Birkbeck,
University of London

Financial Statements

for the year ended 31 July 2021

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OFFICERS OF THE COLLEGE AND SENIOR MANAGEMENT 2020/21

PRESIDENT
Baroness Joan Bakewell DBE

VICE-PRESIDENT
The Right Honourable the Lord Mayor of London

CHAIR OF GOVERNORS
Sir Andrew Cahn

SENIOR MANAGEMENT OF THE COLLEGE

VICE-CHANCELLOR
Professor David Latchman

DEPUTY VICE-CHANCELLOR
Professor Matthew Innes

PRO-VICE-CHANCELLORS
PVC Education: Professor Diane Houston
PVC Research: Professor Julian Swann
PVC International: Professor Kevin Ibeh

EXECUTIVE DEANS
School of Arts: Professor Anthony Bale (to September 2021), Professor Joanne Leal (interim from September 2021)
School of Business, Economics and Informatics: Professor Geoff Walters
School of Law: Professor Stewart Motha
School of Science: Professor Nicholas Keep
School of Social Sciences, History and Philosophy: Professor Matthew Davies

SECRETARY AND CLERK TO THE GOVERNORS
Mr Keith Harrison

DIRECTOR OF FINANCE
Mr Keith Willett

ACADEMIC REGISTRAR
Mr Fraser Keir

DIRECTOR OF HUMAN RESOURCES
Ms Charlotte Croffie (to December 2020)
Ms Eileen Harvey (interim from January 2021)

MEMBERSHIP OF COMMITTEES 2020/21

THE GOVERNING BODY

Chair of Governors	Sir Andrew Cahn
Deputy Chair	Ms Liz Meek (to September 2020) Mr Simon Davis (from October 2020)
Academic Board governors:	Professor Alison Finlay (to September 2020) Dr Jennifer Baird (to September 2020) Professor Stephen Frosh (from October 2020) Dr Elena Loizidou (from October 2020)
Academic staff governors:	Dr Rebecca Darley (to September 2020) Dr Andi Fugard (to December 2020) Dr Ashok Kumar (from October 2020) Dr Lisa Tilley (from April to August 2021)
Non-teaching staff governor	Mr Simon Deville (to September 2021)
Student governors:	Mr Alexander Holmes (to September 2020) Mr Barney O'Connor (to September 2020) Ms Zikra Bouhafs (from October 2020 to September 2021) Mr Jayden Solitro (from October 2020 to September 2021)
Alumnus governor	Professor Rhona Stainthorp (to September 2021)
Independent governors:	Mrs Julia Collins (to September 2020) Mr Hugh Ferrand (to September 2020) Mr Peter Zinkin (to September 2020) Mr Clive Birch (to May 2021) Mr Robert Allison Ms Gillian Broadley Ms Cindy Leslie Ms Nana Banton (from October 2020) Ms Rachel Neaman (from October 2020) Mr Daniel Peltz (from October 2020) Mr Duncan Sankey (from October 2020)

MEMBERSHIP OF COMMITTEES 2020/21 (continued)

THE GOVERNING BODY (continued)

Independent governors (continued):	Mr Andreas Utermann (from October 2020) Mr Andy Kemp (from June 2021)
Ex-Officio governors who are also officers of the College:	
Vice-Chancellor	Professor David Latchman
Deputy Vice-Chancellor	Professor Matthew Innes

During the year some governors reached the end of the maximum period allowable by College statutes. Nominations Committee worked with an external advisor to shortlist and recruit new independent governors. Staff and student governors were elected under existing standing orders.

FINANCE AND GENERAL PURPOSES COMMITTEE

Chair	Ms Gillian Broadley
Vice-Chancellor	Professor David Latchman
Deputy Vice-Chancellor	Professor Matthew Innes
Chair of Governors	Sir Andrew Cahn
Academic governors:	Dr Elena Loizidou Professor Stephen Frosh
Non-teaching staff governor	Mr Simon Deville
Student governor	Mr Jayden Solitro
Independent governors:	Mr Robert Allison Ms Nana Banton Mr Daniel Peltz Mr Andreas Utermann

NOMINATIONS COMMITTEE

Chair of Governors	Sir Andrew Cahn (Chair)
Deputy Chair of Governors	Mr Simon Davis
Vice-Chancellor	Professor David Latchman
Academic governors:	Professor Stephen Frosh Dr Elena Loizidou
Student governor	Mr Jayden Solitro
Independent governors:	Mr Robert Allison Ms Cindy Leslie Ms Rachel Neaman

REMUNERATION COMMITTEE

Chair of Governors	Sir Andrew Cahn (Chair),
Deputy Chair of Governors	Mr Simon Davis
Independent governors:	Ms Nana Banton Ms Gillian Broadley Mr Andreas Utermann

MEMBERSHIP OF COMMITTEES 2020/21 (continued)

AUDIT COMMITTEE

Chair	Ms Cindy Leslie
Independent governors:	Mr Clive Birch
	Mr Andy Kemp
	Mr Duncan Sankey
External co-opted member:	Ms Kim Duong (from May 2021)
By invitation:	
The Vice-Chancellor	Professor David Latchman

STRATEGIC ESTATES AND INFRASTRUCTURE COMMITTEE

Chair	Mr Daniel Peltz
Vice-Chancellor	Professor David Latchman
Independent governors:	Ms Rachel Neaman
	Ms Gillian Broadley
Academic governors:	Dr Elena Loizidou
	Professor Stephen Frosh
Student governor	Ms Naomi Smith
External co-opted members:	Mr Peter Zinkin
College Secretary and Clerk to the Governors	Mr Keith Harrison
Director of Finance	Mr Keith Willett
Director of Estates	Mr Jeremy Tanner, Mr Daniel Xuereb
Director of IT Services	Mr James Smith

STRATEGIC PLANNING COMMITTEE

Chair	Professor David Latchman
Deputy Vice-Chancellor	Professor Matthew Innes
Pro-Vice-Chancellors:	
Education	Professor Diane Houston
Research	Professor Julian Swann
International	Professor Kevin Ibeh
College Secretary and Clerk to the Governors	Mr Keith Harrison
Deputy College Secretary (Governance)	Mrs Katharine Bock
Deputy College Secretary (Operations)	Ms Megan Reeves
Director of Finance	Mr Keith Willett
Director of Human Resources	Ms Charlotte Croffie, Ms Eileen Harvey
Academic Registrar	Mr Fraser Keir
Director of Planning	Mr Nick Head
Director of External Relations	Ms Lynn Grimes
Director of Development and Alumni	Mr Nic Katona
Director of Estates	Mr Jeremy Tanner, Mr Daniel Xuereb
Director of IT Services	Mr James Smith
Director of Access and Engagement	Ms Caroline McDonald
Policy Advisor	Mr Jonathan Woodhead

MEMBERSHIP OF COMMITTEES 2020/21 (continued)

Executive Deans:

School of Arts	Professor Anthony Bale, Professor Joanne Leal
School of Business, Economics & Informatics	Professor Geoff Walters
School of Law	Professor Stewart Motha
School of Science	Professor Nicholas Keep
School of Social Sciences, History and Philosophy	Professor Matthew Davies

MISSION STATEMENT

The **principal aims** of Birkbeck are to:

- provide flexible and part-time higher education courses which meet the changing educational, cultural, personal and career needs of students of all ages; in particular those who live or work in the London region;

- enable adult students from diverse social and educational backgrounds to participate in our courses;

- make available the results of research, and the expertise acquired, through teaching, publication, partnerships with other organisations and the promotion of civic and public debate; and

- maintain and develop excellence in research and provide the highest quality research training in all our subject areas.

The **key supporting objectives** are to:

- offer our students an integrated range of flexible, research-led courses across all levels of provision;

- achieve and maintain strong research cultures in support of interdisciplinary work in each school and faculty;

- ensure the College provides an inclusive working and learning environment for its students and staff so that all may develop to their full potential;

- develop the College's capacity to respond rapidly to new and changing opportunities in higher and further education; and

- develop sustainable partnerships within the London region and beyond.

STRATEGIC REVIEW

Vice Chancellor's Report

About Birkbeck

Birkbeck is a unique London-based teaching and research institution providing access to evening higher education for non-traditional students of all ages. Most of our students are mature and have jobs, caring or other responsibilities during the day. The age of our students ranges from 18 to 80 and our student body is diverse with 40% from BAME backgrounds and 58% women. As well as serving the needs of Londoners, we have a growing international student community now welcoming students from 120 countries around the world.

Our aim is to provide high quality teaching in the context of excellent research and have that proposition at the forefront of our access and widening participation agenda. Birkbeck was very successful in the 2014 Research Assessment Exercise (REF) submitting 83% of eligible staff with approximately three-quarters of their research being rated either 'world leading' (4*) or 'internationally excellent' (3*). In terms of national higher education quality assessments, we are one of the minority of institutions that rate highly both for REF and for TEF, the teaching excellence framework.

Response to the Covid pandemic

The coronavirus pandemic hit all sectors of the UK economy in 2020 and changed the lives of billions of people worldwide. Our response, in finding effective new ways to work, operate and support students, is a testament to the determination and resilience of the whole Birkbeck community. I need to put on record my thanks to our staff for their dedication and hard work and to our students for their fortitude and commitment.

The safety of our staff and students has been paramount as we implemented revised policies and ways of working. In late March 2020 we moved all teaching online and moved swiftly to provide the means for staff to work predominantly from home. Of course, not all services and facilities can run online. Physical assets still need maintenance and ultimately online capacity relies on physical infrastructure. I need to particularly thank all those colleagues who continued to work onsite through a very challenging period to keep Birkbeck running, safe and secure, and able to support our staff and students in their work and study.

Student Recruitment

How and in what way student recruitment would be impacted by the pandemic during 2020/21 was a worrying question for all higher education institutions – but for Birkbeck particularly, given our very different demographic. Some of that difference seemed to offer cause for optimism, but in other areas deep concern. We modelled scenarios from a sharp decline to somewhere near the status quo of previous years. The immediate outcome was both surprising and positive. Applications reached their highest ever level, totalling 21,148. New admissions totalled 4,819 FTE, the highest for a decade.

There were three of factors driving this result. Whilst for many the pandemic disrupted careers, livelihoods and businesses for others it also created time and opportunity to return to study. Many mature learners thinking about when to study, clearly brought forward and committed to those plans in 2020/21. There was also a significant EU effect with a rush to start programmes before the right to loan funding was removed. 2020/21 will be the final year that EU students will receive financial support for their studies. Whilst it was a pleasure to welcome EU students in numbers after a notable tailing off following the Referendum result, we fully expect recruitment to fall drastically from 2021 onwards. Finally, we introduced a range of Masters courses with a later January start date to provide prospective students with greater choice and flexibility. These were well received and successful, accounting for around 100 FTE.

However, it is now clear from recruitment in 2021/22, which has dipped significantly, that, for Birkbeck, the impact of Covid is playing out over not one but two and possibly more recruitment cycles. The latent demand fulfilled in 2020/21 has bolstered numbers in that year but seen them reduce in 2021/22. Whilst the impact of the funding changes for EU students was generally understood the ongoing pandemic has also led to changes in applicant behaviour. Improving student recruitment from the EU is a focus for us in the next few years.

Finally, the pandemic has significantly intensified the competition for students in London. As circumstances have unfolded the largest institutions have been presented with the opportunity to significantly increase recruitment and have stuck to this strategy. Other institutions are competing under increasing pressure in this context. Birkbeck's mature and commuter student focus is now the locus of intense competition. The imperative of responding strongly and effectively to this reality is a key part of both our longer-term strategic thinking and our immediate in-year planning.

Teaching and learning

Having quickly dealt with the immediate issues brought about by lockdown we developed a Teaching Preparation Project (TPP) lead by the Pro-Vice Chancellor (Education) with support from the ITS Digital Education Team. It was clear to us that irrespective of how other universities approached the Autumn term we would need to consider the unique make up of our student body whilst being flexible enough to be able to quickly respond to changing government guidelines.

Our objective for 2020/21 was to ensure that all students would be able to complete the whole year of their studies remotely if circumstances required it. The TPP project was a sustained institution-wide endeavour, delivered at pace and under a high degree of time and resource pressure. During the year 1,200 teaching modules were transformed for online delivery. Training and support was provided to 700 staff who were the front-line for this work.

The move online was not a move to isolated individual study. Our model of higher education is not that. It centres on strong engagement between our staff and students in the classroom and strong peer to peer engagement between students as part of a positive learning community. Whilst we created digital content in new forms, a key part of our activity was to create the virtual classrooms that could continue to bring people together to learn and study, cutting through the isolation of the pandemic. Complimentary work was undertaken to support online assessment and examinations so students could continue to not only study but progress towards their intended qualifications. Exam hall anxiety was also reduced via online and remote examinations with submission windows of between 6 and 72 hours. Careful assessment design ensured academic standards were maintained and international students could study and be assessed across time zones. Regular student surveys throughout the year indicated widespread support for the College's timely, inclusive and pragmatic approach.

Whilst the vast majority of teaching and assessment was successfully delivered online during 2020/21, not everything can be done in this way. The College moved quickly to ensure essential access to teaching laboratories for students and access to the library were made available when it was safe to do so.

Student support

We were one of the first UK universities to introduce a no detriment assessment policy for our students. The policy ensured that students who attempted assessment and submitted on time were not disadvantaged by completing assessment during the period of Covid disruption and they did not need to submit a mitigating circumstances claim. The widespread stress and disruption was taken into account throughout the whole of our assessment and examining process. Students unable to complete an assessment, or who considered that their performance suffered as a direct result of significant personal or family illness, bereavement or serious personal, emotional or financial challenges, were able to submit a mitigating circumstances claim for sympathetic consideration by assessment boards.

We have also recognised that some of our students would not have access to suitable workspaces nor adequate digital hardware, software or skills. As well as opening up the library to support self-study as soon as possible, we made available funds to support students with financial hardship to purchase suitable IT equipment. To help transition new students to the world of on-line study and to maintain the services that current students need, we introduced a range of training sessions, support and orientation events. Outside of the classroom, investments were made in advice, mental health and student counselling as well as in the availability of e-books and learning resources to support the online offer.

Although many of these interventions were developed to facilitate the move to on-line learning the rates of take-up may confirm that our busy commuter students are looking for on-demand services that wrap around work, caring and study time.

Research

The completion of the institutional submission for the Research Excellence Framework (REF) is always a major strategic undertaking for any research-intensive institution such as Birkbeck – let alone in the midst of a pandemic. The work in support of REF has been led by the Pro- Vice-Chancellor (Research) and involved major contributions of time and effort from some 113 colleagues across the College.

Whilst the results of the REF can never be taken for granted, I am pleased to report that we have made a strong submission, reflecting the strength, breadth, and depth of our research across all disciplines. The later point is important. In line with the ambition we laid out after the 2014 REF, the College returned 100% of our 461 eligible staff to the exercise. This compared with 82% in the 2014 return. We made returns in 15 Units of Assessment, including two entered jointly with UCL.

After the 2014 REF submission the College made changes to our research support structures to build for the 2021 submission. As a result, we have made progress in growing our external research income. Our grants portfolio - the total value of active awards - is the largest it has ever been at £56 million, compared to £44 million at this point in the 2014 cycle. The College's success rate in grant applications is impressive, despite the intense competition for funding – 36% for the last year for which full data is available.

The pandemic has restricted movement within the UK and abroad and many of our portfolio of research projects were placed on hold with funding bodies agreeing to no cost extensions. This has reduced the external research income recorded in our financial statements this year although the contribution to overheads is broadly similar to last year.

We have sought to minimise disruption. We re-opened our research laboratories as soon as it was safe to do so. In September, subject to Covid safety rules, staff could access their offices once again for material and resources vital for their research. Although international travel was restricted throughout the year, other activities such as participant testing began taking place once again.

We have recognised that the disruption to research has impacted significantly on those at the start on their research careers and on women. We increased the size of our internal Research Innovation Fund as a way to support early career researchers. Academic colleagues have been able to access the fund for a range of needs, including the costs of childcare and to assist with their research during the second wave of coronavirus infections. We have also taken steps to mitigate Covid impacts in our promotion processes.

Supporting staff

We worked with our trade union colleagues to successfully launch a Jobs Protection Scheme in August 2020. The scheme focused on teaching and scholarship staff who lost some or part of their teaching for the 2020/21 academic year. The scheme included secondment opportunities to roles such as Digital Education Associates and redeployment options. We increased our focus on health and wellbeing in order to do our best to support our staff in a holistic way during the pandemic providing more support to address additional needs. We supported staff with school age children by encouraging line managers to offer flexible hours and remove any non-urgent work.

The College acknowledged that staff had been challenged in different ways by working from home, so we supported management to improve the working from home experience (for those able to work from home). We liaised with the College Health and Safety Advisor about virtual DSE assessments and took particular care for staff deemed clinically extremely vulnerable and introduced Occupational Health assessments for such staff to determine their suitability for returning to work on campus and for reasonable adjustments for staff with disabilities. We also made limited work spaces available at the College. In recognition of the critical Birkbeck workers required to work on site during the three periods of lockdown between March 2020 and April 2021, we introduced a disruption allowance. We produced bespoke guidance for managers and staff on returning to work on campus and developed two online training sessions providing guidance, context and frameworks for managers needing to support their direct reports to be able to return to work on campus.

Regular communications in Inside the Birkbeck Community about health and wellbeing included details of the newly appointed Employee Assistance Programme, yoga and stretch sessions, and other valuable resources for support.

The development of the estate

This year I am pleased to report that the College completed two keynote estate developments – again achieved against the backdrop of Covid disruption. They go to the heart of our mission – support for the highest quality research and support for our students and the best conditions for teaching and learning.

The Wohl Wolfson ToddlerLab will enable researchers to track childhood development seamlessly over the first five years of life and will look for ways that conditions such as autism and ADHD can be discovered earlier. Linked to the work of our existing BabyLab, the ToddlerLab is the first centre of its kind in the world. The new building spans five floors and houses a virtual reality environment, a pre-school environment, a home front-room environment, and ‘the Exploration Lab’, a suite dedicated to developing behavioural interventions.

STRATEGIC REVIEW (continued)

373 Euston Road is our new teaching and learning building. Set over seven storeys, the building-provides a range of teaching, learning and social spaces including: classrooms; a student lounge and café; and social learning areas. It also has a striking 180-seat copper clad lecture theatre with terrace at roof level. It has also been designed and fitted out to a high standard with the latest IT and AV equipment. It is a clear statement of intent in terms of the facilities we are committed to providing for our students.

Finally, I am pleased to report that just prior to the end of the financial year we successfully acquired the Student Central Building on a 99-year lease. Student Central is next door to our main Malet Street building so it provides a transformational opportunity to improve and increase our teaching, learning and student social and communal space at the heart of our campus in Bloomsbury. It will increase our campus space by around 25%, it will enable students to connect, engage and participate inside and outside classrooms in ways in which we have not been able to facilitate in the past, allowing them to maximise the benefit from their time with us.

Current Operating Position

Whilst the financial results for 2020/21 are positive, and certainly far better than our initial forecasting and scenario planning suggested, it is important to reflect on the fact that the pandemic also interrupted the second year of the College recovery plan.

Following a number of years of healthy surpluses, exceeding 5% of turnover each year since 2010, the College made a deficit of £0.9 million in 2017/18 (after adjusting for a one-off equipment grant, restructuring costs and other gains and losses) and an underlying deficit of £5.0 million in 2018/19. Whilst the College returned to a £1.9 million underlying surplus in 2019/20, some £1.4 million was attributable to reduced expenditure through the initial months of the pandemic.

When we compare our financial profile to that of obvious comparators (medium institutions with turnover of £100 to £250 million, top quartile research ambitions and at or close to TEF gold) we are at the small end of such institutions. Owing to our London location we have higher cost pressures especially relating to estates and staff. Furthermore, our unique mode of delivery and student body adds major complexity and constraint to our underlying business model. Provision at the heart of a capital city, predominantly delivered in the evening to allow students to pursue other activities in the day, compresses our core income-generating teaching activity to limited hours in term time. Our students also have more and more complex needs which must be addressed.

The impact of lower student income following Brexit and increased competition across London, together with higher staff costs have significantly impacted our financial position. Annual increases in staff costs (due to promotions, inflationary increases, increment advancement and pension costs) exceed the inflationary increase in our main source of income, primarily due to the fee cap set by the government on undergraduate tuition fees. Not only have we seen surpluses of 5% of income eroded post-Brexit but without significant remedial action these deficits will grow as the gap between staff costs and tuition income widens.

Looking Forward

The College will endorse a new five-year strategy covering 2021-26 this year. This will take us to, and through, our 200th anniversary. It will pick up the difficult challenges we faced prior to the pandemic as well as build on the lessons learnt and strides forward we have made in responding to it. It builds on spring and summer Governors' discussions, a positive and extensive internal consultation process involving staff and students, and a concerted analysis of Birkbeck's position in the sector and the London HE market.

STRATEGIC REVIEW (continued)

The government's proposals around introducing a Lifelong learning Entitlement on the basis of flexible modularised funding from 2025 are a game changing opportunity for our access and lifelong learning mission, but we need to respond rapidly to benefit.

The analysis underpinning the strategy points to fundamental challenges for the College as it is currently understood, in particular for financial sustainability, market position and teaching competitiveness, and the ability to maintain research intensity. The strategy proposes to re-establish clear ground for Birkbeck as the standout institution for highly flexible, high quality teaching which delivers lifelong learning and supports social mobility. The quality of our teaching will be reinforced by targeted investment in our world-leading research areas and a renewed 'connected campus' environment which will instil a sense of pride and belonging in staff and students.

Delivering this repositioning will involve a fundamental revision of our underlying operational and teaching delivery models, creating the greater degree of standardisation in mode of teaching delivery which is necessary to create clarity and flexibility in our student offer and support student success: addressing competitiveness will also involve the major efficiency gains that are necessary to return Birkbeck to financial sustainability.

With a significant decline in recruitment in 2021/22, Birkbeck now faces immediate challenges which make the route to these strategic objectives narrower and steeper. We are identifying the immediate actions whose delivery can be geared in such a way as to deliver significant short-term gains in terms of efficiency and income generation. These actions are being drawn together in a short-term recovery plan nested within the overall 2021-26 strategy and constituting the first stages of strategy implementation.

This plan focuses on the following interlocking initiatives:

- an immediate building back of recruitment in 2022/23, involving not only some changes in tactics and management of the campaign, but also change in our student facing offer;

- the launch of a more competitive flexible Birkbeck offer, in particular at undergraduate level, for autumn 2023 entry;

- the rollout of new simplified teaching models for undergraduate and postgraduate provision that are both more effective and efficient;

- support for departmental workload models that allow the College to address issues and mismatches of workload and resource equitably; and

- optimising the support students get outside the classroom by reviewing and restructuring across the board arrangements for student facing administration services and support.

2022 is set to be a challenging year in delivering the above, but also potentially a foundational one. The interventions we need to make now are driven by immediate challenge, but are crucially the necessary first steps to providing a sustainable institution able to succeed in the future.

Awards

Birkbeck provides its unique learning and teaching environment in the context of a research intensive, outward facing and publically engaged institution. It is pleasing to be able to report that Birkbeck staff, students and alumni continue to be acknowledged for their contribution in various fields and this year has been no exception. The following are examples of awards and honours received during the year.

The 2020 European Criminology Award of the European Society of Criminology for lifetime contribution to criminology was awarded to **Professor Mike Hough**, Emeritus Professor, School of Law for his significant contribution to European criminology. The European Society of Criminology (ESC) is a scientific institution founded under the Literary and Scientific Institutions Act 1854 and has as one of its objectives: to foster criminological scholarship, research, education and training within academic institutions.

Professor Hough was also the recipient of this year's Outstanding Achievement award from the British Society of Criminology (BSC) in recognition of his long contribution to bringing academic and policy research together. He founded one of the major UK centres for academic policy research on criminal justice - the Institute for Crime & Justice Policy Research (ICPR) which is now part of the Birkbeck Law School – and served as its Director for more than 20 years before retiring recently. Prior to joining academia in 1994 he was a senior researcher in the Home Office.

Professor Ian Crawford, Professor of Planetary Science and Astrobiology at Birkbeck, was awarded the Royal Astronomical Society's Service Award for his leading role in the promotion of lunar science and human space exploration both within the UK and internationally. Professor Crawford has had a long and illustrious career in the field championing the need for deeper research into the Moon at a time when it was not at the forefront of scientists' interests. Over the past 20 years he has been involved in developing science planning for space mission designs such as the UK MoonLITE, ESA MoonNext and the International Lunar Network proposals. Professor Crawford has also played a leading role in several lunar scientific experiments and has supervised 11 PhD theses in lunar science and astrobiology. Many of his students have gone on to play leading roles in the science community. In August 2020 Professor Crawford was also appointed as a member of the UK Space Agency's Space Exploration Advisory Committee.

Professor Sanjib Bhakta, Professor of Molecular Microbiology and Biochemistry, and Sreyashi Basu were jointly awarded the 2020 Microbiology Outreach Prize by the Microbiology Society, for effectively bridging the gap between laboratory science and public health research with their project 'Joi Hok!', a community tuberculosis (TB) awareness programme. The programme's aim is to alter the perception of TB among the local community in Kolkata, India, through a network of local artists, musicians and health professionals. Traditional art forms and music are used to communicate knowledge of TB, educating young people from low socioeconomic backgrounds about the disease through workshops which take place in semi urban and rural schools. The Microbiology Society is a membership charity for scientists interested in microbes, their effects and their practical uses, and is one of the largest microbiology societies in Europe.

Professor Kevin Ibeh, Professor of Marketing and International Business and Pro Vice-Chancellor (International) at Birkbeck was appointed a Commissioner of the Commonwealth Scholarship Commission (CSC), an executive non-departmental public body sponsored by the Foreign, Commonwealth and Development Office (FCDO). Professor Ibeh, joins 14 other CSC commissioners and a Chair who are charged with managing and governing the UK's contribution to the Commonwealth Scholarship and Fellowship Plan (CSFP). Through overseeing the yearly award of around 750 postgraduate scholarships and professional development fellowships to

STRATEGIC REVIEW (continued)

Commonwealth citizens the CSC sustains the values and mission of the Commonwealth, facilitates the UK's international development objectives and wider interests, and fosters excellence in UK higher education (HE). Professor Ibeh is a former Commonwealth Scholar himself.

Gender pay gap

Birkbeck supports the principle of equal pay for work of equal value and is committed to operating a pay system that is transparent, based on objective criteria, free from bias and which rewards staff in line with the College commitment to equality and diversity. The Gender Pay Gap report is produced each year as part of our ongoing commitment to monitor gender equality and diversity pay issues in our workforce. We have been publishing equal pay audits since 2009 and continue this practice in response to our responsibilities under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which require us to report on certain metrics annually.

In addition to the mandatory annual Gender Pay Gap report, Birkbeck also undertakes a full pay audit periodically (most recent 2020) to provide analysis and recommendations in relation to reward and related management strategies, policies and practices across the institution. This report considers the pay of staff with other protected characteristics.

The gender pay data published in March 2021 for hourly pay and bonus pay is summarised in Tables 1 and 2:

Publication date	Mean hourly pay		Median hourly pay		Total employees	
	Female (£)	Male (£)	Female (£)	Male (£)	Female	Male
March 2020	23.44	25.63	21.33	23.74	1,013	879
	Gender pay gap 8.5% lower		Gender pay gap 10.2% lower		Total employees 1,892	
March 2021	23.37	25.54	21.15	22.91	1,035	875
	Gender pay gap 8.5% lower		Gender pay gap 7.7% lower		Total employees 1,910	

Table 1: Gender pay gap – hourly pay

Birkbeck first reported gender pay in 2003 when the mean gender pay gap was 16.9%. This has halved to its current level through a combination of policy intervention and raising awareness. The Universities & Colleges Employers Association compiled and published the 2018/19 gender pay data for the sector in April 2020. Using this benchmark we were ranked 19th of 122 employers for most equitable mean gender pay gap and 40th for most equitable median gender pay gap. We remain committed to further progress on equal pay and have set out both an action plan and monitoring targets.

STRATEGIC REVIEW (continued)

Publication date	Mean bonus pay		Median bonus pay		Total receiving bonus	
	Female (£)	Male (£)	Female (£)	Male (£)	Female	Male
March 2020	1,156	835	1,163	689	3.0%	1.8%
	Gender pay gap 38.4% higher		Gender pay gap 68.8% higher		Total receiving bonus 46	
March 2021	975	916	1,000	912	2.4%	1.1%
	Gender pay gap 6.4% higher		Gender pay gap 9.6% higher		Total receiving bonus 34	

Table 2: Gender pay gap – bonus pay

Birkbeck makes a relatively low number of bonus payments in comparison to the wider sector - the sector average is 6.8% of staff receiving a bonus payment, at Birkbeck it is 1.8%. We operate a number of contribution related schemes which are tailored to reflect the different conditions required to accumulate the skills, knowledge and experience necessary to demonstrate excellence within a role. All schemes formally take account of personal circumstances and all members of the committees tasked with reviewing applications undertake both formal equality & diversity and unconscious bias training. Reward scheme data is annually reviewed by the College for equality & diversity issues in application and success rates.

The distribution of men and women across the highest to lowest paid staff groups inverts in favour of men and is not uncommon in the Higher Education sector. Our commitment to equal pay for work of equal value minimises the horizontal pay gap within grades meaning the population distribution is the most significant factor in the overall gender pay gap. Targeted actions from previous pay reviews and other gender analysis activities, such as Athena Swan, have been identified and put in place to address population imbalances. For example, the academic promotion schemes were modified and this has resulted in an increased application and promotion rate of women to more senior academic roles. Work continues on this issue.

The College Equal Pay Audit 2020 examines gender but also includes analyses of pay gaps by ethnicity, disability and sexual orientation. The full report, which includes actions and benchmark data, can be found at http://www.bbk.ac.uk/about-us/equality/equal-pay-audit

Facility time under the Trade Union Regulations 2017 for the relevant period from 1 April 2020 to 31 March 2021

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017 and require public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a union representative. Trade unions play an important role in the modern workplace and there are significant benefits to both employers and employees when organisations and unions work together effectively. The regulations provide a framework for open and transparent monitoring of this. The facility time data for the relevant period is shown below.

STRATEGIC REVIEW (continued)

Relevant union officials:

Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
2021	2020	2021	2020
37	37	30.7	27.29

Percentage of time spent on facility time:

Percentage of time	Number of employees	
	2021	2020
0%	8	11
1 - 50%	29	26
51 - 99%	-	-
100%	-	-

Percentage of pay bill spent on facility time:

	2020/21	2019/20
Total cost of facility time	£49,521.75	£74,953.68
Total pay bill	£67,775,000.00	£72,401,000.00
Percentage of the total pay bill spent on facility time	0.07%	0.10%

Paid trade union activities:

Number of hours spent by employees (who were relevant union officials during the relevant period) on paid trade union activities as a percentage of total paid facility time hours.

	2020/21	2019/20
Time spent on paid trade union activities as a percentage of total paid facility time hours	10.06%	5.66%

Alumni and friends of the College

The generosity of alumni, friends, corporate partners, charitable trusts and foundations allows the College to amplify its commitment to ensuring access to education, enables us to best support our students to succeed and helps widen the impact of our world leading research. Our alumni and friends play an important role in advocating, supporting and volunteering for the College.

Last year, over £3.3 million of new philanthropic income was committed to Birkbeck. This included hundreds of donors making regular monthly gifts, several legacies and multiple six-figure gifts from individuals, corporates and charitable foundations.

STRATEGIC REVIEW (continued)

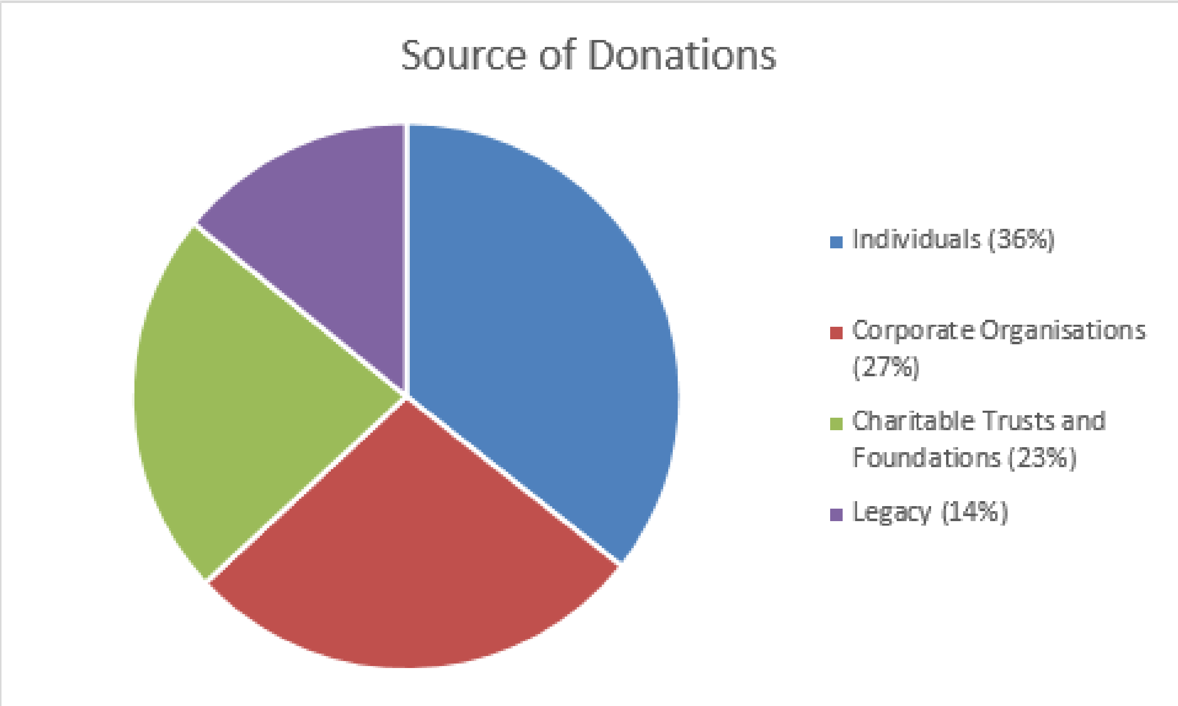


Chart 1: Breakdown of entities that supported Birkbeck with donations in 2020/21

These gifts will support a range of priority areas across the college such as:

- **widening access to education and enhancing student support** by providing financial support initiatives such as bursaries, scholarships and hardship funding and enabling programmes that support mental health provisions, careers advice and community outreach;

- **academic research and PhD studentships** through initiatives like the Research Innovation Fund which provides seed funding for new research ideas, post-doctoral awards for emerging academics and PhD scholarships for the next generation of academic thinkers;

- **capital projects, facilities and equipment** by enhancing our provision of technology enhanced learning, supporting state of the art equipment for our researchers and contributing to new buildings such as our Euston Road teaching facility; and

- **funding for areas of greatest need** where our donors understand the importance of flexible funding to respond to the changing needs of our community and to enable us to move quickly on innovative new projects.

STRATEGIC REVIEW (continued)

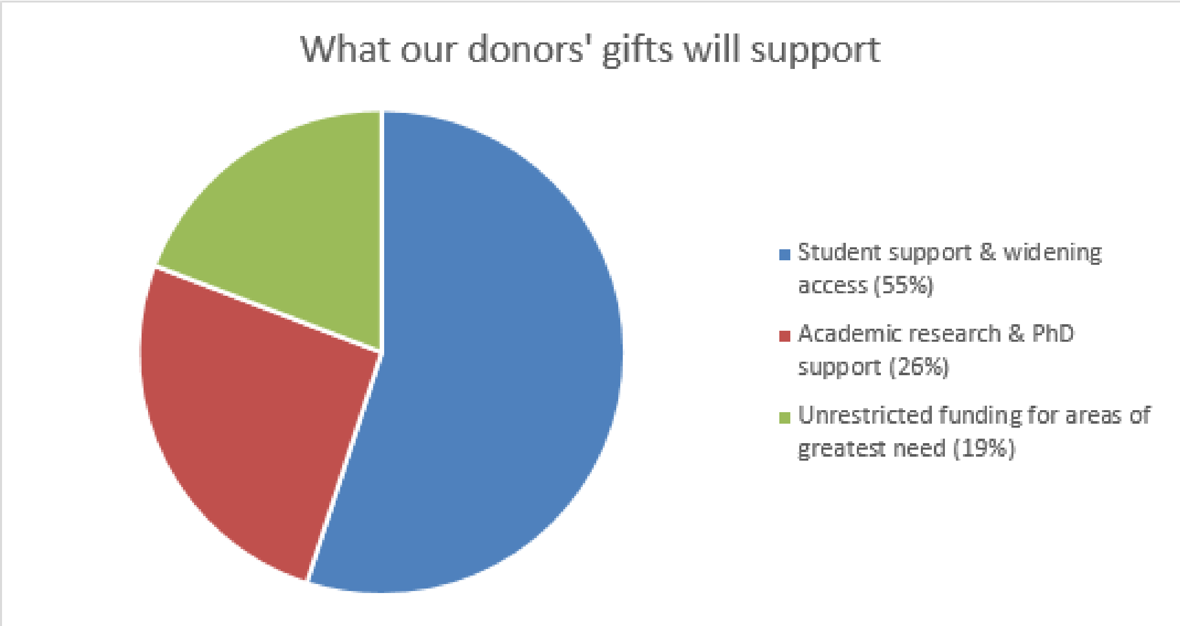


Chart 2: Summary of activities to be supported by donations

In addition to supporting the College financially, every year our alumni and friends play an important role in aiding student recruitment, retention and employability initiatives. Last year was no different, despite volunteering initiatives being provided exclusively on-line. 460 students (2019/20: 515 students) benefited from the support, guidance and advice given by 268 volunteers (2019/20: 324 volunteers) who gave a total of 4,500 hours of their time (2019/20: 5,050 hours).

Whilst the pandemic has caused adverse circumstances and uncertainty for so many of our students, staff, alumni and donors, it has shown the real and pressing need for flexible support. We are confident that our community will continue to come together to provide vital funding and expertise to ensure that Birkbeck students and researchers continue to have access to the tools, support and services that enable them to thrive.

As we move towards our 200th anniversary in 2023, our alumni and supporters will be vital in helping us to achieve our ambitious strategic priorities. Hundreds have already shown their support by engaging with the #OurBirkbeck initiative, launched last year to celebrate and showcase the impact members of our community have around the world.

In December 2021, Birkbeck will launch The World Needs More Birkbeck, a comprehensive fundraising and engagement campaign. The Campaign will look to deepen our relationships with current supporters and attract new donors to support Birkbeck's ambitions across four key areas; widening access to education; supporting our students; advancing world-leading research; and ensuring state-of-the-art infrastructure and estates.

As the new academic year begins I am pleased to reflect on the remarkable ways in which the College community has worked together to support each other to address and overcome the unprecedented and unpredictable challenges that Covid has presented over the past year and a half or so. There will undoubtedly continue to be many more challenges ahead as we look to bounce back from the fall in student numbers in the second year of the pandemic. Birkbeck, like other Universities up and down the country, has been through a tumultuous period caused by the pandemic.

STRATEGIC REVIEW (continued)

In 2023 we will celebrate our 200th anniversary. In 1823 our philanthropist founder Dr George Birkbeck set out his vision: ***'Now is the time for the universal benefits of the blessings of knowledge.'*** This statement continues to underpin our mission and the connections we have made between work, study, culture, research and society. As we move into a post-pandemic, post-Brexit world and approach our third century we will continue to offer transforming educational opportunities, in the belief that there should be no barriers, financial, practical or otherwise, to the benefits of university education. We will work closely with employers and government to assist with the up-skilling and re-skilling of individuals which will be vital to the recovery of the regional and national economy. Within an increasingly volatile operating environment, we will maintain and develop our distinctive research culture and contribution to science and society and we will create more and better space and facilities for all of our activities.

Professor David S. Latchman, CBE
Vice Chancellor

Financial Review

The Financial Statements presented to the Governors comprise the consolidated results of the College and its subsidiary. The principal activities undertaken by the Group (which includes the College and a wholly owned subsidiary) are teaching and research together with ancillary activities necessary to facilitate this. Additional activities include rendering academic services to a variety of educational, commercial and other organisations.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102: The financial reporting standard applicable in the UK and Republic of Ireland. The College is a public benefit entity and, therefore, has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The Covid pandemic has had a significant effect on families, businesses and economies across the world. Education has been curtailed during the period of lockdown and examinations have been severely disrupted. This has led to direct and indirect financial consequences for UK universities including Birkbeck and increased risks as we try and assess an uncertain future.

At the start of the pandemic we acknowledged that the virus would create disruption and uncertainty so adapted both the management accounts for the year and the future forecasts. Although focus would need to be shifted to dealing with the immediate issues thrown up by the pandemic it was also important to maintain progress against towards our longer-term objectives. This Financial Review will comment on our performance for the year and the financial impact of the pandemic. Comment will also be provided on pension and other adjustments which contribute to the Statement of Comprehensive Income and capital expenditure.

Results for the Year

Chart 3 compares the main income streams for the last five years whilst Chart 4 summarises the total income for 2020/21.

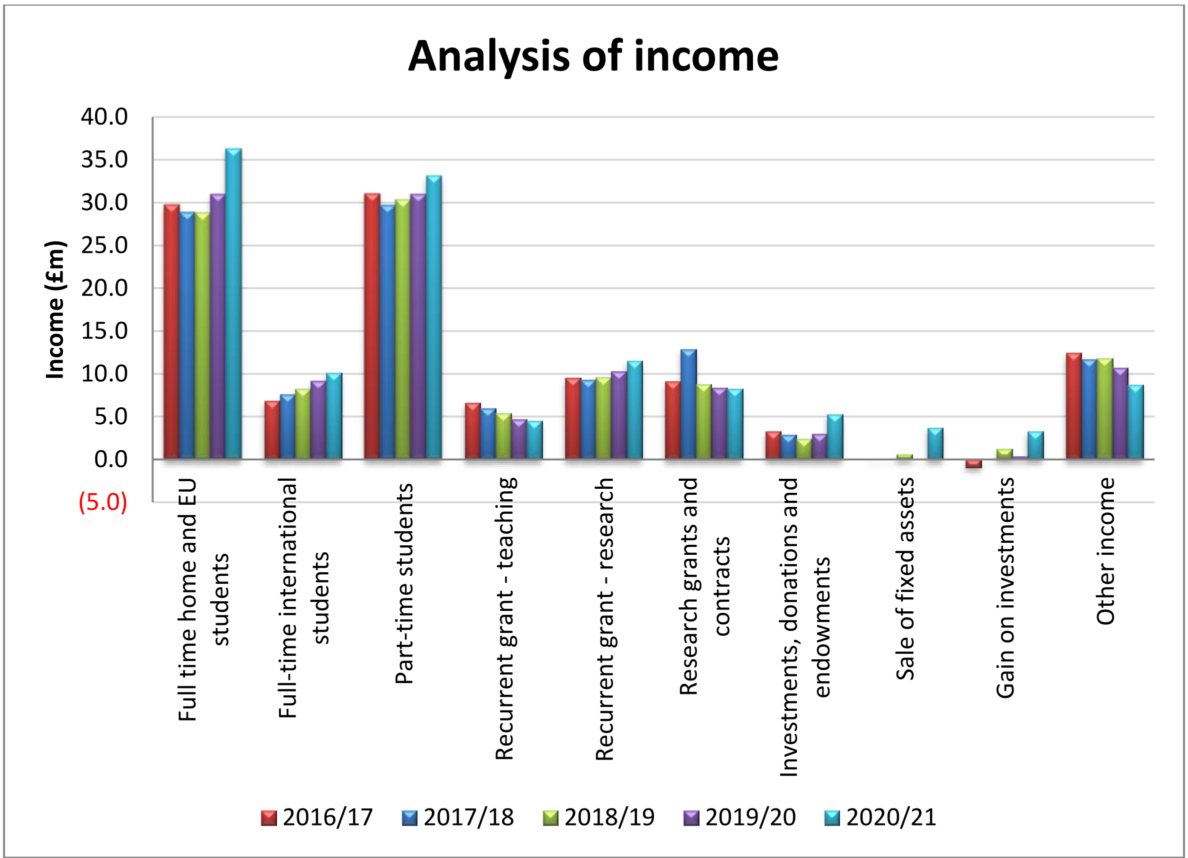


Chart 3: Income by category 2016/17 to 2020/21

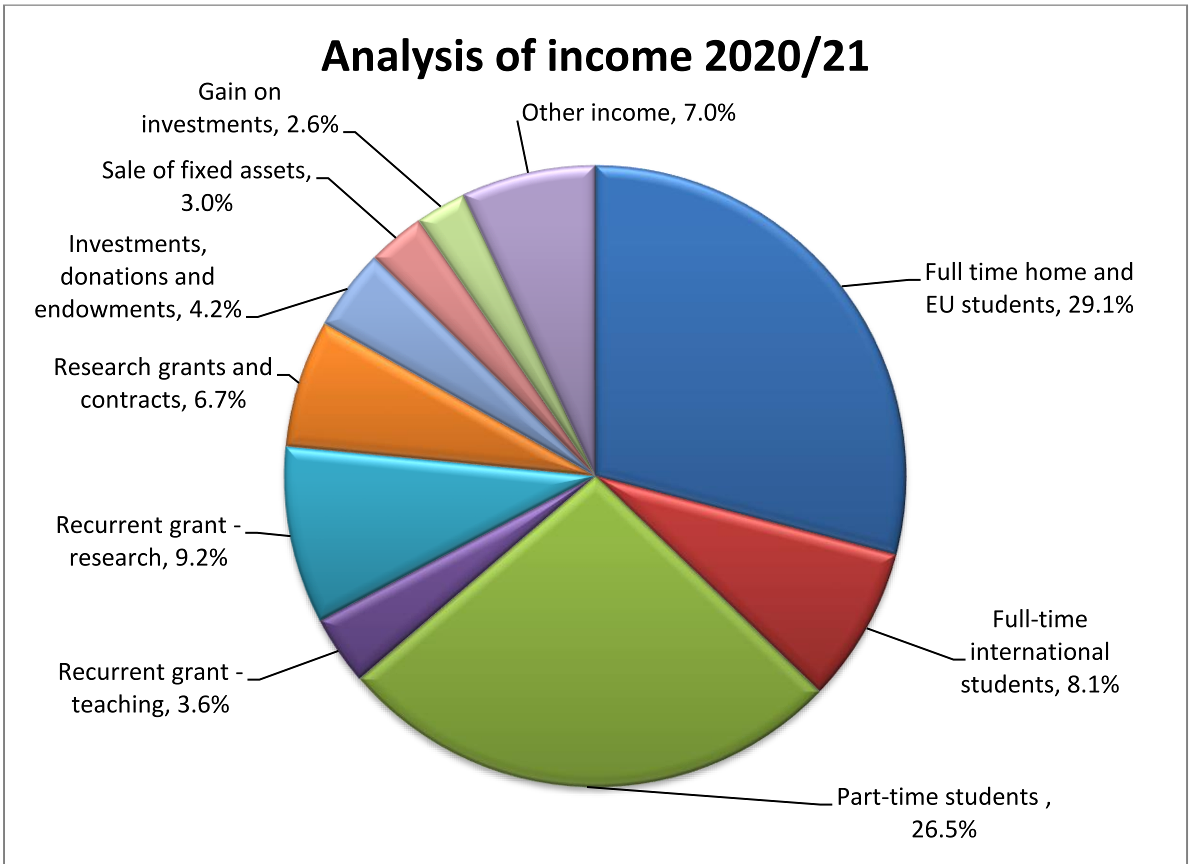


Chart 4: Analysis of income 2020/21

STRATEGIC REVIEW (continued)

The recurrent teaching grant from the government has been falling steadily since undergraduate tuition fees were increased in 2012 and fell by a further £0.3 million in 2020/21. Teaching grant now represents only 3.6% of College income in comparison with 47.5% in 2005/06. The Office for Students has removed the London weighting element from the grant for 2021/22 as government funding priorities were shifted to support their levelling up agenda. This will almost halve the teaching grant the College will receive in 2021/22 in comparison with 2020/21.

In contrast, income from academic fees has risen from 25.7% in 2005/06 to 63.7% in 2020/21. Tuition income rose by £8.0 million in 2020/21 compared with the previous year, a direct consequence of the pandemic which led to significant increases in Home students and the final year of UK government funded loans for students from the European Union. Although applications from international students remained buoyant (up 9.4% on the previous year), Covid travel restrictions limited enrolments to a 3.0% rise. Unfortunately, the Covid and Brexit spikes of 2020/21 appear not to have been replicated in 2021/22 despite a similar total number of applications being received. This is discussed further in the Risk Management section.

Recurrent grant from Research England rose by £1.2 million in 2020/21, an increase of 11.9%. External research activity remained affected by the pandemic restrictions and we were unable to recognise income from research grants and contracts to the same extent as in previous years with a further fall of £0.1 million compared with 2019/20. Research students have also struggled to complete their fieldwork and the College has committed to match the approach of research councils by providing financial support to those self-funding students needing to extend their programmes by a year.

Whilst the majority of academic and professional support staff across the College were able to work from home successfully a small number of research, nursery, cleaning and facilities staff could not. These staff were furloughed but continued to receive full salary. In line with the guidelines for universities £539,000 (2019/20: £350,000) was claimed from the Coronavirus Job Retention Scheme as a contribution towards the salaries of the furloughed staff. This is included in Other Income.

As an evening provider of higher education Birkbeck rents much of its space to other universities during the daytime and rents space from them in the evening to support the teaching of its own students. With lockdown and ongoing safety restrictions limiting the activities which could take place on campus throughout the year, we saw a further fall in Other Income from £11.8 million in 2018/19 (the last full year pre-pandemic) to £8.2 million in 2020/21 (having removed the income from the Coronavirus Job Retention Scheme received this year). This fall in income was primarily related to a decrease in room bookings income (£2.6 million below £2018/19), catering and conferences (£1.2 million below 2018/19).

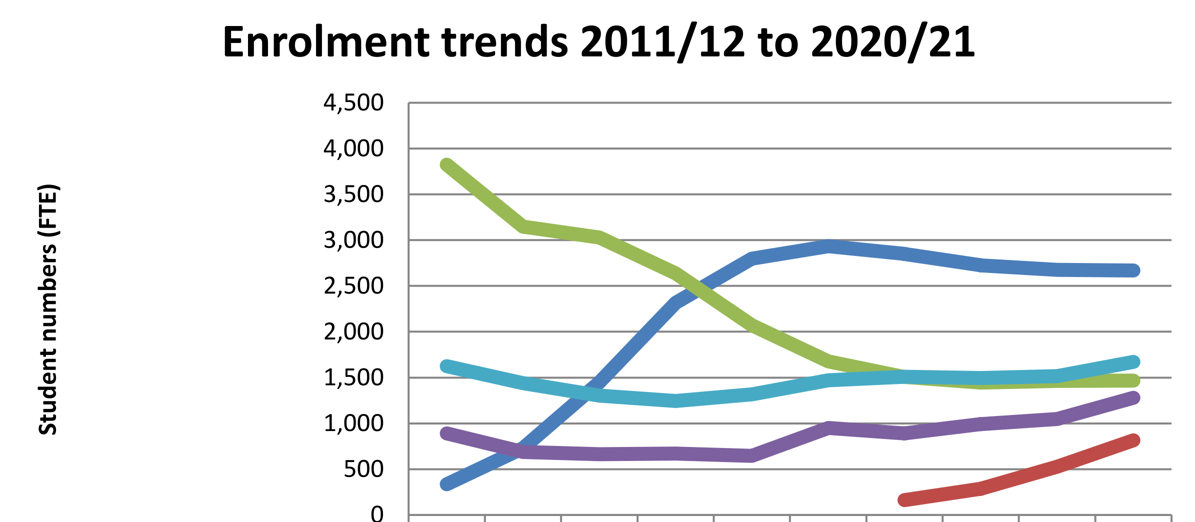
In July 2021 the College sold its share of University Square Stratford to the University of East London (UEL) for £5.8 million resulting in a profit on sale of asset of £3.7 million. It had become increasingly clear to us that our outreach activities in the London Borough of Newham could be delivered successfully without the need to own property in the area. As the majority user of the Stratford property, UEL were keen to expand their programme offering into the space previously used by Birkbeck and offered to buy our share.

Governors finalised a new investment strategy in 2019/20 which aims to support our core business activities, purchase of capital equipment, infrastructure improvements and our estates strategy. It also includes the College's approach to Responsible Investment. Independent advice on investment manager selection, which particularly focussed on Environmental, Social and Governance criteria, was provided by Mercer and in the autumn of 2020 our investment funds were moved away from Newton, with £10 million invested into each of the following:

- Ruffer Charitable Assets Trust
- Mercer Sustainable Global Equity Fund

Both funds performed remarkably well during the year achieving combined gains of £3.3 million. The College receives detailed sustainability reporting from Mercer on the global equity fund, which includes details of carbon intensity, sustainable thematic allocations, engagement activity and case studies. A similar performance report is provided regularly by Ruffer.

Chart 5 highlights enrolment trends for our main categories of student since 2011/12.



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
UG Degree (Full time)	335	729	1,451	2,315	2,798	2,934	2,849	2,726	2,675	2,669
UG Degree + FY (full time)*							162	286	527	815
UG Degree (Part time)	3,824	3,146	3,027	2,637	2,072	1,676	1,507	1,445	1,464	1,466
PG Masters (Full time)	891	688	664	671	645	948	891	992	1,046	1,279
PG Masters (Part time)	1,625	1,440	1,302	1,244	1,316	1,470	1,508	1,496	1,516	1,671

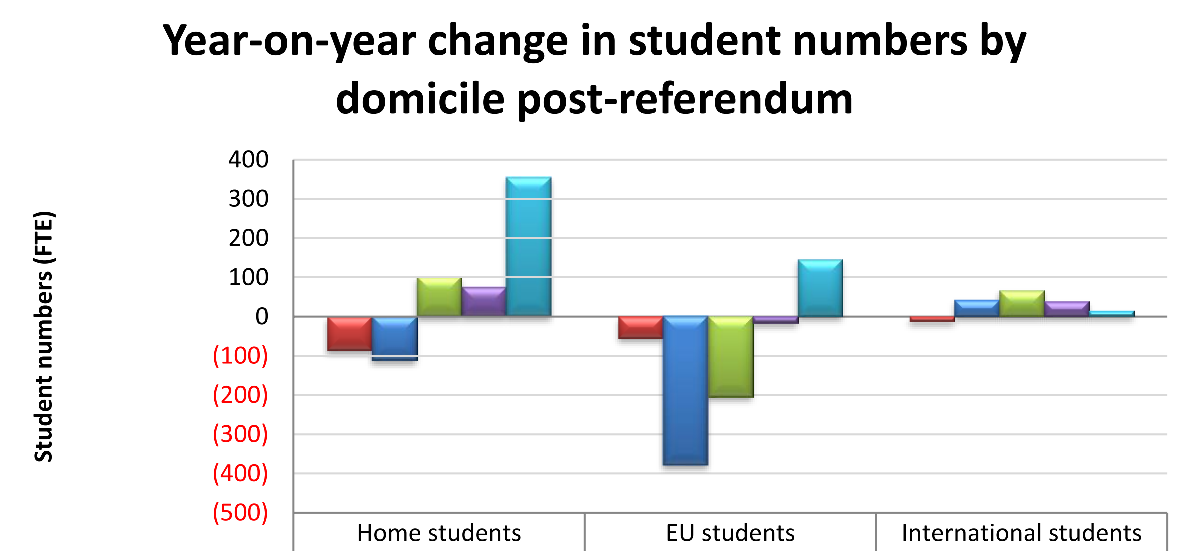
Chart 5: Undergraduate (UG) and postgraduate (PG) enrolment trends 2011/12 to 2020/21

**Undergraduate degree with a foundation year studied in a full-time mode*

The dramatic decline in part-time undergraduate students since 2011/12 appears to have plateaued. After much lobbying by the College since the undergraduate fee was increased in 2012, we welcomed the Government's announcement in October 2020 that it is to create a new four-year lifelong learning allowance and to provide loans for students to cover the fees of studying on short courses. We continue to reinforce the need to abolish the rule that prevents someone from studying a higher education qualification that is at the same level or lower than those that they already have (ELQ). Re-skilling and up-skilling of the UK workforce will be critical for post-pandemic, post-Brexit economic recovery.

Our strategy to introduce full-time programmes has compensated for the part-time fall as can be seen in Chart 5. More recently, we enhanced our access routes to higher education for students without traditional qualifications by introducing a degree with foundation year route. Recruitment increased dramatically again in 2020/21 (up 288 FTE) giving students an opportunity to commence a university programme which might otherwise have been denied to them. Competition for undergraduate students in London is increasing and despite the unusual A level results process in August 2020 we managed to maintain numbers despite some other universities in Bloomsbury increasing substantially.

Chart 6 starkly demonstrates the significant impact that Brexit has had on the recruitment of EU nationals to the College. Numbers fell by 18.4% in 2017/18 (the first full recruitment cycle after the referendum) and a further 12.2% in 2018/19. Despite ongoing pandemic travel restrictions EU numbers increased by 146 in 2020/21 as students took advantage of the final year of loan support from the UK government. The removal of these loans requires EU domiciled students to fund their programmes at the point of study and has led to a further significant fall in numbers starting programmes at Birkbeck in 2021/22.



	Home students	EU students	International students
2015/16 to 2016/17	(86)	(56)	(13)
2016/17 to 2017/18	(111)	(379)	43
2017/18 to 2018/19	102	(205)	67
2018/19 to 2019/20	76	(16)	39
2019/20 to 2020/21	355	146	14

Chart 6: Impact of Brexit on recruitment of students from the EU

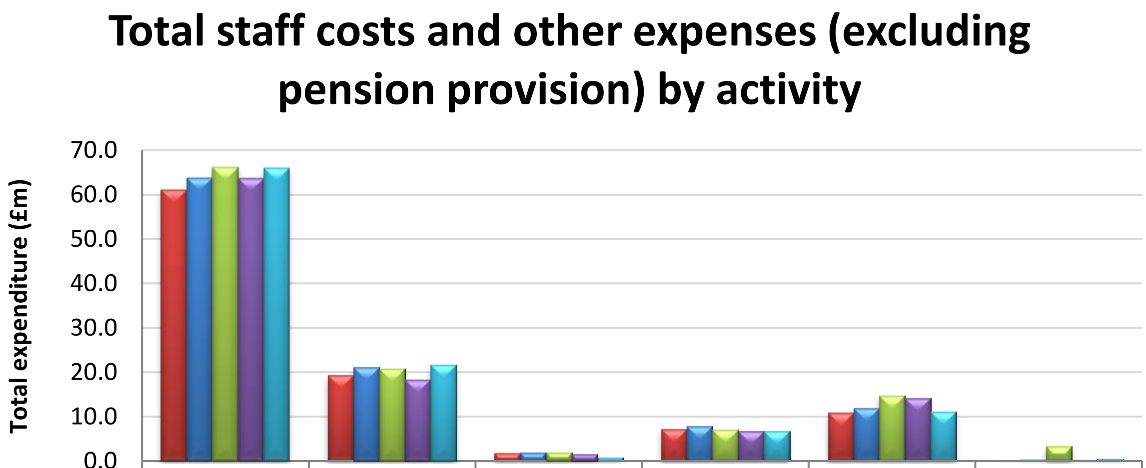
In 2016/17, postgraduate recruitment showed a marked increase (Chart 5) due to the introduction of the postgraduate loan. Full-time numbers then fell slightly in 2017/18, partly due to the fall in EU students but also due to increased competition as more institutions advertised the new student loan which had originally been announced close to the start of the 2016/17 academic year. Recruitment has increased steadily since then with postgraduate enrolments in 2019/20 representing an increase of 30.6% over 2015/16 which was the final year pre-loans.

Historically, postgraduate numbers have increased at points of economic downturn and this occurred again in 2020/21 as a direct consequence of the Covid pandemic. Lockdown restrictions clearly contributed to the significant rise in Home students commencing a Masters programme: students had time available to study so took the opportunity to study as a means to upskill or retrain with an eye on improving career prospects during a post-pandemic (and post-Brexit) recovery. Unfortunately, far lower 2021/22 recruitment appears to indicate that latent demand was met last year possibly coupled with a focus on employment rather than study as London begins to recover.

STRATEGIC REVIEW (continued)

Income from full-time Home and EU students increased by £5.3 million as a consequence of the Covid postgraduate increase and the final year of loans for EU students. Income from international students rose by £0.9 million (an increase of 9.4%) despite the considerable travel challenges faced by many students during 2020/21. International student income has steadily grown over the last five years as we have placed more emphasis on international brand management and awareness. We believe that there is scope for further increases, particularly with the re-introduction of the post-study work visa. Income from part-time students rose by £2.1 million – the third year-on-year increase since the dramatic fall in numbers from 2012. It is hoped that developing Government policy with the extension of student loans to short courses will provide the part-time market with overdue reinvigoration.

Charts 7 and 8 summarise where our expenditure has been incurred.



	Academic and related services	Admin & professional services	Other expenses	Research grants & contracts	Premises	Voluntary Severance and Early Retirement Scheme
2016/17	61.1	19.3	1.8	7.2	10.9	0.0
2017/18	63.8	21.1	1.9	7.9	12.0	0.4
2018/19	66.2	20.8	1.9	7.1	14.8	3.3
2019/20	63.7	18.4	1.6	6.8	14.2	0.3
2020/21	66.0	21.7	0.8	6.7	11.2	0.5

Chart 7: Expenditure by activity 2016/17 to 2020/21

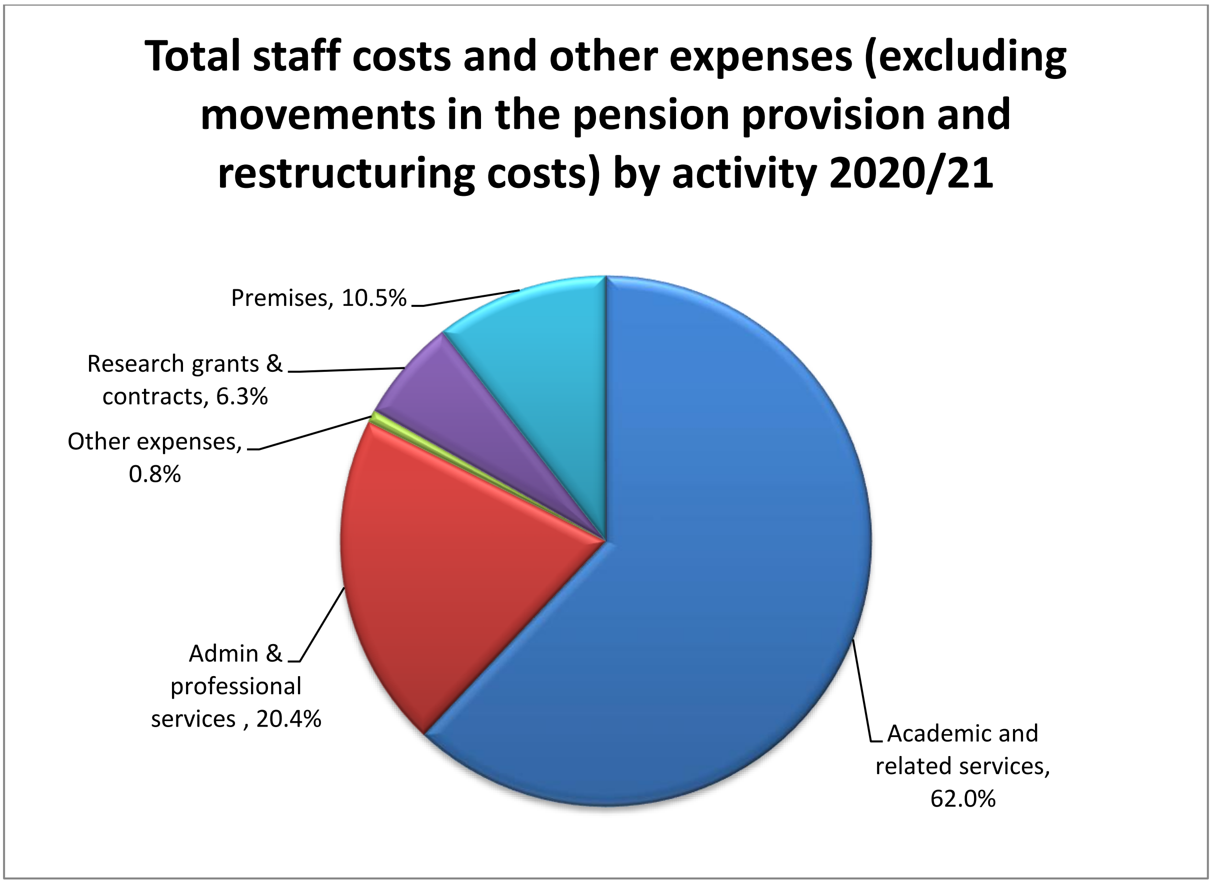
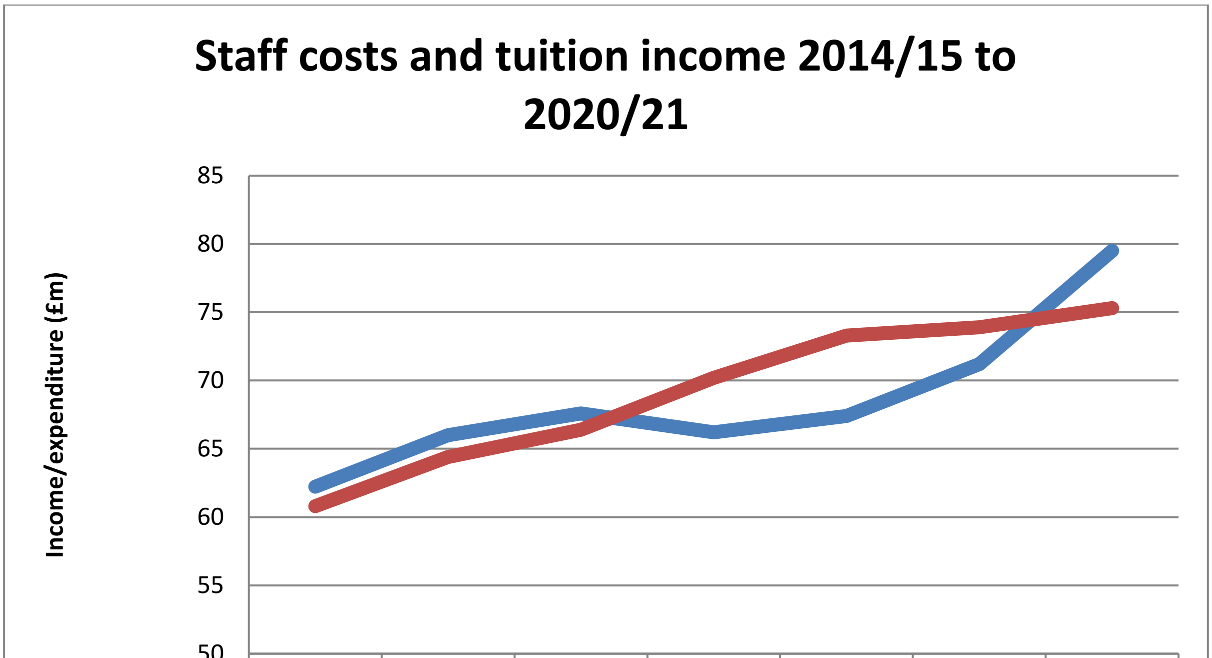


Chart 8: Analysis of expenditure 2020/21

Staff costs as a percentage of total income (excluding movements in the pension provision and restructuring costs) has been rising consistently over a number of years and has become unsustainable. In general, restructuring costs should be included in this metric but are excluded from Table 3 to remove the increased sum paid in 2018/19 thereby allowing for better year on year comparison. The College does not own any student residences (which increase income without a corresponding increase in staff costs) so this percentage remains one of the highest in the sector.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Gross salaries	70,226	73,313	73,942	75,402
Movement on pension provision	(660)	20,481	(14,884)	(61)
Restructuring costs	401	3,308	299	504
Total expenditure on salaries	**69,967**	**97,102**	**59,357**	**75,845**
Gross salaries (excluding movement on pension provision and restructuring costs) as a percentage of total income	64.4%	69.5%	68.0%	64.0%

Table 3: Change in underlying staff costs 2017/18 to 2020/21



	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Tuition fees	62	66	68	66	67	71	80
Staff costs	61	64	66	70	73	74	75

Chart 9: Staff costs (excluding pension provision and restructuring) and tuition income 2014/15 to 2020/21

Tuition fees and education contracts provided 68.3% of total income in 2020/21 (2019/20: 66.6%) whilst staff costs (excluding pension provision and restructuring) represent 64.0% of total income (2019/20: 68.0%). With undergraduate fees fixed by the UK government and upwards pressure on staff costs, particularly through pension contribution increases, there is a mismatch between the inflationary increase in income and the additional staff costs. Until 2017/18, the trajectory of our main source of income was tracking the rise in staff costs and the College delivered regular surpluses. A post-Brexit fall in students enrolling from the EU coupled with increasing pension costs switched this around as indicated in Chart 9 and directly led to the underlying deficit in 2018/19. In 2019/20, lower staff costs following the VSER scheme coupled with increased student income brought the two lines closer together and we have seen a significant switch in 2020/21 due to the pandemic-influenced spike in tuition income. Unfortunately, as we ease our way out of the pandemic new student enrolments have fallen and the implications of a switch back to staff costs exceeding tuition income in 2021/22 needs careful consideration as we develop our new five-year strategy.

The coronavirus pandemic required us to quickly move activity on-line for both staff and students in the Spring of 2020 and education remained largely on-line throughout 2020/21. When College buildings began to open in-line with government guidelines, most staff and students continued to work remotely. Despite the significant changes the transition was successful and we saw an increase in student retention in 2020/21. However, both income and costs were affected. It is difficult to ascertain exactly what the financial impact in 2020/21 has been but a comparison of performance against the original underlying break-even budget for various activities can provide some indicators.

STRATEGIC REVIEW (continued)

Table 4 explains the £18.0 million total comprehensive income in high-level terms.

	Actual (£m)	Comment
Underlying budget forecast	0.0	A break-even budget was set
Increase in tuition income	3.9	Higher student numbers including January start; likely due to pandemic; improved retention
Loss of other income	(4.4)	Loss due to impact of pandemic, primarily daytime room rentals and catering income
Digital Education Associates	(0.7)	Additional staff costs to support move to on-line teaching
Decrease in non-staff expenditure	4.0	Largely a direct reduction in spend due to the pandemic including: • Room bookings £1.2m • Catering costs £1.1m • Conferences, travel, training £1.0m • Delayed estates works £0.4m
Depreciation	1.1	Delayed completion of Toddlerlab and 373 Euston Road due to pandemic
Other (net change in income and expenditure compared with budget)	3.8	Including: • Additional teaching & research grants £1.2m • Control of staff vacancies £0.6m • Covid job retention scheme £0.5m
Underlying surplus	**7.7**	
Profit on sale of University Square Stratford	3.7	Offer to purchase received during the year
Gain on investments	3.3	Investments moved to two new funds plus significant post-pandemic growth in markets; non-cash unrealised gain
Donations & endowments	3.6	Partly the release of donations received in prior years due to completion of construction projects
Other	(0.3)	
Total comprehensive income for the year	**18.0**	

Table 4: Key factors contributing to total comprehensive income for the year

STRATEGIC REVIEW (continued)

As can be seen from Table 4, the positive underlying performance is largely a combination of pandemic related factors (increased income coupled with lower costs) which are unlikely to be replicated as restrictions ease and the economy recovers. Although costs were lower, the savings were not directly related to the delivery of teaching with staff costs exceeding budget due to investment in staff to support the on-line development and delivery of programmes.

In addition, we had three very specific material adjustments which helped boost the comprehensive income by £10.6 million: a one-off property sale; growth in investments from an initial pandemic fall in global equities; plus £2.3 million in donations which were received over the last few years but under accounting rules could only be recorded as income once our specific obligations had been delivered (completion of Toddlerlab and 373 Euston Road).

The comprehensive income achieved in 2020/21 of £18.0 million is not dissimilar to the 2019/20 figure of £19.0 million. However, it is important to look beyond these figures to the major contributing factors as shown in Table5.

	2020/21 (£m)	2019/20 (£m)
Estimate of "business as usual" surplus	3.8	0.4
Estimated Covid impact*	3.9	1.4
Pension adjustment	0.1	15.1
Profit on sale of University Square Stratford	3.7	-
Gain on investments	3.3	0.4
Release of capital donations	2.3	-
Other	0.9	1.7
Sub total income	**18.0**	**19.0**

Table 5: Key factors contributing to surplus 2020/21 and 2019/20

** It should be noted that nearly all of our activities were impacted by Covid during 2020/21 so it is difficult to accurately assess the direct financial impact. The Covid estimate is the sum of the first five entries in Table 4 to give a guide but the figure could easily be higher.*

Although difficult to ascertain exactly, it does appear that our underlying financial position continued to improve in 2020/21 from the post-referendum lows. However, the pandemic prevented us from reducing costs in a couple of academic departments with particularly low staff student ratios and this will need to be a focus in 2021/22.

The University Superannuation Scheme (USS) was revalued at 31 March 2017 with the effect that the scheme deficit increased. A repayment plan was agreed in 2018/19 and the College recognised the increase in its share of the pension liability. This had the effect of reducing total comprehensive income for the year by £20.7 million. A joint Expert Panel (JEP) was set up with members representing employers and members to review the assumptions used in the valuation. A follow up valuation was undertaken at 31 March 2018 using slightly amended assumptions recommended by the JEP. These assumptions led to a reduction in the scheme deficit and a recovery plan with a slightly extended repayment period. The resulting impact on the College total comprehensive income was an increase of £14.9 million.

It was agreed that a third valuation at 31 March 2020 should be undertaken and this was commenced despite the pandemic impact on equities. The valuation increased the deficit position significantly to retain existing retirement benefits and contribution rates would have moved to unaffordable levels to repair the position. Benefit reforms were proposed which only required a slight increase in pension contributions from both employers and members. Although the mandatory consultation on benefit reform is not due to end until January 2022 the contribution increases were implemented in October 2021.

Table 6 summarises some of the key data on the scheme.

Contribution rates	2011 to Mar 2016	Apr 2016 to Mar 2019	Apr 2019 to Sep 2019	Oct 2019 to Sep 2021	Oct 2021 onwards
Members	6.5%	8.0%	8.8%	9.6%	9.8%
Employers	16.0%	18.0%	19.5%	21.1%	21.4%

Costs (£ million)	2018	2019	2020	2021	2022 (estimate)
Birkbeck pension charge for the year	7.2	7.6	8.4	8.4	8.6
Birkbeck share of the pension liability at 31 July	11.1	31.8	16.9	16.9	48.9

Table 6: Key data for the Universities Superannuation Scheme (USS)

The contribution rates from October 2021 and the resulting College share of the liability at 31 July 2022 assume that the benefit reforms being consulted on are implemented from April 2022. If for any reason benefit reform is delayed a revised set of contribution rates will be implemented which result in further increases for staff and employers every six months from April 2022 to October 2025. From April 2022 the employer contribution rate will increase to 23.7% (an additional 2.3%) and members 11.0% (an additional 1.2%). If benefit reform is not implemented by 2025 the corresponding rates will be set at 38.2% for employers and 18.8% for members. Without benefit reform the College share of the liability at 31 July 2022 is estimated to be £78.5 million.

The University and Colleges Union (UCU) balloted for strike action over pay and pensions and is asking employers not to implement benefit reforms. Although most employers, including Birkbeck, have stated that they cannot afford to increase contribution rates further the Pensions Regulator has clearly stated that it expects the 2020 valuation to be concluded as it is already past the statutory deadline. Given the affordability challenge for employers and the pressure from the regulator it is difficult to see how a negotiated settlement could be reached with UCU before April 2022.

As can be seen from Table 6, the Universities Superannuation Scheme has become more costly and represented 7.1% of income in 2020/21 (6.6% of total income 2017/18). Deficit recovery contributions of 6.3% of payroll are now required and the College share of the liability has increased by £37.8 million in four years. It is hoped that possible strike action will not lead to the imposition of further rate increases from April 2022 and that ways to ensure that the scheme becomes financially sustainable are identified before the 2023 valuation. Governors are concerned about the risk the scheme now places on the financial health of the College.

STRATEGIC REVIEW (continued)

Financial sustainability

Table 7 brings together some key pieces of financial data for the Group from the last four years.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Total income	108,984	105,422	108,707	117,795
Total comprehensive income / (expenditure) for the year	2,822	(27,236)	18,977	18,005
Total comprehensive income / (expenditure) as a percentage of total income	2.6%	(25.8%)	17.5%	15.3%
Total income	108,984	105,422	108,707	117,795
Adjust for material one-off equipment grant	(3,430)	-	-	-
Adjusted total income **A**	105,554	105,422	108,707	117,795
Total expenditure	106,155	134,454	90,127	106,783
Adjust for restructuring costs*	(401)	(3,308)	(299)	(534)
Adjust for change in pension liability	724	(20,718)	14,884	62
Adjusted total expenditure **B**	106,478	110,428	104,712	106,311
Adjusted (deficit)/surplus before other gains and losses **A-B**	(924)	(5,006)	3,995	11,484
Adjusted (deficit)/surplus as a percentage of adjusted total income	(0.9%)	(4.8%)	3.7%	9.7%
Non-current assets	96,916	102,905	112,630	154,640
Cash plus current investments	57,682	48,717	40,618	14,205
Payments to acquire fixed assets	8,496	11,505	12,225	44,649
Net cash inflow/(outflow) from operating activities	1,309	(777)	2,276	10,894
Operating cash as a percentage of total income	1.2%	(0.7%)	2.1%	9.2%
Investments (long-term)	17,702	19,011	19,692	23,367
Cash plus current and long-term investments	75,384	67,728	60,310	37,572
Investments (long-term) as a percentage of cash plus total investments	23.5%	28.1%	32.6%	62.2%
Net liquidity days	203	161	146	50
Net pension liability	(11,127)	(31,845)	(16,792)	(16,852)
Total net assets	97,088	69,852	88,829	106,834

Table 7: Key financial data for the College and its subsidiary 2017/18 to 2020/21

** Restructuring costs are excluded from total expenditure to remove the increased sum paid in 2018/19 thereby allowing for better year on year comparison*

STRATEGIC REVIEW (continued)

Although we saw a spike in tuition income in 2020/21 total income has been reasonably static over the last few years. Staff costs inflate each year due to pay inflation, incremental drift and promotions with National Insurance and pension contribution increases also adding to the pressure. The challenge of managing rising costs with a fixed annual income is a cycle we need to try and break.

The increased total comprehensive income in 2020/21 contributed £10.9 million in operating cash (2019/20: £2.3 million). This cash inflow coupled with cash reserves allowed us to purchase Student Central (now referred to as Birkbeck Central) from the University of London for £35 million. The purchase of Birkbeck Central coupled with continued investment in other capital estates projects, IT infrastructure and equipment has led to a significant increase in non-current assets and a corresponding reduction in cash and cash equivalents. Net liquidity days fell this year to 50 (in highly simplistic terms the number of days we can pay for goods and services without further income). It is worth noting, however, that in addition to the instant access cash we also held £23.4 million of long-term investments – invested in two funds with Mercer and Ruffer. Each of these funds generate investment income and are reasonably liquid (7 days).

Having used our cash reserves to invest in fixed assets the ratio of long-term investments to total investments has nearly doubled this year to 62.2% (2019/20: 32.7%). It is helpful that the long-term investments can be readily divested and our cash flows are constantly monitored. In October 2021 the College Investment Committee chose to realise the gains made on the funds and reduced the capital invested back to £20 million.

To help manage our liquidity in the period following the purchase of Birkbeck Central, and to contribute towards the costs of refurbishment, a £20 million Revolving Credit Facility was arranged with Barclays Bank prior to 31 July 2021. At the year-end it had not been necessary to draw down any of the loan funding.

Risk Management

An effective approach to risk management is seen by the College as an essential element of corporate governance. The College has adopted a financially prudent and conservative approach but is nevertheless committed to pursuing strategic opportunities linked to its core mission, provided that the potential benefits and risks are understood and that reasonable means to mitigate risks are put in place. Good progress has been made towards embedding risk management throughout the College. The College provided a full compliance statement on internal control last year and will continue to do so.

The College has a Risk Management Policy in place which explains the underlying approach to risk management and documents the roles and responsibilities of the governing body, the Audit Committee, the Strategic Planning Committee, the Risk Management Group and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures. The policy is reviewed on an annual basis.

The Risk Register is compiled by the Risk Management Group consisting of senior academic and professional services staff. Significant current and potential future risks are identified and evaluated together with the controls in place to mitigate them. The risks are grouped by themes, for which Key Performance Indicators linked to strategic objectives have been established. The risks are monitored by Strategic Planning Committee, Audit Committee and Governors. An annual report on internal control and risk for 2020/21 was presented to the Audit Committee in May 2021.

In the Spring of 2020, KPMG undertook a scheduled review of strategic risk management at the College as part of their internal audit plan for the year. The work to be undertaken was summarised in their report as follows:

"We will undertake deep dives into a sample of the strategic risks recorded on the risk register in order to assess the effectiveness of their management to achieve a tolerable level of risk. We will consider whether mitigations implemented are appropriate to address the nature of the risk identified, whether actions identified have been implemented as planned and whether they have been effective in reducing the level of risk to an acceptable level.

We will also review the governance structures in place for the oversight and monitoring of the risks identified to consider whether they are sufficient to provide assurance to the Governors that risks are being effectively managed."

A number of areas of good practice were identified in their May 2020 report and an assurance rating of "significant assurance with minor improvement opportunities" was determined.

Risks are assessed and scored using gross and net likelihood and impact scores. Gross scores indicate the magnitude of the risk without successful controls and net scores take into account the impact of management interventions. Risk scores are divided into low/green (below 9), medium/amber (9-12.5) and high/red (12.5+). The maximum risk score which can be achieved (highest impact and likelihood) is 25.

The top risks for the College for 2020/21 outlined in the annual report are:

- **Student recruitment falls**

  Gross risk 22.50, residual risk 15.00 (2019/20: gross risk 22.50; residual risk 15.00)

  Our financial sustainability is heavily linked to student recruitment reflecting our reliance on tuition fees as our main source of income. Although the risk level has not changed across the last two years we have seen a marked change in applicant behaviour. We were concerned that recruitment for 2020/21 would fall due to travel and other restrictions related to the pandemic but this did not materialise and we saw a spike in enrolments. Having modelled flat year-year-on-year recruitment of new students for 2021/22 we retained the risk level due to ongoing pandemic uncertainty.

  Despite receiving the same number of applications in both 2020/21 and 2021/22, conversion from offer to enrolment dropped significantly this year such that tuition income is expected to be around £10 million below budget. In the first half of the recruitment cycle applications were up year-on-year but late summer applications from more mature students, usually our strongest recruitment period, fell away significantly. The continuing use of teacher assessed A levels polarised the sector with Russell Group universities increasing numbers at the expense of others with very few students needing to accept their insurance offers.

  Work has already commenced to boost our marketing and conversion activity for 2022/23 and longer-term recovery strategies are being developed. Application and offer statistics will be monitored weekly by the Recruitment Strategy and Management Group and further mitigating actions will be developed during the year.

- **Costs exceed income**

  Gross risk 20.25, residual risk 12.25 (2019/20: gross risk 20.25; residual risk 12.25)

STRATEGIC REVIEW (continued)

Similar to the student recruitment risk, risk scores for financial sustainability were not updated for the May annual report to Audit Committee as applications and offers were above the previous year and the pandemic uncertainty remained. The significant drop in conversion in 2021/22 has led to a £10 million loss of income against an underlying provisional surplus for the year of £1.0 million. A number of early reductions to expenditure budgets have been identified which reduce the forecast underlying deficit for the year to £3.0 million. Future year income will also be affected as reduced size cohorts replace larger graduating groups.

Audit Committee and Finance & General Purposes Committee reviewed a series of papers in November 2021 outlining a recovery strategy and the impact of the loss of income and plans of our financial forecasts. Although we can expect deficits for the next couple of years the recovery strategy outlines a credible way forward which includes refocussing our programme portfolio and the way we deliver teaching. These coupled objectives are based on a review of internal metrics and external market data and aim to make sure that we deliver high quality programmes for working students. They will also allow us to build on our long-standing objective of offering a lifelong learning opportunity to students needing to upskill and reskill throughout their careers.

The deterioration in our financial position in 2021/22 will increase the range of risks we face as we seek to quickly implement our recovery strategy. Strategic Planning Committee and Governors will continue to formally review progress against timelines and objectives. We are also developing new delivery and governance groups, which will include independent governors, to ensure that we remain on track. Finance & General Purposes Committee determined that the College would remain a going concern having reviewed the forecasts and associated papers at their November meeting.

- Breach of IT or data security

  Gross risk 22.50, residual risk 14.00 (2019/20: gross risk 18.00; residual risk 12.25)

  This risk has been raised once again to reflect the increase in malicious activity targeted at the education sector. Audit Committee has been focussing on both cyber security and data protection and a number of projects were commenced prior to the pandemic. These included working towards implementing recommendations to improve compliance under GDPR legislation following an internal audit, introducing mandatory IT security training for all staff, improving security in our email systems and enhancing infrastructure and hardware. This is likely to remain a significant risk indefinitely due to the adaptability of those looking to breach security arrangements.

To recognise the highly uncertain period we are in due to the pandemic a number of additional groups have been set up to monitor the developing situation and agree on mitigating actions including: The Vice-Chancellor chairs weekly meetings of the Academic Executive Team and senior College staff brief the Chairs of the Governing Body committees on a regular basis between formal meetings. Other College committees such as the Health & Safety Committee have also been meeting more frequently. Further groups will be formed to oversee the delivery and oversight of the projects which underpin our recovery strategy.

The future of higher education funding and the affordability/sustainability of the Universities Superannuation Scheme are each risks with significantly uncertain outcomes which could have a detrimental impact on the College in the future. We are unable to actively mitigate these risks and can only lobby government or contribute to sector-wide consultations. Nevertheless, reports on the possible impact on the College and associated risks are routinely prepared and discussed at Strategic Planning Committee and with Governors.

Public Benefit Statement

The College Charter dated 17 March 1926 states:

"The objects of the College shall be to promote for the public benefit and to provide for persons who are engaged in earning their livelihood during the daytime and other persons, education, instruction and means for research and such facilities as may be deemed appropriate, in all or any of the subjects comprised in the faculties of the University into which the College has been or may be admitted and any other subjects as the Governors may from time to time determine."

As an exempt charity within the meaning of the Charities Act 2006 (updated 2011), we are required to demonstrate how our activities are of benefit to the public. The Act describes 13 broad areas of charitable activity. The Governing Body has regard to the Charity Commission's guidance on public benefit and meets these requirements in the following manner.

The advancement of education

The Charities Act 2006 (updated 2011) determines that for education to be a charitable aim for the public benefit it "must be capable of being 'advanced'. This means to promote, sustain and increase individual and collective knowledge and understanding of specific areas of study, skills and expertise." It goes on to note that education includes "formal education, training (including vocational training) and life-long learning, research and adding to collective knowledge and understanding of specific areas of study and expertise [and] the development of individual capabilities, competences, skills and understanding".

The College Charter and mission statement align with this charitable purpose which underpins everything we do.

In addition to our contribution to the advancement of education from teaching, our success in driving forward research directly contributes to a number of the public benefit criteria outlined in the Charities Act (see below for examples). The following table summarises our research income over the last three years:

	2018/19	2019/20	2020/21
Research income (£'000)	8,839	8,412	8,287
Income as a percentage of total income	8.4%	7.7%	7.0%

Table 8: Research income trends

Research income is released in line with progress on the projects. Unfortunately, the pandemic has affected the amount of research activity that could be undertaken leading to a fall in income recognised over the last two years. The College currently has a portfolio of live research projects linked to £56 million in external grant funding.

The pandemic also had an impact on our research students with a number having to extend their research phase prior to writing up. The College has agreed to provide financial support to self-funding research students in the same way that research councils are.

The prevention or relief of poverty

The Act notes that "in current social and economic circumstances, poverty includes many disadvantages and difficulties arising from, or which cause, the lack of financial or material resources … [and] can both create, and be created by, adverse social conditions, such as poor health and nutrition, and low achievement in education and other areas of human development." It goes on to state that "the [Charity] commission recognises that many charities that are concerned with preventing or relieving poverty will do so by addressing both the causes (prevention) and the consequences (relief) of poverty." This section explains how our mission contributes to the prevention or relief of poverty through the provision of education. It also describes our more widespread support for students with a wide range of characteristics.

Birkbeck predominantly delivers teaching in the evening, retaining our historic mission to educate working Londoners. We are proud to be a university that opens its doors to people who may otherwise not be able to study. We have maintained our commitment to enabling access for mature students, whilst also diversifying and increasing the number of younger students, through our full-time undergraduate evening degrees. We continue to be a widening access institution and a significant voice for the high proportion of our students coming from under-represented groups. We introduced a foundation year in 2017/18 to provide non-traditional students without strong A level grades a route into our undergraduate programmes with numbers steadily increasing to 815 FTE in 2020/21 (see Chart 5). 58% of the students are from ethnic minority backgrounds (47% on our standard undergraduate programmes), 53% male (compared with 44%) and 35% under the age of 21 (compared with 22%). We are proud to offer an opportunity to this group of students which may be denied to them elsewhere and remain committed to driving this agenda in the higher education sector.

We are concerned that an outcome of the government's review of post-18 education may introduce minimum A-level standards for students under 21 whereby student loan funding is not available to them if they need to undertake foundation years. Such a strategy will adversely affect a large group of students who are otherwise capable of completing a university degree (albeit with additional support at the outset) thereby providing themselves with an opportunity to enhance their economic position. We continue to lobby strongly on this point.

Our student body has a high proportion of part-time and mature students. Many of our students have non-traditional qualifications and high proportions of students have low income, are from ethnic minorities or have a disability. The vast majority of students live and work in London. 93% of our part-time students and 67% of full-time students are over 21. We provide an opportunity for students who wish to combine evening university teaching with daytime work and, therefore, offer opportunities for students who otherwise would not be able to study.

In recent years, higher tuition fees, the absence of maintenance loans, and debt aversion have resulted in lower recruitment onto our part-time programmes. We are pleased to see that government policy is re-focussing on lifelong learning and increasing the range of study modes for mature students, including part-time study. Despite the challenges faced by the part-time sector our outcomes regarding access to higher education continue to be strong and demonstrate an institution-wide commitment to working with non-traditional students. We plan to continue with our current approach on access.

Detailed information on the ways that we provide support to our students can be found in the College Access and Participation Plan 2020/21 to 2024/25. Further details and a link to the document on the Office for Students' web site are provided in Note 9 to the Financial Statements.

STRATEGIC REVIEW (continued)

The following externally funded research projects indicate the breadth of contribution to public benefit objectives:

The advancement of the arts, culture, heritage or science

Dr Hubie Chen from the Department of Computer Science and Information Systems received a grant of £594,000 from the Engineering and Physical Sciences Research Council (EPSRC) to conduct a research project in query evaluation, the process of identifying solutions to complex computational problems. The project aims to address the fact that many problems of interest in computer science are unlikely to be tractable, that is, easy to solve, using computational methods. The research team will study query evaluation by seeking examples of computationally tractable problems in the hope of better understanding the factors that determine whether a problem can be solved using computational methods. The study will aim to develop complexity measures for formulas that will allow for the identification of tractability results for query evaluation. Findings from the research will support a much deeper and richer understanding of database query evaluation and will crucially focus on efficiency, reducing costs and allowing for higher capabilities in the industry. The outcomes will strengthen knowledge and understanding in this area for the benefit of industry and future research.

The prevention or relief of poverty

The Department of Management's Dr Fred A. Yamoah has received a grant from the Science and Technology Facilities Council (STFC) Food Network+ to work on a project developing more resilient food supply chains in Ghana. The project, Using STFC Technology to Create a Novel Digital Platform to Integrate Fish Farmers and Customers in Ghana, aims to address problems in the fish supply chain caused by the Covid pandemic and to improve the resilience of the supply chain for the future.

In Ghana, fish farming is a major source of nutrition and livelihood for small-scale farmers. However, lockdowns prompted by the Covid pandemic have caused huge disruption to the aquaculture sector, resulting in a loss of income and limited consumer access to this nutritious food supply. Dr Yamoah's project aims to address this problem by creating a digital platform that will connect fish farmers with customers, addressing supply, market and transparency challenges that face the aquaculture food system in Ghana. Building on contemporary food delivery systems such as Uber Eats, the platform will link fish farmers with customers directly, ensuring that farmers are able to access the wider market and to sell in a safe environment. Ultimately, the project aims to create, harness and sustain fish supply chains in Africa for improved livelihoods, nutritional outcomes and social and environmental impacts.

The STFC Food Network+ brings together STFC researchers and facilities with research and industry in the agri-food sector. Their aim is to provide a sustainable supply of nutritious and affordable food using less land in the context of global climate change

The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity

The Institute for Crime & Justice Policy Research (ICPR) at Birkbeck has published a report revealing vast disparities between countries in their approaches to criminal sentencing, with important implications for justice reform. Through legal analysis and interviews with criminal lawyers across a diverse group of ten countries spanning all five continents, the research focused on three hypothetical offence scenarios: a domestic burglary by a man with previous convictions for similar offences; drug importation (400 grams of heroin) by a woman from a less developed country; and the intentional homicide of one young man by another. Each scenario presents entrenched policy challenges for sentencing law and practice. The report engages with these challenges, offering lessons for reform to tackle the relentless rise in prisoner numbers seen throughout the world in recent decades.

Lead author Catherine Heard, Senior Research Fellow at the ICPR and Director of the World Prison Research Programme, commented: “All countries face similar dilemmas in devising sentencing policy, but there is huge variation in how countries respond to those dilemmas. The tougher, more arbitrary sentencing many countries have introduced have caused prison populations to surge, while leaving untouched the underlying and complex drivers of much offending.”.

The ten jurisdictions examined were Kenya, South Africa, Brazil, the USA (focusing on New York State), India, Thailand, England and Wales, Hungary, the Netherlands and Australia (focusing on New South Wales).

In a second report, the prisons research team at ICPR published research on measures taken to control the risk of Covid in prisons and their impact on prisoners’ health and wellbeing. The research covers a diverse group of countries across five continents and includes first-hand accounts of how life in custody changed from March 2020. When the pandemic emerged, most countries’ prison systems were running above their official capacity, after decades of rising prisoner numbers. From early March 2020, prisons across the world quickly locked down. With visits from the outside world largely suspended, prisoners were deprived of family contact, legal advice, visits from voluntary agencies and monitoring bodies. Rehabilitation, work, education and other activities largely ceased. Prisoners spent long periods locked up with little or no contact with others.

Initially, the restrictions were met with protest, disorder and serious violence. Since then, with no end to the pandemic in sight, this protracted ‘double lockdown’ has continued to take a heavy toll on prisoners’ mental and physical health. The research shows that the health and social impacts of the pandemic and the measures taken to contain it are more severe in countries with overcrowded, under-resourced prisons. The risks of spread of infection are much greater in prisons with limited physical space and inadequate staffing levels – conditions that also make it even more difficult to maintain provision for education, work, rehabilitation, and social interaction at this time of public health emergency.

Early signs are that global prisoner numbers have declined since early 2020, for several reasons connected to the pandemic. Sustaining and building on these reductions is the single most effective strategy to contain the public health risks presented by contagious diseases without causing collateral damage to the mental and physical health of prisoners, prison staff and their families.

The advancement of health or the saving of lives

A study from The Centre for Building Resilience in Breast Cancer (BRiC) at Birkbeck has demonstrated that social support and good cognitive health can protect against depression in metastatic breast cancer. The research also finds that being of younger age (34-50 years) and having poorer cognitive function is met with increased levels of post-traumatic stress in this population. The study, using a sample of 59 women over the past year, is the first to examine the link between cognitive function and symptoms of anxiety, depression, and post-traumatic stress in metastatic breast cancer patients.

It is believed that around 30% of women with a primary diagnosis of breast cancer go on to develop metastatic breast cancer, also known as secondary breast cancer or stage IV breast cancer, which refers to the spread of breast cancer to other organs such as liver, bone, brain, or lungs, rendering the cancer incurable. Recent research shows that depression can escalate cancer progression and increase the risk of cancer specific mortality by 30% in breast cancer (Wang et al., 2020). Despite this evidence, there is little to hardly any research that addresses the emotional and cognitive needs of women with metastatic breast cancer leaving them highly under-represented in research.

In the current study, women with a diagnosis of metastatic breast cancer completed a series of online questionnaires and cognitive tests to measure symptoms of anxiety, depression and cognitive function. The results, published in the journal Psycho-Oncology, demonstrated that younger women who reported poorer levels of cognitive functioning were at greatest risk of increased post-traumatic stress symptoms. When looking at the role of social support, the authors found that the combined effect of social support and good cognitive function could protect against depression symptoms in metastatic breast cancer patients.

A second BRiC study also found evidence that job insecurity created by Covid can lead to greater depression levels in women living with a diagnosis of breast cancer. Figures showed that job security was 40% lower in women who were furloughed or unable to work as a result of the outbreak compared to women who had continued working. Those with low job security scored approximately 26% higher on depression than those with high job security.

Workability in women after breast cancer diagnosis has proven to improve cognitive and emotional health as well as protect against anxiety and depression leading to a better quality of life in survivorship. Work plays a central role in their recovery and provides them with a sense of normality, purpose and stability after what has otherwise been a highly distressing and uncertain period in their lives. Threats from Covid on job security show the psychological harm that such women are exposed to, which can lead to exaggerated levels of clinical depression.

The study, which was based on a series of online questionnaires completed by 234 women with primary breast cancer in the UK, measured the impact of Covid on perceptions of work during the peak of the pandemic. The results further revealed that women who had been furloughed by an employer or left unable to work as a consequence of the outbreak had significantly greater job insecurity.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This Statement of Corporate Governance and Internal Control relates to the financial year ending 31 July 2021 and the period leading up to the approval of the financial statements on 25 November 2021.

Birkbeck College is a chartered Higher Education institution and a College of the University of London. Its legal status derives from a Royal Charter granted in 1926. It is an educational charity with exempt status, regulated by the Office for Students. The College has charitable purposes and applies them for the public benefit. Its objectives, powers and governance framework are set out in its Charter and Statutes and Standing Orders.

The College has a public interest duty to conduct its affairs in a transparent and responsible way, in accordance with the Nolan principles, to meet the regulatory requirements of relevant statutory bodies. Birkbeck complies with the Higher Education Code of Governance published by the Committee for University Chairs.

In accordance with the Charter and Statutes, the governing body is responsible for exercising the powers of the College. The governing body has oversight of the College's affairs and is responsible for ensuring effective operation, management and internal control. Governors review this statement of corporate governance and internal control arrangements annually and it is published as part of the Financial Statements.

Leadership

The Vice-Chancellor is the College’s Chief Executive and principal academic officer. The Vice-Chancellor is also the Accountable Officer for the purposes of the Higher Education and Research Act 2017.

The governing body has delegated authority to the Vice-Chancellor for the academic, corporate, strategic and financial management of the College. The Vice-Chancellor is a member of the governing body and chair of the Academic Board. The Vice-Chancellor also chairs the College Strategic Planning Committee, comprising senior academic and professional service members, which functions as the College’s Executive Board.

Governance

Governing body

The governing body of the College, known as Governors, is also its board of charitable trustees, and is responsible for the strategic development and overall achievement of Birkbeck’s mission and purposes and for all areas of its operation. It comprises independent members, students, alumni and employees appointed under the Statutes of the College, the majority of whom are non-executive. The Vice-Chancellor and Deputy Vice-Chancellor are Governors ex officio. Students, staff and alumni are elected. There is a majority of independent members appointed by the Nominations Committee, which includes the Chair and Deputy Chair of the Governing Body.

Governors provide a register of interests and a declaration that they are fit and proper persons.

The Clerk to the Governors is appointed by, and responsible to, the Governors for the operation and conduct of Birkbeck’s governance structures, ensuring effective processes are in place to provide assurance and to ensure compliance with the Charter and Statutes and external regulatory and legal requirements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The powers and functions of the Governors are set out in the Charter and Statutes. The matters specially reserved to the Governors for decision are set out in the Charter and Statutes and the Governors' Statement of Primary Responsibility. They include:

- approval and monitoring of major strategic initiatives;
- approval of the annual budget, financial forecasts and the annual audited accounts;
- compliance with the Office for Students' ongoing conditions of registration and terms and conditions of funding;
- confirming assurance of regularity and propriety in the use of public funding;
- appointment of the Vice-Chancellor, Clerk to the Governors, internal and external auditors and independent governors; and
- review of governing body effectiveness.

Powers delegated by Governors to other bodies and individuals are also defined in the Governors' Statement of Primary Responsibility.

Governors' Committees

The Governing Body has several Governors' committees, including Finance and General Purposes Committee, Audit Committee, Nominations Committee and Strategic Estates and Infrastructure Committee. All of these committees make formal reports to Governors and have terms of reference approved by Governors.

Finance and General Purposes Committee

The Finance and General Purposes Committee (F&GPC) is responsible for advising Governors on all matters relating to the finances of the College. It reviews and recommends to the Governors the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It reviews and recommends to Governors the financial regulations and financial policies that are applied to management. It reviews the annual financial statements and considers financial strategy.

F&GPC has established an Investment Committee to be responsible for the College investments on behalf of F&GPC.

Currently four further committees report to F&GPC with Terms of Reference which are approved by F&GPC. They are:

- Human Resources and Strategy Committee;
- (Student) Recruitment, Outreach and Access Committee;
- Equality and Diversity Committee; and
- Health and Safety Committee.

Audit Committee

The Audit Committee is constituted in line with guidance issued by the Committee of University Chairs and comprises wholly independent members namely independent Governors and an external co-optee with special expertise. Senior College executives attend meetings but are not members. The External and Internal Auditors have independent access to the Audit Committee, and vice versa.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The remit of the Audit Committee includes:

- making recommendations to the governing body on the appointment of the External and Internal Auditors;
- meeting with the External Auditors to discuss their audit findings, and reviewing and approving the audit aspects of the annual financial statements, providing Governors with its own opinions based on the information available to it;
- approving and keeping under review the annual internal audit plan;
- considering internal audit reports and their recommendations for improvement of the College's systems of internal control, reviewing management responses to internal audit reports and monitoring implementation of their recommendations;
- satisfying itself and assuring the Governors that satisfactory arrangements are in place to promote economy, efficiency and effectiveness thereby securing value for money; and
- assessing compliance with external funding and regulatory bodies.

The Audit Committee's role in relation to risk oversight and assurance is set out below.

Nominations Committee

The Nominations Committee considers nominations for independent governor vacancies and the membership of the Governors' committees. Recommendations to the Governors take into account the balance of skills, knowledge and experience of members and are based on assessment against objective criteria. Nominations Committee also considers issues of succession planning and diversity within the Governing Body, and confirms the appointment of the Chair and Deputy Chair of Governors annually.

Strategic Estates and Infrastructure Committee

The Strategic Estates and Infrastructure Committee (SEIC) is responsible for overseeing and advising Governors on the development and ongoing review of the College's estates and infrastructure strategy, in the context of the College's overall plan and strategic objectives, It advises Governors, in conjunction with F&GPC, on the College's property portfolio and the acquisition and disposal of property and leases; and on proposals for, and subsequent monitoring of, major and College-level estates, infrastructure and equipment projects. SEIC reports to Governors, but for business with budget or financial strategy implications, it does so via F&GPC. A Digital Infrastructure sub-committee reporting to SEIC has been created and met for the first time in October 2021.

Remuneration Committee

Remuneration Committee develops and has oversight of an overall framework to cover the remuneration, benefits and conditions of employment of the staff of the College. It considers the remuneration, benefits and conditions of employment of the College's senior academic executive team and the remuneration, benefits and conditions of employment of other members of staff with senior management roles on salaries of more than £100,000 (full time equivalent), making an annual report to the Governors. The Committee's terms of reference have been reviewed to ensure compliance with the CUC's Remuneration Code. The Committee's membership is wholly independent and does not include any College staff.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Strategic Planning Committee

The Strategic Planning Committee (SPC) is chaired by the Vice-Chancellor and consists of College officers with strategic management responsibility. Its remit is to act as the College's Executive Committee responsible for its effective and successful operation. SPC considers College-wide strategic issues and priorities and advises Governors accordingly. It is responsible for internal planning and resource allocation, policy and procedures. It oversees the annual planning and budgeting process, giving feedback to Schools and Professional Services on developing plans and co-ordinates and integrates budget plans for presentation to Finance and General Purposes Committee.

Academic Board and Academic Board Executive Committee

Under the College Statutes Governors have oversight and responsibility for all the College's activities, but must consider the advice of the Academic Board on all academic matters. Academic Board is responsible to the Governing Body for the academic work of the College and reports termly on the business it has considered. The Academic Board is chaired by the Vice-Chancellor and has a membership of more than 150 drawn from academic and Library staff and the students of the College. To increase the effectiveness of its decision making, it has established the Academic Board Executive Committee (ABExCo) as its steering committee. ABExCo is also chaired by the Vice-Chancellor, whose members include the Deputy and Pro Vice-Chancellors, the Executive Deans of the academic Schools and the academic staff and student Governors, all of whom are also members of the full Academic Board.

The membership of all of the above committees during the year is shown on pages 4-7.

Statement of internal control

The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of Birkbeck's strategies, policies, aims and objectives whilst safeguarding the public and external funds for which we are responsible, in accordance with the responsibilities assigned to the Governing Body in the College Charter and Statutes and the public interest governance principles set out in the regulatory framework for Higher Education in England.

The system of internal control includes arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities. It is designed to manage rather than eliminate the risk of failure to fulfil strategies, policies, aims and objectives and safeguard public funds, and can provide only reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks and manage them efficiently, effectively and economically. The process is regularly reviewed by Governors and accords with the principles in the Committee of University Chairs' HE Code of Governance.

Birkbeck manages risks through a Risk Register, which is reviewed each term by the College Risk Management Group reporting to Strategic Planning Committee, and the Audit Committee reporting to Governors. The College's Risk Management Policy is reviewed annually by the Risk Management Group and Audit Committee reporting to Governors.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The following processes have been established:

- the performance and strategic direction of Birkbeck is specifically considered each year by the Strategic Planning Committee and the Governors at annual extended strategic meetings;

- Governors agree and annually review Key Performance Indicators linked to strategic objectives and risks;

- Governors receive termly and annual reports from the Audit Committee concerning internal control and risk management;

- Audit Committee receives regular reports from the Internal Auditor, which include an independent opinion on the adequacy and effectiveness of Birkbeck's system of internal control, together with recommendations for improvement. Audit Committee may also request additional reports to gain assurance from other parties on areas of concern;

- a risk prioritisation methodology based on assessment of likelihood and impact has been established. The Risk Register covers corporate level risks, including ability to fulfil Birkbeck's aims and objectives and ability to continue to comply with its conditions of registration with the Office for Students;

- Audit Committee receives regular reports from the College Risk Management Group, on action taken to mitigate the risks and the impact of that action and on changes to the risk profile including new risks;

- the College Ethics Committee makes an annual report to Audit Committee on its operation, and also reports and provides assurance to Academic Board on ethical matters related to research activities;

- there are comprehensive Financial Regulations, detailing financial controls and procedures, approved by Governors on the advice of the Audit Committee and Finance and General Purposes Committee;

- the Governing Body has reviewed Birkbeck's governance system against the CUC's HE Code of Governance and concluded that the College is compliant with the principles of the Code. The Governing Body has asked Audit Committee to keep under review Birkbeck's processes and practices in line with the provisions of the Code;

- the Governing Body agreed to review its effectiveness in 2021 and will consider the review report in November 2021. It will follow up in terms of response and confirmed actions in March 2022. The previous effectiveness review was in 2013/14 and concluded that the Governing Body, individually and collectively, is effective. The previous review put in place measures to improve new Governor selection and induction and to give Governors more opportunities for engagement with the College outside formal Governors' meetings;

- the current review, originally due in 2018, has been postponed by several factors. A new Chair of Governors as well as several new independent Governors started their terms of office in 2019 and 2020 and the decision was taken to start the review after they had completed induction and started their terms of office. The global pandemic and the impact of the national lockdown in March 2020 led to a further delay and the review commenced in summer 2021.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

- the diversity of the Governing Body has increased following the appointment of new independent governors through an open call for expressions of interest;

- institution level collaborations are overseen by the College Collaborations Approval Panel which reports to Strategic Planning Committee; and

- Governors review annually their Statement of Primary Responsibility which covers responsibilities reserved to Governors and responsibilities delegated to committees or to the Vice-Chancellor.

There have been no significant internal control weaknesses or failures during this reporting period. This statement is based on the information provided to Governors in the regular reports on internal audit and risk management.

Governors have appointed a professional independent Internal Audit Service whose annual programme is approved by the Audit Committee. The internal audit function provides, by undertaking review, independent objective assurance to the Governing Body, through the Audit Committee, on the effectiveness of the risk management framework and the design and effectiveness of the operation of internal controls that are intended to control critical business application risks. Internal audit also helps the College accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes and, by working with management, adding value through advice and guidance.

The internal audit work programme is drawn down from a risk-focused audit plan, which remains dynamic and is updated regularly to reflect changes in the College's risk profile. Internal audit monitors the progress made by operational units in implementing recommendations to ensure that they are addressed in a timely and effective manner, and reports progress regularly to the Audit Committee.

Governors have appointed a professional external audit service to assess and report on whether:

- the financial statements of the College give a true and fair picture of the state of its affairs and of its income and expenditure, gains and losses and cashflow for the financial year;
- the financial statements have been prepared in accordance with relevant accounting standards including the Office for Students' Accounts Direction;
- external grants and income for specific purposes have been properly applied to those purposes and managed appropriately; and
- income has been applied in accordance with the Office for Students' Terms and Conditions and the College Financial Regulations.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BIRKBECK, UNIVERSITY OF LONDON

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the Group's and the College's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of Birkbeck, University of London ("the College") and its subsidiary ("the Group") for the year ended 31 July 2021 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and College Statement of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and College 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Governors' 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 College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Board of Governors' members with respect to going concern are described in the relevant sections of this report.

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BIRKBECK, UNIVERSITY OF LONDON (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Review, Statement of Corporate Governance and Internal Controls, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

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

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

Responsibilities of Governors

As explained more fully in the Governors' Statement of Primary Responsibilities set out on page 42, the Board of Governors 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 Board of Governors 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 Board of Governors is responsible for assessing the Group and the College'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 Board of Governors either intends to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BIRKBECK, UNIVERSITY OF LONDON (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;

- challenging assumptions made by management in their significant accounting estimates in particular in relation to impairment, depreciation, defined benefit pension scheme obligations and recoverability of trade receivables;

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;

- identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end;

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, OfS and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility; and

- reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BIRKBECK, UNIVERSITY OF LONDON (continued)

inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the Board of Governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the College's Board of Governors 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 College and the members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston MBE (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and College Statement of Comprehensive Income and Expenditure for the year ended 31 July 2021

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	Consolidated	College	Consolidated	College
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	80,422	80,422	72,424	72,424
Funding body grants	2	18,085	18,085	16,522	16,522
Research grants and contracts	3	8,287	8,287	8,412	8,412
Other income	4	5,697	5,697	8,357	8,357
Investment income	5	463	1,244	673	1,039
Total income before donations and endowments		112,954	113,735	106,388	106,754
Donations and endowments	6	4,841	4,841	2,319	2,319
Total income		117,795	118,576	108,707	109,073
Expenditure					
Staff costs - Annual remuneration	7	75,937	75,937	73,942	73,942
Staff costs - Restructuring	7	-	-	299	299
Staff costs - Decrease in pension liability	7	(62)	(62)	(14,884)	(14,884)
Total staff costs		75,875	75,875	59,357	59,357
Other operating expenses		27,354	27,425	26,982	26,958
Depreciation & amortisation	10, 11	3,399	3,399	3,285	3,285
Interest and other finance costs	8	155	155	503	503
Total expenditure	9	106,783	106,854	90,127	90,103
Surplus before other gains and losses		11,012	11,722	18,580	18,970
Gain on disposal of tangible fixed assets	11	3,716	3,716	-	-
Gain on investments	13	3,277	3,277	397	397
Surplus before tax		18,005	18,715	18,977	19,367
Total comprehensive income for the year		18,005	18,715	18,977	19,367
Represented by:					
Endowment comprehensive income for year		947	947	601	601
Restricted comprehensive (expenditure)/income for year		(21)	(21)	25	25
Unrestricted comprehensive income for year		14,518	15,228	18,072	18,462
Revaluation reserve comprehensive income for year		2,561	2,561	279	279
		18,005	18,715	18,977	19,367

All items of income and expenditure relate to continuing activities.

Consolidated and College Statement of Changes in Reserves
for the year ended 31 July 2021

Consolidated	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	**8,440**	**1,484**	**56,306**	**3,622**	**69,852**
Surplus from the income and expenditure statement	1,371	164	17,163	279	**18,977**
Release of restricted funds spent during the year	(770)	(139)	909	-	-
Total comprehensive income for the year	601	25	18,072	279	**18,977**
Balance at 1 August 2020	**9,041**	**1,509**	**74,378**	**3,901**	**88,829**
Surplus from the income and expenditure statement	1,225	30	14,189	2,561	**18,005**
Release of restricted funds spent during the year	(278)	(51)	329	-	-
Total comprehensive income for the year	947	(21)	14,518	2,561	**18,005**
Balance at 31 July 2021	**9,988**	**1,488**	**88,896**	**6,462**	**106,834**

Consolidated and College Statement of Changes in Reserves (continued)
for the year ended 31 July 2021

College	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	**8,440**	**1,484**	**56,758**	**3,622**	**70,304**
Surplus from the income and expenditure statement	1,371	164	17,553	279	**19,367**
Release of restricted funds spent during the year	(770)	(139)	909	-	-
Total comprehensive income for the year	601	25	18,462	279	**19,367**
Balance at 31 July 2020	**9,041**	**1,509**	**75,220**	**3,901**	**89,671**
Surplus from the income and expenditure statement	1,225	30	14,899	2,561	**18,715**
Release of restricted funds spent during the year	(278)	(51)	329	-	-
Total comprehensive income for the year	947	(21)	15,228	2,561	**18,715**
Balance at 31 July 2021	**9,988**	**1,488**	**90,448**	**6,462**	**108,386**

Consolidated and College Statement of Financial Position
for the year ended 31 July 2021

	Notes	As at 31 July 2021 Consolidated £'000	As at 31 July 2021 College £'000	As at 31 July 2020 Consolidated £'000	As at 31 July 2020 College £'000
Non-current assets					
Intangible assets	10	1,487	1,487	1,587	1,587
Fixed assets	11	129,433	97,372	90,998	64,417
Heritage assets	12	353	353	353	353
Investments	13	23,367	38,984	19,692	35,309
		154,640	138,196	112,630	101,666
Current assets					
Trade and other receivables	14	16,462	34,177	17,757	29,239
Investments	20	-	-	1,051	1,051
Cash and cash equivalents	21	14,205	14,205	39,567	39,567
		30,667	48,382	58,375	69,857
Creditors: amounts falling due within one year	15	(29,387)	(29,106)	(32,512)	(32,188)
Net current assets		1,280	19,276	25,863	37,669
Total assets less current liabilities		155,920	157,472	138,493	139,335
Creditors: amounts falling due after one year	16	(32,042)	(32,042)	(32,709)	(32,709)
Provisions					
Pension provision	17	(16,852)	(16,852)	(16,792)	(16,792)
Other provisions	17	(192)	(192)	(163)	(163)
Total net assets		106,834	108,386	88,829	89,671
Restricted reserves					
Income and expenditure reserve - endowments	18	9,988	9,988	9,041	9,041
Income and expenditure reserve - restricted	19	1,488	1,488	1,509	1,509
Unrestricted reserves					
Income and expenditure reserve - unrestricted		88,896	90,448	74,378	75,220
Revaluation reserve		6,462	6,462	3,901	3,901
Total reserves		106,834	108,386	88,829	89,671

The financial statements were approved by Governors on 25 November 2021 and were signed on its behalf by:

Sir Andrew Cahn	Professor David Latchman	Mr Keith Willett
Chair of Governors	Vice Chancellor	Director of Finance

Consolidated Statement of Cash Flows
for the year ended 31 July 2021

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities			
Surplus for the year		18,005	18,977
Adjustment for non-cash items			
Depreciation and amortisation	10, 11	3,399	3,285
Gain on investments	13	(3,277)	(397)
Decrease in stock		-	-
Decrease/(Increase) in debtors	14	1,295	(923)
(Decrease)/increase in creditors	15	(3,190)	1,100
Increase/(Decrease) in pension provision	17	60	(15,054)
Increase/(Decrease) in other provisions	17	29	(2,468)
Adjustment for investing or financing activities			
Investment income	5	(259)	(499)
Interest payable	8	129	503
Endowment income	6	(376)	(1,178)
Gain on the sale of tangible fixed assets		(3,716)	-
Capital grant income		(1,205)	(1,070)
Net cash inflow from operating activities		10,894	2,276
Cash flows from investing activities			
Proceeds from sale of fixed assets		5,835	-
Capital grant receipts		1,677	897
Withdrawal of deposits		1,051	24,356
Investment income		259	499
Payments made to acquire fixed assets		(44,649)	(12,225)
New non-current asset investments		(406)	(284)
Non-current asset investment disposals		8	-
		(36,225)	13,243
Cash flows from financing activities			
New endowments		376	1,178
Endowment payments		(278)	(770)
Restricted donation cash received		-	833
Interest paid		(129)	(503)
		(31)	738
(Decrease)/Increase in cash and cash equivalents in the year		(25,362)	16,257
Cash and cash equivalents at beginning of the year	21	39,567	23,310
Cash and cash equivalents at end of the year	21	14,205	39,567

Statement of Accounting Policies
for the year ended 31 July 2021

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102: The financial reporting standard applicable in the UK and Republic of Ireland. The College is a public benefit entity and, therefore, has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The College's activities, together with the factors likely to affect future development, performance and position are set out in the Financial Sustainability section of the Strategic Review.

Going Concern

The impact of lower student income following Brexit and increased competition across London, together with higher staff costs, have significantly impacted our financial position. Annual increases in staff costs (due to promotions, inflationary increases, increment advancement and pension costs) exceed the inflationary increase in our main source of income, primarily due to the fee cap set by the government on undergraduate tuition fees. Not only have we seen surpluses of 5% of income eroded post-Brexit but without significant remedial action these deficits will grow as the gap between staff costs and tuition income widens.

With a significant decline in recruitment in 2021/22, Birkbeck now faces immediate challenges which make the route to financial sustainability narrower and steeper. We are identifying the immediate actions whose delivery can be geared in such a way as to deliver significant short-term gains in terms of efficiency and income generation. These actions are being drawn together in a short-term recovery plan nested within the overall 2021-26 strategy and constituting the first stages of strategy implementation.

Financial modelling has been undertaken based on varying assumptions of tuition income recovery and efficiency savings, including stress testing. Although deficits are forecast for the next two years under the mid-case scenario the forecasts indicate that cash reserves will be maintained above £20 million. The forecasts assume that we will redevelop Birkbeck Central as planned but we will need to carefully consider affordability. To help manage risk the decision to tender for a construction company to undertake the works will be taken in November 2022 once we know the outcome of student recruitment for 2022/23 and progress towards cost savings targets.

Governors have reviewed the financial forecasts, the assumptions which underpin them, our short and medium term recovery strategy and the risks we face. They have concluded that despite the challenges resulting from the pandemic drop in student numbers there is a reasonable expectation that the College has adequate resources to continue in operation for the foreseeable future. As a consequence, we continue to adopt the going concern basis of accounting in preparing these annual financial statements.

2. Basis of consolidation

The consolidated financial statements include the College and its subsidiary for the financial year to 31 July 2021. Intra-group transactions are eliminated on consolidation.

The financial year-end of the College's subsidiary, Cambridge House Limited, is 31 October. Transactions to 31 July 2021 are included in the consolidation.

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

Statement of Accounting Policies (continued)
for the year ended 31 July 2021

3. **Income recognition**

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment income receivable is shown net of the discount. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

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

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

Grant funding

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

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

Donations and endowments

Non-exchange transactions without performance related conditions are treated as donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within restricted reserves until it is utilised in line with such restrictions at which point the income is released to general reserves.

Donations with no restrictions are recognised as income when the College is entitled to the funds.

Investment income from endowments and appreciation of endowment funds are recorded as income during the year in which the growth arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

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

a) Restricted donations - the donor has specified that the donation must be used for a particular objective;

b) Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College; and

c) Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Statement of Accounting Policies (continued)
for the year ended 31 July 2021

3. Income recognition (continued)

Capital grants

Government capital grants are recognised as income over the expected useful life of the asset the funds were used to purchase/construct. Other capital grants are recognised as income when the College has satisfied any performance related conditions associated with the grant.

4. Accounting for retirement benefits

College staff are members of two principal pension schemes - the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The schemes are primarily defined benefit schemes which are externally managed. Each fund is valued every three years by professionally qualified independent actuaries.

Both schemes are multi-employer schemes for which it is not possible to identify the assets and liabilities of the College due to the mutual nature of the schemes. The schemes are accounted for as a defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the schemes.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the College pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

5. Employment benefits

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

6. Finance leases

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

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

Statement of Accounting Policies (continued)
for the year ended 31 July 2021

7. **Service concession arrangements**

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

8. **Operating leases**

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

9. **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Total Comprehensive Income and Expenditure for the year.

10. **Fixed assets**

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Borrowing costs directly attributable to the acquisition, construction or production of a building are capitalised.

Land and buildings

Land and buildings are stated at cost (deemed cost). Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the College. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line.

The useful lives of land and buildings are assessed on a building by building basis and the cost is depreciated as follows:

Buildings: 40 to 100 years

Refurbishments: 5 to 20 years

Plant and machinery: 10 to 30 years

Leasehold land: the life of the lease

Assets in the course of construction: no depreciation is charged until the asset is brought into use

Statement of Accounting Policies (continued)
for the year ended 31 July 2021

10. Fixed assets (continued)

Equipment

Equipment costing less than £10,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life. Indicative useful lives are as follows:
- Computer hardware: 3 years
- Equipment acquired for specific research projects is depreciated over the life of the project
- Other equipment: 3 to 5 years

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

11. Heritage assets

Works of art and other valuable artefacts have been capitalised and recognised at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated as their long economic life means that any depreciation would not be material.

12. Intangible assets

Intangible assets are amortised over the remaining estimated economic life of the assets. Large value software implementations are treated as intangible assets with amortisation commencing once the initial phase of development is complete. The rate of amortisation for the current software intangible asset is 8 years.

Programme development expenditure in collaboration with the University of London is charged to the Statement of Comprehensive Income in the year incurred unless it meets the recognition criteria for capitalisation as set out in FRS 102: 18.4 and 18.8H. When the recognition criteria have been met then such expenditure is capitalised as an intangible asset under construction. When the asset becomes available for use the useful life is estimated and the asset is amortised on a straight line basis over the useful life. The useful economic life of jointly funded course development is 3 years.

13. Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment. Investments in subsidiaries are carried at cost less impairment in the College's accounts. Current asset investments are held at fair value with movements recognised in the Total Comprehensive Income for the year.

14. Cash and cash equivalents

Cash includes cash in hand, short term deposits which have a maturity date of less than three months and overdrafts.

Statement of Accounting Policies (continued)
for the year ended 31 July 2021

15. Provisions

Provisions are recognised in the financial statements when:

a) the College has a present obligation (legal or constructive) as a result of a past event;
b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

16. Taxation

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is, therefore, a charity within the meaning of Para 1 of Schedule 6 of the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (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 College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The College's subsidiary is liable to Corporation Tax in the same way as any other commercial organisation.

17. Reserves

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

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

18. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the College has made the following judgements:

a) As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is based on the USS deficit recovery plan agreed in the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries between 1 April 2020 and 30 June 3034. The contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 28.

Notes to the Accounts
for the year ended 31 July 2021

		Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
1	**Tuition fees and education contracts**		
	Full-time home and EU students	36,276	31,020
	Full-time international students	10,093	9,227
	Part-time students	33,074	30,982
	Research Training Support Grant	979	1,195
		80,422	72,424
2	**Funding body grants**		
	Recurrent grant		
	Teaching (OfS)	4,463	4,743
	Research (UKRI)	11,520	10,298
	Specific grants		
	Global Challenges (OfS)	498	411
	Hardship funds (OfS)	399	-
	Release of capital grant - OfS (Note 17)	1,080	1,070
	Release of capital grant - UKRI (Note 17)	125	-
		18,085	16,522

The OfS hardship funds received were fully disbursed to students during the year.

		Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
3	**Research grants and contracts**		
	Research councils	2,887	2,839
	Research charities	3,143	3,146
	UK government	86	178
	Industry and commerce	8	21
	EU government	1,691	1,666
	Other	472	562
		8,287	8,412

The source of grant and fee income, included in notes 1 to 3 is as follows:

Grant and fee income

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Grant income from the OfS	6,440	6,225
Grant income from other bodies	21,397	18,710
Fee income for taught awards (exclusive of VAT)	76,139	68,117
Fee income for research awards (exclusive of VAT)	2,741	2,587
Fee income from non-qualifying courses (exclusive of VAT)	77	1,609
	106,794	97,248

Notes to the Accounts (continued)
for the year ended 31 July 2021

		Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
4	**Other income**				
	Lettings	833	833	2,936	2,936
	Catering and conferences	198	198	899	899
	Other revenue grants	507	507	941	941
	Other income	4,159	4,159	3,581	3,581
		5,697	5,697	8,357	8,357

Other income above includes £539,000 (2019/20: £350,000) of income from the government Coronavirus Job Retention Scheme (CJRS).

		Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
5	**Investment income**				
	Investment income on endowments	51	51	98	98
	Other investment income	412	1,193	575	941
		463	1,244	673	1,039
6	**Donations and endowments**				
	New endowments	376	376	1,178	1,178
	Donations with restrictions	30	30	164	164
	Unrestricted donations	4,435	4,435	977	977
		4,841	4,841	2,319	2,319

Notes to the Accounts (continued)
for the year ended 31 July 2021

7 Staff costs

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Salaries - annual remuneration	60,059	58,260
Social security costs	5,626	5,559
Other pension costs	10,252	10,123
Sub-total	75,937	73,942
VSER restructuring	-	299
Movement on pension provision	(62)	(14,884)
	75,875	59,357

Average staff numbers by category :

	Number	Number
Academic	454	464
Research	97	102
Technical	17	19
Professional and Support	617	598
	1,185	1,183

In January 2020 the College insourced eighteen previously outsourced cleaning and security staff. The full year effect of this increase is seen in the year-ended 31 July 2021.

	£	£
Emoluments of the Vice Chancellor of the College:		
Salary	348,552	348,552
Pension contributions to USS	6,971	7,029
Alternate pension contribution	30,289	30,289
	385,812	385,870

The Vice Chancellor's basic salary is 9.0 times (2019/20: 9.0) the median pay of staff, where the median basic salary is calculated on a full-time equivalent basis for the basic pay of all staff.

The Vice Chancellor's total remuneration is 8.3 times (2019/20: 8.3) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all staff.

Notes to the Accounts (continued)
for the year ended 31 July 2021

7 Staff costs (continued)

Remuneration of the Vice Chancellor

The Vice Chancellor's remuneration has been determined and reviewed through appropriate and robust processes in terms of independence, objectivity, and assessment of individual and overall institutional performance.

Remuneration Committee

The Vice Chancellor's remuneration has been set and reviewed by a remuneration panel comprised of independent Governors. The panel includes the Chair of Governors, but in accordance with good practice, is chaired by another independent Governor. The Vice Chancellor is not a member of this panel and does not attend or participate in its meetings or business. The panel is supported by the College Secretary & Clerk to the Governors and, additionally, advice is provided, or commissioned, by the Director of Human Resources.

Process

The panel reviews the remuneration of the Vice Chancellor annually in the light of the following information:

- Sector remuneration benchmarking information provided by the CUC and other sources for a range of relevant comparator institutions.
- Retention and continuity of senior leadership through a period of profound challenge and transformation for the College has been a priority, thus additional institutions have been added to the benchmarking profile to support objective consideration of retention issues.
- The outcome of the Vice Chancellor's annual appraisal conducted by the Chair of Governors. This is a formal documented process in which annual objectives are set and performance against those objectives are reviewed.
- The broader context provided by institutional performance information and institutional KPIs agreed by Governors.

Outcomes

The Vice Chancellor last received an increase in base salary, over and above the level of the national pay award, in 2012. He last received a bonus payment in 2016/17. It was noted that the Vice-Chancellor had not made an application for any increase in remuneration in respect of the academic year 2020/21 and his salary will not be subject to increase in relation to the national pay award. The Vice Chancellor's current salary reflects sustained quality and continuity of leadership over an 18 year period which has had transformational impact. The College has met, managed and overcome major strategic threats - the loss of 40% of core teaching funding due to government policy change in 2007 and the fundamental 60% decline in traditional part-time study post 2012. The College's distinct mission stands out in the sector: widening access, opportunity and flexibility for students in an environment informed by the best research. Birkbeck is one of only twenty UK institutions that rate highly in both REF and TEF. Delivering successfully on its mission in this environment has required the College to restructure, reposition, re-invent and innovate. The Vice Chancellor's role in delivering this change, operating in a long-standing, collegial environment and building the widest base of support amongst students, staff, stakeholders and funders, has been vital to the viability and success of the College.

Notes to the Accounts (continued)
for the year ended 31 July 2021

7 Staff costs (continued)

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

	Number	Number
£100,000 to £104,999	**4**	6
£105,000 to £109,999	**2**	3
£110,000 to £114,999	**-**	1
£115,000 to £119,999	**2**	4
£120,000 to £124,999	**2**	1
£130,000 to £134,999	**1**	1
£140,000 to £144,999	**1**	1
£150,000 to £154,999	**1**	1
£175,000 to £179,999	**1**	1
£275,000 to £279,000	**-**	1
£300,000 to £304,999	**1**	
£345,000 to £349,999	**1**	1
	16	21

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Below are the pay costs including employer's pension contributions for staff listed as senior management of the College on page 3.

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Key management personnel pay plus employer's pension	**1,970**	2,107

Key management personnel compensation

The Remuneration Committee took the decision that the 2020/21 pay review processes for senior College post holders (the Vice-Chancellor, Deputy Vice-Chancellor, Pro Vice-Chancellors, College Secretary, Executive Deans, and Professorial and Director level staff) should operate with a rigorous and limited focus on exceptional performance and contribution, particularly in relation to maintaining successful operations during the Coronavirus pandemic. In reaching this decision to Committee was mindful of the position of the College, the need to promote pay equality, and the broader guidance from the Office for Students on pay restraint for senior staff.

Notes to the Accounts (continued)
for the year ended 31 July 2021

7 Staff costs (continued)

Severance Payments

During the year the Institution undertook further restructuring for 19 employees, £534,000. (2019/20: 10 employees, £246,000).

All compensation for loss of office in respect of higher paid staff is approved by the College's Remuneration Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved in line with the scheme and in accordance with delegated authority.

Governors

The Governors are the trustees for charitable law purposes. Due to the nature of the College's operations and the composition of the Board, being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor may have an interest. Such transactions have been declared under note 26 Related Parties.
No governors received any remuneration or waived payments from the group during the year (2019/20: Nil). Governors who are employees of the College receive no additional remuneration for their services as governors.

No governors received reimbursement of travel expenses incurred in attending meetings and events in their official capacity during the year (2019/20: Nil).

8 Interest and other finance costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Loan commitment fee	7	7	-	-
Exchange differences	25	25	-	-
Net charge on pension scheme	123	123	503	503
	155	155	503	503

9 Analysis of total expenditure by activity

	Year ended 31 July 2021 Group	Year ended 31 July 2021 College	Year ended 31 July 2020 Group	Year ended 31 July 2020 College
Academic and related expenditure	66,530	66,530	64,006	64,006
Administration and professional services	21,692	21,763	18,368	18,368
Premises	11,155	11,155	14,196	14,172
Catering and conferences	582	582	1,110	1,110
Research grants and contracts	6,731	6,731	6,828	6,828
Change in pension provision (Note 7)	(62)	(62)	(14,884)	(14,884)
Other expenses	155	155	503	503
	106,783	106,854	90,127	90,103

Notes to the Accounts (continued)
for the year ended 31 July 2021

		Year ended 31 July 2021		Year ended 31 July 2020	
		Group	College	Group	College
9	Analysis of total expenditure by activity (continued)	£'000	£'000	£'000	£'000
	Other operating expenses include:				
	External auditor - audit services	69		65	
	Internal auditor - audit services	77		77	
	Operating lease rentals:				
	Land and buildings	694		691	
	Other	28		28	
	Grant to Birkbeck Students' Union	340		340	

		Year ended 31 July 2021		Year ended 31 July 2020	
9a	Access and Participation				
		Group	College	Group	College
		£'000	£'000	£'000	£'000
	Access investment	403	403	532	532
	Financial support	731	731	821	821
	Disability support	726	726	632	632
	Research and evaluation	121	121	150	150
		1,981	1,981	2,135	2,135

£921,000 (2019/20: £1,258,000) of these costs are included in the overall staff costs figures, see note 7.

A programme of projects from the Student Experience Review (SER) underpins our Access and Participation Plan (APP). This is a multi-year enhancement programme, accelerated in 2020/21, with a strategic focus on enhancing and expanding the digital capability and resilience of our taught portfolio. This is designed to improve student retention and student success amongst a mature, part-time and commuter-based student community. Despite the pandemic creating new uncertainties around student numbers plus additional pressures on the College to deliver operationally during this chapter of the APP, the commitments made were achieved under the following categories.

Access
The actual spend on Access (adults in the community) during the year was £500,000 compared with a forecast investment of £381,000. We do not consider this to be a reportable variance to the Office for Student (OfS), as the increase is against one line in the APP and has not reduced the commitments or support in other APP areas, as there are no access deficits in our benchmark metrics. This was a proportional management response to supporting some of the most vulnerable groups seeking entry into Higher Education during the pandemic.

The expansion of our portfolio of undergraduate Degrees with a Foundation Year contributed to the increased spend and has provided supported entry opportunities in line with our widening participation mission.

Notes to the Accounts (continued)
for the year ended 31 July 2021

9a Access and Particpation (continued)

Financial Support

In 2020/21 the financial support spend was increased and targeted to support students during the pandemic. £400,000 of additional financial support (which is not APP countable) was provided by the OfS and this was disbursed to home and international students across all modes and levels of study. It also supported an Access to Digital Learning Fund to provide computers and equipment to students who were learning remotely for the whole of the academic year.

The introduction of the part time maintenance loan by the Government for 2018/19 has now become embedded in the financial support infrastructure of the College and there is strong awareness of its availability in the applicant and student body. Our spend in 2020/21 was £701,000 against a commitment of £699,000 for the year. We will continue to monitor the financial support commitments in the context of the ongoing pandemic and the outcomes we deliver.

Disability

We were not required to set a target for investment in disability. Across the 2020-2025 APP the College committed to ensuring everyone who could participate was able to. This investment supported individual Study Support Plans, mental health and student counsellors, as well as disability advisors. The recommendation of the SER to offer more online study opportunities has resulted in a more inclusive learning environment and one that better supports dyslexia and other neurodiverse conditions. The move to online and remote assessments has also significantly reduced 'exam hall anxiety' whilst supporting attainment.

Research and Evaluation

The actual spend of £121,000 in this category compares favourably with the commitment of £100,000. A key deliverable in this sub-section was qualitative and quantitative research on the awarding/attainment gap between student cohorts identified in the APP. A report has been produced and an implementation plan drawn up against the findings. The report has been considered by Education Committee and SPC and will be presented to Academic Board in academic year 2021/22. This will be used to inform further interventions in the coming period of the plan.

The 2020/21 - 2024-25 Access and Participation Plan can be found here:
https://apis.officeforstudents.org.uk/accessplansdownloads/2024/BirbeckCollege_APP_2020-21_V1_10007760.pdf

Notes to the Accounts (continued)
for the year ended 31 July 2021

10 Intangible Assets

	Software	Programme Development	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2020	2,238	-	2,238
Additions	-	179	179
At 31 July 2021	2,238	179	2,417
Amortisation			
At 1 August 2020	(651)	-	(651)
Charge for the year	(279)	-	(279)
At 31 July 2021	(930)	-	(930)
Net book value			
At 31 July 2021	1,308	179	1,487
At 31 July 2020	1,587	-	1,587

Notes to the Accounts (continued)
for the year ended 31 July 2021

11 Fixed assets

	Land & buildings	Assets in the course of construction	Plant & machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
Group					
Cost or valuation					
At 31 July 2020	55,259	36,923	16,937	25,635	**134,754**
Additions	(161)	43,179	208	1,877	**45,103**
Transfers	5,254	(9,528)	2,282	1,992	-
Disposals	(3,786)	-	-	(1,816)	**(5,602)**
At 31 July 2021	**56,566**	**70,574**	**19,427**	**27,688**	**174,255**
Consisting of valuation as at					
1 July 2021					
Cost	56,566	70,574	19,427	27,688	**174,255**
	56,566	**70,574**	**19,427**	**27,688**	**174,255**
Depreciation					
At 31 July 2020	(19,702)	-	(9,816)	(14,239)	**(43,757)**
Charge for the year	(567)	-	(768)	(1,785)	**(3,120)**
Disposals	513	-	-	1,542	**2,055**
At 31 July 2021	**(19,756)**	-	**(10,584)**	**(14,482)**	**(44,822)**
Net book value					
At 31 July 2021	**36,810**	**70,574**	**8,843**	**13,206**	**129,433**
At 31 July 2020	35,557	36,923	7,121	11,396	90,998

Notes to the Accounts (continued)
for the year ended 31 July 2021

11 Fixed assets

	Land & buildings	Assets in the course of construction	Plant & machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
College					
Cost or valuation					
At 31 July 2020	55,259	10,342	16,937	25,636	**108,174**
Additions	(161)	37,698	208	1,877	**39,622**
Transfers	5,254	(9,528)	2,282	1,992	**-**
Disposals	(3,786)		-	(1,816)	**(5,602)**
At 31 July 2020	**56,566**	**38,512**	**19,427**	**27,689**	**142,194**
Consisting of valuation as at					
1 July 2021					
Cost	56,566	38,512	19,427	27,689	**142,194**
	56,566	**38,512**	**19,427**	**27,689**	**142,194**
Depreciation					
At 31 July 2020	(19,702)	-	(9,816)	(14,239)	**(43,757)**
Charge for the year	(567)	-	(768)	(1,785)	**(3,120)**
Disposals	513	-	-	1,542	**2,055**
At 31 July 2021	**(19,756)**	**-**	**(10,584)**	**(14,482)**	**(44,822)**
Net book value					
At 31 July 2021	**36,810**	**38,512**	**8,843**	**13,207**	**97,372**
At 31 July 2020	35,557	10,342	7,121	11,397	64,417

The fixed assets for the Group and College can be further analysed as follows:

Within land & buildings are freehold buildings with a net book value at 31 July 2021 of £4,007,000. (31 July 2020: £7,336,000). There were no additions during the year. The share in University Square Stratford was disposed of. The remaining assets within the land & buildings asset class are held on a leasehold basis.

12 Heritage assets

The College holds a number of assets of historical or artistic interest. The assets were donated to the College over a number of years with nil cost. They were last valued by Bonham and Sons Ltd in 1998.

Heritage assets are not depreciated.

The heritage assets can be summarised as follows:

	Number of Items	Year ended 31 July 2021 £'000	Number of Items	Year ended 31 July 2020 £'000
Furniture and works of art	34	66	34	66
Pictures and wall hangings	67	230	67	230
Sculptures	6	17	6	17
Silver and silver plate	50	37	50	37
Other items	5	3	5	3
	162	353	162	353

The items with the highest valuation are:

	Year ended 31 July 2021 £'000
Paintings by Vanessa Bell	65
Painting by Duncan Grant	40
Portrait of Lord Denning by John Stanton	20
Portrait of Dame Helen Gwynne-Vaughan by De Lazlo	15
Portrait of George Birkbeck by S Lane	10

There were no additions during the year.

Notes to the Accounts (continued)
for the year ended 31 July 2021

13 Non-current investments

	Subsidiary company £'000	Other fixed assets investments £'000	Total £'000
Group			
At 1 August 2020	-	19,692	19,692
Additions	-	406	406
Disposals	-	(8)	(8)
Revaluation	-	3,277	3,277
At 31 July 2021	-	23,367	23,367
College			
At 1 August 2020	15,617	19,692	35,309
Additions	-	406	406
Disposals	-	(8)	(8)
Revaluation	-	3,277	3,277
At 31 July 2021	15,617	23,367	38,984

Note 25 provides further information on the subsidiary, Birkbeck College (Cambridge House Ltd).

The other fixed asset investments have been valued at market value as follows:

	Group and College £'000
Mercer Sustainable Global Equity Fund	11,687
Ruffer Charity Assets Trust Funds	11,385
Other Listed UK equities	229
CAF Trust Fund	66
At 31 July 2021	23,367

Following a tender exercise in 2019 new investment managers were appointed. Transfer of the College's fixed asset investments from the Newton Fund to the Mercer Sustainable Global Equity Fund and the Ruffer Charity Assets Trusts Fund was completed during 2020/21.

The College receives detailed semi-annual sustainability reporting from Mercer on the global equity fund, which includes details of carbon intensity, sustainable thematic allocations, engagement activity and case studies. This reporting allows the Investment Committee to understand in more detail how the College’s equity investments are performing from a responsible investment perspective. A similar performance report is provided regularly by Ruffer.

Notes to the Accounts (continued)
for the year ended 31 July 2021

14 Trade and other receivables

Amounts falling due within one year	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
Research grants receivables	2,606	2,606	2,545	2,545
Other trade receivables	8,493	8,493	10,438	10,438
Other receivables	26	26	128	128
Prepayments and accrued income	5,222	5,222	4,506	4,473
Amounts owed by subsidiary	-	17,715	-	11,515
Loan to Students' Union	25	25	25	25
	16,372	34,087	17,642	29,124

Amounts falling due after one year	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Loan to Students' Union		
Due between one and two years	25	25
Due between two and five years	65	90
Due in five years or more	-	-
	90	115

15 Creditors : amounts falling due within one year

	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
Trade payables	1,386	1,386	1,437	1,437
Social security and other taxation payable	1,458	1,458	1,518	1,518
Accruals and deferred income	26,543	26,262	29,557	29,233
	29,387	29,106	32,512	32,188

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met:

	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
Research grants received on account	4,144	4,144	4,163	4,163
Grant income	1,299	1,299	2,302	2,302
Other income	8,225	8,225	11,916	11,916
	13,668	13,668	18,381	18,381

Notes to the Accounts (continued)
for the year ended 31 July 2021

16 Creditors : amounts falling due after more than one year

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income	32,042	32,042	32,709	32,709
	32,042	32,042	32,709	32,709

The deferred income relates to government capital grants which are transferred to income over the useful economic life of the assets funded.

17 Provisions for liabilities

	Obligation to fund deficit USS pension	Other Provisions	Total Provisions
	£'000	£'000	£'000
Group and College			
At 1 August 2020	16,792	163	16,955
Utilised in year	(795)	(163)	(958)
Additions in 2020/21	855	192	1,047
At 31 July 2021	**16,852**	**192**	**17,044**

Pension provision

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out in note 28.

The USS 2020 valuation was signed with an effective date of 1 October 2021. As the valuation was signed after the year-end it constitutes a non-adjusting event. Had the valuation been completed prior to the year-end this would have resulted in a provision of £49.5 million, an increase of £32.7 million from the current year-end provision. This increase in provision would have resulted in a higher charge to the Statement of Comprehensive Income of £32.7 million giving a revised total deficit for the year of £14.7 million.

The 2020 valuation requires a recommended deed on benefit changes be executed by 28 February 2022. Should the benefit changes not be executed by this date the liability will increase to £77.9 million for the year-ended 31 July 2022.

See also note 7 in respect of significant one-off pension costs. More details on the 2020 actuarial valuation are set out in note 27.

Other provisions

During the year the College undertook further restructuring. A provision has been recognised for amounts agreed due to be paid after the year-end.

Notes to the Accounts (continued)
for the year ended 31 July 2021

18 Endowment Reserves

	Restricted permanent £'000	Unrestricted permanent £'000	Expendable £'000	2021 total £'000	2020 total £'000
Group and College					
Balance at 1 August					
Capital	3,294	1,433	-	**4,727**	4,613
Accumulated income	837	26	3,451	**4,314**	3,827
	4,131	1,459	3,451	**9,041**	8,440
New endowments	-	-	376	**376**	1,178
Investment income	65	-	17	**82**	76
Expenditure	(44)	-	(234)	**(278)**	(770)
Increase in market value	417	170	129	**716**	117
Other	51	-	-	**51**	-
Total comprehensive income for the year from endowments	489	170	288	**947**	601
Balance at 31 July	**4,620**	**1,629**	**3,739**	**9,988**	9,041
Represented by					
Capital	3,711	1,603	-	**5,314**	4,727
Accumulated income	909	26	3,739	**4,674**	4,314
	4,620	**1,629**	**3,739**	**9,988**	9,041
Analysis by purpose					
Lectureships	71	-	-	**71**	67
Scholarships and bursaries	2,517	-	964	**3,481**	2,991
Research support	-	-	1,885	**1,885**	1,960
Prize funds	256	-	49	**305**	277
General	1,776	1,629	841	**4,246**	3,746
	4,620	**1,629**	**3,739**	**9,988**	9,041
Analysis by asset					
Current and non-current asset investments				**5,307**	4,505
Cash & cash equivalents				**4,681**	4,536
				9,988	**9,041**

Notes to the Accounts (continued)
for the year ended 31 July 2021

19 Restricted reserves

	Unspent capital grants £'000	Donations £'000	2021 total £'000	2020 total £'000
Group and College				
New donations		30	**30**	164
Expenditure		(51)	**(51)**	(139)
Total comprehensive income for the year from restricted reserves	-	(21)	**(21)**	25
Balance at 1 August	100	296	**1,509**	1,484
Balance at 31 July	**100**	**275**	**1,488**	1,509
Analysis by purpose				
Scholarships and bursaries			**427**	460
Research support			**64**	64
Prize funds			**-**	-
Buildings Fund			**681**	681
General			**316**	304
			1,488	1,509

20 Current investments

	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
Short term deposits	-	-	1,051	1,051
	-	-	1,051	1,051

21 Cash and cash equivalents

	Balance at 1 August 2020 £'000	Cash Flows £'000	Balance at 31 July 2021 £'000
Group			
Cash and cash equivalents	39,567	(25,362)	**14,205**
	39,567	(25,362)	**14,205**
College			
Cash and cash equivalents	39,567	(25,362)	**14,205**
	39,567	(25,362)	**14,205**

Notes to the Accounts (continued)
for the year ended 31 July 2021

22 Capital and other commitments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	**College**	Group	College
	£'000	**£'000**	£'000	£'000
Capital commitments contracted for but not provided for in the accounts	2,210	2,210	4,464	579
Capital commitments not contracted for and not provided for in the accounts	2,785	2,785	2,049	1,396
	4,995	**4,995**	6,513	1,975

23 Post Balance Sheet Events

The USS pension liability included in these accounts for the year-ended 31 July 2021 is based on the 2018 valuation which includes a deficit recovery rate of 6.3% from 1 October 2021. Since the year-end the 2020 valuation has been signed, this valuation agrees that no deficit recovery contributions are payable until 1 April 2022. Deficit recovery contributions of 6.3% are payable from this date until March 2038.

24 Lease obligations

Total rentals payable under operating leases:

	Year ended 31 July 2021			Year ended
	Land & buildings	**Other leases**	**Total**	31 July 2020
	£'000	**£'000**	**£'000**	£'000
Payable during the year	694	28	722	719
Future minimum lease payments due:				
Not later than 1 year	514	3	517	575
Between 1 and 5 years	267		267	327
Total future lease payments due	**781**	**3**	**784**	903

At the year-end two building leases had expired and renewals were under negotation. Both leases are expected to be renewed shortly after the year-end.

25 Subsidiary undertakings

The College owns 100% of the shares of its subsidiary, Birkbeck College (Cambridge House) Ltd. The principal activity of the company is to own and develop a building on the Euston Road. The company is registered in England.

During the year it was agreed that the property held within the subsidiary would be transferred to the College now that the property development is complete. The transfer was completed on 20 October 2021. It was also agreed that the subsidiary company would be wound up following the transfer.

Notes to the Accounts (continued)
for the year ended 31 July 2021

26 Related party transactions

All Governors and senior staff of the College are required to complete an annual statement detailing any significant personal links they have with other organisations. Due to the nature of our business and the composition of the Board of Governors (being drawn from a range of private and public sector organisations) it is inevitable that transactions will take place with organisations in which a Governor or senior member of staff may have an interest. All transactions involving related parties are conducted in accordance with the College's financial regulations and procurement policies/procedures.

The College has taken advantage of the exemption within FRS 102 and has not disclosed transactions with its wholly owned subsidiary, Birkbeck College (Cambridge House) Limited.

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 July 2021 are as follows:

Name of related party and relationship	Nature of transaction	Income 2021 £'000	Expenditure 2021 £'000	Income 2020 £'000	Expenditure 2020 £'000
University of Reading	Research funding	33	-	27	-
UCISA	Other Expenditure	-	3	-	-
Health and Care Professionals Council	Other Income	-	-	2	-
Kings College London	Other Income/Expenditure	79	8	-	-
University of London (UoL)	Other Income/Expenditure	2,177	1,238	-	-
The Labour Party	Other Income	-	-	25	-
British Academy	Other Expenditure	-	2	-	-
University College London (UCL)	Research funding/ Other Income	443	824	3,358	977

Balances at the year-end were:

Name of related party	Balance due to Birkbeck at 31 July 2021	Balance due from Birkbeck at 31 July 2021	Balance due to Birkbeck at 31 July 2020	Balance due to Birkbeck at 31 July 2020
University of London (UoL)	-	(174)	-	-
University College London (UCL)	138	(89)	435	-
Kings College London	3			

The consolidated financial statements do not include the income and expenditure of Birkbeck Students' Union as the College does not exert control or dominant influence over policy decisions. A grant of £340,000 (2019/20: £340,000) was provided to the Union.

In 2018/19 a loan of £175,000 was issued to the Birkbeck Students' Union. The loan was issued to support their return to a position of financial sustainability. The loan is repayable over seven years and no interest is charged. The loan outstanding as at 31 July 2021 was £115,000.

At the year-end there was a balance due to the Students' Union of £74,000 (2019/20: Nil). As at 31 July 2021 there was no balance due from the Students' Union (2019/20: £53,000).

Notes to the Accounts (continued)
for the year ended 31 July 2021

27 Pension schemes

Different categories of staff were eligible to join one of two pension schemes:
- Universities' Superannuation Scheme (USS); and
- The Superannuation Arrangements of the University of London (SAUL).

Both schemes are defined benefit schemes, the assets of which are held in separate trustee administered funds.

The total cost charged to the Statement of Comprehensive Income and Expenditure was:

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
USS	**8,390**	8,401
SAUL	**1,862**	1,722
	10,252	10,123

(i) The Universities' Superannuation Scheme (USS)

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

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. College Governors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

Notes to the Accounts (continued)
for the year ended 31 July 2021

27 Pension schemes (continued)

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for USS prepared under the scheme-specific funding regime introduced by the Pensions Act 2004. The Act requires schemes to adopt a statutory funding objective to have sufficient and appropriate assets to cover the 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%.

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

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles: https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles

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%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

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

Mortality base table	2018 Valuation Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

27 Pension schemes (continued)

The current life expectancies on retirement at age 65 are:

	2021 valuation	2020 valuation
Males currently aged 65 (years)	**24.6**	24.4
Females currently aged 65 (years)	**26.1**	25.9
Males currently aged 45 (years)	**26.6**	26.3
Females currently aged 45 (years)	**27.9**	27.7

The funding position of the scheme has since been updated on an FRS 102 basis:

	2021	2020
Total scheme assets	**£63.7bn**	£67.4bn
Total scheme liabilities	**£67.3bn**	£79.2bn
FRS 102 total scheme deficit	**£3.6bn**	£11.8bn
FRS 102 total funding level	**95.0%**	85.0%

The provision figures have been produced using the following assumptions.

	2021	2020
Discount rate	**0.87%**	0.73%
Pensionable salary growth	**2.50%**	0.79%

In accordance with the requirements of FRS 102 and the SORP, the College has made a provision for this contractual commitment to fund the past deficit.

A new deficit recovery plan was put in place as part of the 2018 valuation. The plan required payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate would increase to 6%.
Since the year-end, the 2020 valuation has signed with an effective date of 1 October 2021. The 2020 valuation came into effect with a dual rate schedule of contributions:

- Leg 1 - includes an increase in contribution rates from the 2018 valuation and a longer deficit recovery period. Deficit recovery contributions (DRC) under the 2018 valuation cease from 1 October 2021 and DRCs under the 2020 valuation commence from 1 April 2022. From 1 April 2022, when the proposed benefit changes are assumed to have been implemented, the DRCs are equal to 6.3% salaries and are payable for the length of the recovery plan until 31 March 2038.
- Leg 2 - includes a more significant increase in contribution rates from the 2018 valuation and a shorter deficit recovery period. From 1 October 2022 DRCs commence at 3% then increase every 6 months (the difference between 37% required to fund future service cost and the total contributions being collected) until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. This leg becomes applicable if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022.

Employer and employee contribution rates for the scheme during the last three years were:

	Employer	**Employee**
From October 2021	21.4%	9.8%
From October 2019	21.1%	9.6%
April - September 2019	19.5%	8.8%
To March 2019	18.0%	8.0%

27 Pension schemes (continued)

(ii) The Superannuation Arrangements of the University of London (SAUL)

General description of the Pension Scheme

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

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

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

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

Funding Policy

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

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

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

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

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

Notes to the Accounts (continued)
for the year ended 31 July 2021

27 Pension schemes (continued)

(ii) The Superannuation Arrangements of the University of London (SAUL)

Accounting Policy

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

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

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

Notes to the Accounts (continued)
for the year ended 31 July 2021

28 US Loans Supplementary Schedule

We have an obligation as part of our participation in the US Federal Loans program to include supplemental information which complies with Federal Register/Vol. 84 No 184 / Monday, September 23, 2019 / Rules and Regulations. The data is prepared using UK GAAP and does not include any adjustments that would be required to comply with US GAAP.

Reference	Expendable Net Assets		Year ended 31 July 2021		Year ended 31 July 2020	
			£'000s	£'000s	£'000s	£'000s
24	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		95,359		78,279
30	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		11,475		10,550
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	116		628	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		116		628
8	Statement of Financial Position - Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	129,786		91,351	
FS Note line 8A	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation	Property, plant and equipment - pre-implementation		84,683		79,024
FS Note line 8B	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase		-		-
FS Note line 8D	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase		1,920		467
FS Note line 8C	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress		43,179		11,860
9	Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	-		-	
Excluded Line 9 Note Leases	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation		-		-
M9 Note Leases	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation		-		-
10	Statement of Financial Position - Goodwill	Intangible assets		1,487		1,587
17	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities		16,852		16,792

Notes to the Accounts (continued)
for the year ended 31 July 2021

28 US Loans Supplementary Schedule (continued)

Reference	Expendable Net Assets (continued)		Year ended 31 July 2021		Year ended 31 July 2020	
			£'000s	£'000s	£'000s	£'000s
14,20,22	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	-		-	
M24,20,22, Note Debt A	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre-implementation		-		-
M24,20,22, Note Debt B	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes post-implementation		-		-
M24,20,22, Note Debt C	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process		-		-
21	Statement of Financial Position - Lease right-of-use asset liability	Lease right-of-use asset liability	-		-	
Excluded Line 21 Note Leases	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases		-		-
Line 21 Note Leases	Statement of Financial Position - Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases		-		-
25	Statement of Financial Position - Annuities	Annuities with donor restrictions		-		-
26	Statement of Financial Position - Term endowments	Term endowments with donor restrictions		-		-
27	Statement of Financial Position - Life Income Funds	Life income funds with donor restrictions		-		-
29	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity		11,475		10,550
Reference	**Total Expenses and Losses**					
43	Statement of Activites - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities		105,715		89,529

Notes to the Accounts (continued)
for the year ended 31 July 2021

28 US Loans Supplementary Schedule (continued)

Reference	Total Expenses and Losses (continued)		Year ended 31 July 2021 £'000s	Year ended 31 July 2021 £'000s	Year ended 31 July 2020 £'000s	Year ended 31 July 2020 £'000s
(35),45,46,47 ,48,49	Statement of Activites - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)		(3,740)		(1,070)
(35),45	Statement of Activites - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses		(3,740)		(1,070)
47	Statement of Activities - Pension related changes other than periodic pension	Pension-related changes other than net periodic costs		-		-
Reference	**Modified Net Assets**					
24	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		95,359		78,279
30	Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions		11,475		10,550
10	Statement of Financial Position - Goodwill	Intangible assets		1,487		1,587
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	116		628	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		116		628
Reference	**Modified Assets**					
12	Statement of Financial Position - Total Assets	Total Assets		185,307		171,005
Excluded Line	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation		-		-
Excluded Line	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases		-		-
10	Statement of Financial Position - Goodwill	Intangible assets		1,487		1,587
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	116		628	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		116		628

Notes to the Accounts (continued)
for the year ended 31 July 2021

28 US Loans Supplementary Schedule (continued)

Reference	Net Income Ratio		Year ended 31 July 2021		Year ended 31 July 2020	
			£'000s	£'000s	£'000s	£'000s
51	Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions		18,147		18,949
38, (35), 50	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenue and Gains		121,048		108,034