412,704
Present value of scheme liabilities	(574,310)	(535,565)	(481,633)	(460,498)	(474,088)
Deficit in the scheme	(54,618)	(30,821)	(7,063)	(34,631)	(61,384)

c) SPF

This is an externally funded multi-employer defined benefit scheme that covers both past and present employees, that was until 31 March 2016 contracted out of the State Second Pension [S2P]. The element of the SPF that is attributable to the University covers former members of staff at St Andrew's College of Education and the Scottish Centre for Research in Education (SCRE). The SPF is a pool into which employees' and employers' contributions and income from investments are paid, and from which pensions and other related benefits are paid out in accordance with the provisions of the Local Government Pension Scheme.

A valuation of the University's benefit obligation in respect of its members has been estimated by a qualified independent actuary based on the 31 March 2020 valuation results, rolled forward onto the assumptions used as follows at 31 July 2021.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

	2021	2020	2019
Discount rate	1.65%	1.40%	2.10%
Retail price inflation	3.50%	3.10%	3.45%
Rate of increase in salaries	2.68%	2.65%	2.56%
Rate of increase to pensions in payment	2.30%	2.30%	2.65%
Consumer price inflation (until 2030)	2.70%	2.30%	2.65%
Single equivalent consumer price inflation (after 2030)	3.20%	-	-

On 25 November 2020, HM Treasury and the UK Statistics Authority ("UKSA") released their joint response to the consultation on the 'Reform to RPI methodology', and specifically the proposal to align RPI with CPIH (CPI including owner occupiers' housing costs) from 2030 (or possibly as early as 2025). As part of this, the UKSA confirmed they plan to make the change to RPI from February 2030.

The weighted average life expectancies used to determine benefit obligations are as follows:

	2021 Male	2021 Female	2020 Male	2020 Female
Member age 65 (current life expectancy)	20.0	22.7	21.7	24.0
Member age 45 (life expectancy at age 65)	21.4	24.8	23.7	26.1

	Value at 31 July 2021 £000	Value at 31 July 2020 £000	Value at 31 July 2019 £000
The assets in the scheme were:			
Equities	17,099	13,198	12,970
Bonds	2,355	2,582	2,506
Property	2,069	1,983	1,970
Cash	568	473	876
Total	22,091	18,236	18,322

The following amounts at 31 July were measured in accordance with the requirements of FRS 102:

Total market value of assets	22,091	18,236	18,322
Present value of liabilities	(18,324)	(19,107)	(18,234)
Surplus/(deficit) in the scheme	3,767	(871)	88
Restriction applied to surplus recognition	(3,767)	-	-
Net pension (liability)/asset under FRS 102	-	(871)	88

A restriction has been applied to the recognition of the surplus in the scheme as at 31 July 2021 as it does not meet the recognition criteria set out in FRS 102.

The University paid contributions to the fund at 38.2% of pensionable salaries (36.2% before 1 April 2021). Additionally, the University has paid £250k of deficit contributions between 1 August 2020 and 31 July 2021 (2020: £250k).

	2021 £000	2020 £000
Amount charged to operating surplus:		
Staff costs:		
Current service cost	(197)	(183)
Past service cost	-	-
Total operating charge	(197)	(183)



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

	2021	2020
	£000	£000
Interest and other finance costs:		
Expected return on scheme assets	252	382
Interest on scheme liabilities	(262)	(375)
Total net return	(10)	7
Total SPF pension cost recognised in the income and expenditure account	(207)	(176)
Other Comprehensive Income (OCI):		
Actual return on assets excluding amounts included in net interest	4,025	(165)
Actuarial gain/(loss) on scheme obligations	521	(1,046)
	4,546	(1,211)
Restriction applied to recognition of actuarial gain on scheme obligations	(3,767)	-
Actuarial gain/(loss) recognised in the OCI for SPF	779	(1,211)

The cumulative loss recognised in the Other Comprehensive Income to date is £0.7m (2020: £1.5m).

Movements in present value of scheme assets during the year:

Assets at beginning of the year	18,236	18,322
Movement in year:		
Interest income	252	382
Actual return on assets excluding amounts included in net interest	4,023	(165)
Contributions by the employer	329	428
Contributions by the scheme participants	21	28
Benefits paid	(770)	(759)
Assets at the end of the year	22,091	18,236

Movements in present value of scheme liabilities during the year:

Liabilities at beginning of the year	19,107	18,234
Movement in year:		
Current service cost	197	183
Past service cost	28	-
Interest cost	262	375
Actuarial (gain)/loss	(521)	1,046
Contributions by the scheme participants	21	28
Benefits paid	(770)	(759)
Liabilities at the end of the year	18,324	19,107

Details of the experience gains and losses for the years to 31 July:

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Fair value of scheme assets	22,091	18,236	18,322	17,243	16,856
Present value of scheme liabilities	(18,324)	(19,107)	(18,234)	(16,825)	(17,619)
Surplus/(deficit) in the scheme	3,767	(871)	88	418	(763)



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

d) NEST

The National Employment Savings Trust [NEST] has been set up by the government to assist employers in fulfilling their obligations under the Auto-Enrolment regulations and is a defined contribution scheme that is not contracted out of the State Second Pension [S2P]. It covers both qualifying workers under the NEST Autoenrol section of the scheme, along with several support staff who had previously opted-out of UGPS under the NEST contractual section of the scheme. From 1 April 2014 has covered new members of staff who would previously have been eligible for UGPS.

The total pension cost for the University was £2,957k (2020: £1,876k). This includes £270k (2020: £176k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £1,280k (2020: £833k).

e) STSS

The Scottish Teachers Superannuation Scheme [STSS] is an unfunded multi-employer defined benefit only pension scheme that was until 31 March 2016 contracted out of the State Second Pension [S2P]. It covers former members of the academic staff of St Andrew's College of Education.

Contribution rates to the Scheme for employees are tiered, in a range of 7.2% to 11.9% of pensionable salary and for employers are 22.4%.

Under the definitions set out in FRS 102 the STSS is an unfunded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

The latest actuarial assessment was carried out at 31 March 2016. The Scheme had total liabilities, for service to the 31 March 2016 of £22.8 billion and notional assets of £21.5 billion giving a notional past service deficit of £1.3 billion.

The total pension cost for the University was £85k (2020: £83k). This includes £7k (2020: £7k) of outstanding contributions at the balance sheet date. Employees' regular and additional voluntary contributions were £41k (2020: £41k) and £7k (2020: £7k) respectively.

f) NHSSS

The NHS Superannuation Scheme (Scotland) [NHSSS], operated by NHS Scotland, is an unfunded multi-employer defined benefit scheme that is a defined benefit only pension scheme and until 31 March 2016 was contracted out of the State Second Pension [S2P].

Contribution rates to the Scheme for employees are tiered, in a range of 5.2% to 14.7% of pensionable salary and for employers are 20.9%.

Under the definitions set out in FRS 102 the NHSSS is an unfunded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

An actuarial assessment was carried out at 31 March 2016. The Scheme had total liabilities, for service to the 31 March 2016 of £34.7 billion and notional assets of £32.5 billion giving a notional past service deficit of £2.2 billion.

The main financial assumptions adopted for the latest actuarial assessment were:

Discount rate

For liabilities and contribution rate	2.8% pa real; 4.86% pa nominal until 2019 and then 2.4% pa real; 4.45% nominal
For cost cap rate	2.4% pa real; 4.45% nominal

Pension increase

2% pa

Long term salary growth

4.2% pa, 2.2% pa in excess of assumed CPI

The total pension cost for the University was £1,589k (2020: £1,334k). This includes £132k (2020: £113k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £857k (2020: £709k) and £18k (2020: £19k) in respect of additional voluntary contributions.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

29 Pension schemes (continued)

g) MRCPS`

The Medical Research Council Pension Scheme [MRCPS], operated by the Medical Research Council [MRC], is a funded multi-employer pension scheme that provides benefits based on service and final pensionable pay at the normal retirement age of 65. In addition to the principal section, the supplementary benefits section exists to provide additional benefits in the event of ill-health retirement or death-in-service. It is solely funded by members' contributions. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

Former members of staff of the MRC transferred to the University of Glasgow under TUPE regulations are covered by the MRCPS. Contribution rates to the Scheme for employees are 6.5% and for employers are 16.9% (15.9% before 1 April 2021).

Under the definitions set out in FRS 102 the MRCPS is a funded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary. The latest actuarial assessment of the University section of the MRCPS was at 31 December 2019 at which showed a statutory funding surplus of £24.1m and the market value of the assets of the MRCPS was £114.8m, an ongoing funding level of 127% under the statutory funding objective. The actuarial value of the assets was sufficient to cover 127% of the benefits that had accrued to members after allowing for expected future increases in earnings. Triennial valuations are conducted under the Pensions Act 2004 on a scheme specific funding basis. The MRCPS Trustees seek to maintain sufficient assets in the scheme to avoid section 75 debts arising in the future and therefore use an alternative funding objective. Liabilities are assessed on a buy-out basis and compared to existing assets. Under the alternative funding objective at 31 December 2019 the University section showed a deficit of £(19.2)m, an ongoing funding level of 86%, so the objective was met at the valuation date.

The main financial assumptions adopted for latest valuation were:

	Statutory funding objective	Alternative funding objective
Discount rate	2.0%	Gilt yield curve + 0.25% for pensioners; - 0.25% for non-pensioners
Earnings increases (long term) + promotional scale	3.5%	n/a
RPI	n/a	3.4%
CPI	2.0%	3.0%
Discount rate net earnings increase	(1.5%)	n/a
Discount rate net pension increases	0.0%	Varies by term

The total pension cost for the University was £255k (2020: £300k). This includes £20k (2020: £25k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £105k (2020: £125k) and £4k (2020: £23k) in respect of additional voluntary contributions.

