Birkbeck,
University of London

Financial Statements

for the year ended 31 July 2022

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OFFICERS OF THE COLLEGE AND SENIOR MANAGEMENT 2021/22

PRESIDENT
Baroness Joan Bakewell

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 Joanne Leal (interim from September 2021)
School of Business, Economics and Informatics: Professor Geoff Walters
School of Law: Professor Stewart Motha (to February 2022)
School of Law: Dr Eddie Bruce-Jones (interim from March 2022)
School of Science: Professor Nicholas Keep (to December 2021)
School of Science: Dr Hazel Willis (interim from January 2022)
School of Social Sciences, History and Philosophy: Professor Matthew Davies

COLLEGE SECRETARY AND CLERK TO THE GOVERNORS
Mr Keith Harrison

DIRECTOR OF FINANCE
Mr Keith Willett

ACADEMIC REGISTRAR
Mr Fraser Keir (to August 2022)

DIRECTOR OF HUMAN RESOURCES
Ms Eileen Harvey (interim)

MEMBERSHIP OF COMMITTEES 2021/22

THE GOVERNING BODY

Chair of Governors	Sir Andrew Cahn
Deputy Chair	Mr Simon Davis
Academic Board governors:	Professor Stephen Frosh Dr Elena Loizidou
Academic staff governors:	Dr Ashok Kumar Dr Lisa Tilley (from 1 April to 31 August 2021) Dr Carolyn Burdett (from December 2021)
Non-teaching staff governor:	Mr Simon Deville (to September 2021) Ms Wendy James (from December 2021)
Student governors:	Ms Naomi Smith (from September 2021 to July 2022) Mr Pedro Malheiro (from September 2021)
Alumnus governor	Ms Odessa Hamilton (from January 2022)
Independent governors:	Mr Robert Allison Ms Gillian Broadley Ms Cindy Leslie Ms Nana Banton Ms Rachel Neaman Mr Daniel Peltz Mr Duncan Sankey Mr Andreas Utermann Mr Andy Kemp
Ex-Officio governors who are also officers of the College:	
The Vice-Chancellor	Professor David Latchman
The Deputy Vice-Chancellor	Professor Matthew Innes
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Pro Vice-Chancellor - Education	Professor Diane Houston
The Pro-Vice-Chancellor - Research	Professor Julian Swann

Staff and student governors were elected under existing standing orders.

MEMBERSHIP OF COMMITTEES 2021/22 (continued)

FINANCE AND GENERAL PURPOSES COMMITTEE

Chair	Ms Gillian Broadley
The Vice-Chancellor	Professor David Latchman
The Deputy Vice-Chancellor	Professor Matthew Innes
The Chair of Governors	Sir Andrew Cahn
Academic governors:	Dr Elena Loizidou
	Professor Stephen Frosh
Non-teaching staff governor:	Mr Simon Deville (to September 2021)
	Ms Wendy James (from March 2022)
Student governor	Mr Pedro Malheiro
Independent governors:	Mr Robert Allison
	Mr Andreas Utermann
	Mr Daniel Peltz
	Ms Nana Banton
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
Interim Director of Human Resources	Ms Eileen Harvey
The Academic Registrar	Mr Fraser Keir (to August 2022)
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Director of Estates	Mr Daniel Xuereb

NOMINATIONS COMMITTEE

The Chair of Governors	Sir Andrew Cahn (Chair)
The Deputy Chair of Governors	Mr Simon Davis
The Vice-Chancellor	Professor David Latchman
Academic governors:	Professor Stephen Frosh
	Dr Elena Loizidou
Student governor	Mr Pedro Malheiro
Independent governors:	Mr Robert Allison
	Ms Cindy Leslie
	Ms Rachel Neaman
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Deputy College Secretary (Governance)	Mrs Katharine Bock

MEMBERSHIP OF COMMITTEES 2021/22 (continued)

REMUNERATION COMMITTEE

The Chair of Governors	Sir Andrew Cahn (Chair)
The Deputy Chair of Governors	Mr Simon Davis
Independent governors:	Mr Andreas Utermann
	Ms Nana Banton
	Ms Gillian Broadley
In attendance:	
The Director of Human Resources (interim)	Ms Eileen Harvey

AUDIT COMMITTEE

Chair	Ms Cindy Leslie
Independent governors:	Mr Duncan Sankey
	Mr Andy Kemp
External co-opted member:	Ms Kim Duong (from May 2021 to May 2022)
By invitation:	
The Vice-Chancellor	Professor David Latchman
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Deputy Director of Finance	Ms Aarti Rayrella
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Internal Auditor (KPMG)	Mr Neil Thomas
The External Auditor (BDO)	Mr James Aston

STRATEGIC ESTATES AND INFRASTRUCTURE COMMITTEE

Chair	Mr Daniel Peltz
The Vice-Chancellor	Professor David Latchman
Independent governors:	Ms Rachel Neaman
	Ms Gillian Broadley
Academic governors:	Dr Elena Loizidou
	Professor Stephen Frosh
Student Union representative	Ms Katie Wilcher (from September 2021 to July 2022)
External co-opted member:	Mr Peter Zinkin
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Director of Estates	Mr Daniel Xuereb
The Chief Information Officer	Mr James Smith

MEMBERSHIP OF COMMITTEES 2021/22 (continued)

DIGITAL SUB-COMMITTEE

Chair:	Ms Rachel Neaman
Three independent Governors	Mr Daniel Peltz
	Ms Nana Banton
	Mr Andy Kemp
Independent external co-opted member	Mr Peter Zinkin
Academic Governor	Professor Stephen Frosh
The Pro Vice Chancellor Education	Professor Diane Houston
The College Secretary	Mr Keith Harrison
The Director of Estates	Mr Daniel Xuereb
The Director of Finance	Mr Keith Willett
The Chief Information Officer	Mr James Smith
A student nominated by the Students' Union	Mr Pedro Malheiro

STRATEGIC PLANNING COMMITTEE

Chair	Professor David Latchman
The Deputy Vice-Chancellor	Professor Matthew Innes
The Pro-Vice-Chancellors:	
Education	Professor Diane Houston
Research	Professor Julian Swann
International	Professor Kevin Ibeh
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Director of Finance	Mr Keith Willett
The Director of Human Resources (interim)	Ms Eileen Harvey
The Academic Registrar	Mr Fraser Keir (to August 2022)
The Director of Planning	Mr Nick Head
The Director of External Relations	Ms Lynn Grimes
The Director of Development and Alumni	Mr Nic Katona (to August 2022)
The Director of Estates	Mr Daniel Xuereb
The Chief Information Officer	Mr James Smith
The Director of Access and Engagement	Ms Caroline McDonald
The Policy Advisor	Mr Jonathan Woodhead
The Executive Deans:	
School of Arts	Professor Joanne Leal (from September 2021)
School of Business, Economics & Informatics	Professor Geoff Walters
School of Law	Professor Stewart Motha (to February 2022)
	Dr Eddie Bruce-Jones (from March 2022)
School of Science	Professor Nicholas Keep (to December 2021)
	Dr Hazel Willis (from January 2022)
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.

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 successful in the 2021 Research Excellence Framework (REF) return with 83% of our 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.

Student Recruitment

Last year's report highlighted a positive recruitment position during the Covid period. New admissions totalled 4,819 FTE, the highest for a decade. Whilst for many the pandemic disrupted careers, livelihoods, and businesses for others it also created time and opportunity to return to study in 2020/21. There was also a significant EU effect with a rush to start programmes before the right to loan funding was removed. The report pointed to significant challenges ahead and this has been the case. New admissions in 2021/22 were 3,493 FTE compared to this high point the previous year.

Applications in 2021/22 held at roughly the same level as 2020/21 where we had our highest level of applications ever. The significant issue was the change in the makeup of those applications. Increases in younger school and college leavers in UCAS and international applications were key components of our strategy, particularly in relation to the impact of Brexit. However, in parallel with that, from Easter to the end of the recruitment cycle in the autumn, applications from 21–60-year-old London and UK based mature learners seeking to return to formal education alongside work and other commitments dropped significantly. The College received over 2,500 fewer applications from this group compared with the high point in 2020/21 when applications were just over 10,000.

This was not simply a Birkbeck impact, but a national one, with UCAS reporting major drops in 'mature returners' throughout the recruitment cycle. Some of the impact is related to the situation in 2020/21 and the extent to which it brought forward and concentrated demand that would otherwise have been spread over a number of years. The mature learner journey from considering returning to study to starting that study can often take several years. A major factor though is a post-pandemic one, reflecting new and emerging patterns of work in London and across the UK, as well as the immediate and challenging circumstances that potentially stand in the way of mature learners committing to study at this point.

At Birkbeck applications from over 21-year-olds convert into enrolments at a much higher rate (35-50% depending on mode and level of study) than those from school/college leavers (10-15%) and international students (5-10%) and this is the primary factor impacting the final enrolment figure. Individual conversion rates for demographic group/mode and level of study remained largely unchanged in this cycle but the shift in the overall admissions mix led to a much lower level of enrolments from the same level of applications compared to the previous year. A key strand of the college's new strategy, outlined below, is to make changes to the Birkbeck offer in terms of campus experience, teaching delivery, and student outcomes especially around employability. In time these will allow us to capitalise on growing interest from younger commuter students in London, international students, and increase conversion from these two groups.

There has been a significant Brexit impact on recruitment as we highlighted in reporting last year. The focus of our recruitment has been EU nationals living and working in the UK, rather than direct recruitment from EU countries. Direct recruitment from EU countries, with the implication this brings of higher fees and no loan support, has dramatically declined. Recruitment from EU nationals based in the UK has held up better but has been impacted by the general factors affecting mature learners that have been highlighted already.

A very clear part of our strategy post-Brexit has been to focus on and significantly increase international recruitment and it is encouraging to report significant progress here. International recruitment is up significantly (39% on 2020/21 and 22% on 2019/20) and we now have more students from India, China and Saudi Arabia in particular, leading to our highest ever international student number levels. As well as growth at postgraduate Masters level where international recruitment has been previously concentrated we had an increased cohort of international undergraduates.

The recruitment picture for 2022/23 has remained challenging. Whilst new admissions have not declined further and are set to be in the region of 3,500 FTE, the trends and factors highlighted above have continued to play out. The long-term national factors driving down participation in higher education by mature learners that have resulted from poor maintenance support and older students' aversion to the debt associated with higher fees has been amplified by post Covid factors and the extended timescale for the implementation of the Lifelong Learning Entitlement. In the "Looking Forward" section of the report we highlight some of the key strategic changes that specifically address this situation.

Teaching and learning

As reported last year, we delivered teaching in the 2020/21 year entirely online (with the exception of essential lab work), We had predicted that this would be the most appropriate way to respond to the needs of our unique student body. We reviewed the outcome of this early in the 2021/22 academic year and confirmed that this had been a successful approach. All indicators for 2020/21 showed improvements on previous years. Enrolment exceeded 2019/20, National Student Survey satisfaction improved as did attainment and continuation (progress to the next academic year). In addition, our awarding gap data showed some significant decreases.

Despite these strong indicators of success for 2020/21 many students and staff were keen to return to in-person teaching (though about 30% of students indicated that they would prefer to continue with online learning). After evaluation and discussion of the learning from 2020/21 we revised our teaching model to re-integrate in-person teaching events, while maintaining the pedagogic gains from our online year. The majority of subject areas continued to provide pre-recorded material in place of face-to-face lectures, the content of which can be engaged with at any time rather than only in one scheduled hour each week. We continued to enhance the materials that we had developed for our Virtual Learning Environment, furthering our commitment to a more blended approach to learning. Where and when online learning was used, we continued with our distinctive interactive approach with live classes taking place weekly.

STRATEGIC REVIEW (continued)

Our overall approach to the 2021/22 academic year was to provide in-person teaching where possible and online learning if necessary. In the context of our unique student body we felt it was important to be able to make the switch online in a more agile way than campus universities might need to. In reviewing the year it is clear that we had a similar balance to in-person and online teaching as most other universities as the frequent outbreaks across the country resulted in online being used as a back-up across the sector. In order to reduce infection and reassure our vulnerable students we asked that masks continue to be used in our buildings and particularly in our classrooms. We purchased Birkbeck branded masks and provided them free to students at the beginning of term. Senior management and many other colleagues stood outside the building at the start of the academic year offering masks to students. The response to this was incredibly positive and created a strong norm of compliance.

Due to concerns about the omicron variant of Covid-19 we decided to begin Spring term 2022 entirely online and to phase back to in person teaching when appropriate. Our student surveys again showed that this approach was regarded positively by the majority of students. We also continued with online assessments in place of exams for the majority of subject areas. We conducted further work to review the online assessment that was conducted in 2020/21 and issued further guidance to academic staff about the structure and conduct of online assessments.

Following the launch of our Vision 2021-26 strategy we embarked on a complete revision of our portfolio for the future – a plan that had already been set out in the Student Experience Review and was led by the PVC Education. The Director of Education Strategy and the Director of Academic Standards and Quality worked directly with academic departments to review both their UG and PGT portfolios. This work was supported by colleagues in Academic Quality and Standards, Strategic Projects and the Assistant Deans for Education.

The aims of the portfolio review were to create a streamlined competitive portfolio to improve recruitment and enhance the quality of the student experience, to provide more work-based learning and employability skills, greater interdisciplinarity and collaboration between academic schools and top-quality digital resources. It also fully implemented 3-term learning across the college and simplified the framework for learning, teaching and assessment. The new portfolio has greater uniformity in programme structure leading to greater consistency of student experience across departments, as well as a better foundation for standalone module delivery supporting the lifelong learning entitlement, CPD and credit bearing short courses. It aims to improve retention and attainment and reduce assessment burden, to meet the needs of time poor students as well as those who want a more immersive campus experience, to create a stronger cohort experience and to explore further ways of building student communities in person and online. There will be greater clarity on attendance, contact hours and study hours.

Although the portfolio review was conducted rapidly, prompted by concerns about recruitment and institutional financial position, the quality of the exercise was not compromised. The new portfolio is now being advertised for enrolment in 2023.

Student support

Our full range of student support services were offered in 2021/22 with the option for online support continued across these services. We had amended our mitigating circumstances policy for 2020/21 so that students did not need to submit evidence for a mitigating circumstances claim if they had been prevented from submitting assessments due to unforeseeable events. In the context of continued pressure on the NHS and the persistence of Covid-19 we continued with this amendment to reduce pressure on students. We also continued to provide hardship funds to enable students to purchase IT equipment to engage with our more blended approach to learning.

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 was led by the Pro- Vice-Chancellor (Research) and involved major contributions of time and effort from some 113 colleagues across the College. Research was submitted to 15 Units of Assessment two of which were joint submissions with UCL.

The 2021 REF assessed the quality of research carried out at 157 UK universities in all disciplines. Research was assessed by 34 panels of experts, each of which reviewed a different area of research. For every member of staff with significant research responsibility, Birkbeck, along with other universities across the UK, was required to provide evidence of:

- their research outputs, such as books, papers and chapters published between 2014 and 2020;
- impact case studies highlighting the benefits of the research they carried out over this period; and
- the environment in which research was carried out, including the strategy, resources and infrastructure that support research.

The results showed that:

- 41% of our research was rated at the highest 4* rating compared to 27% in the 2014 assessment;
- 83% of all research at Birkbeck is rated ‘world-leading’ (4*) or ‘internationally excellent’ (3*);
- the quality and impact of Birkbeck research has improved overall since the last assessment in 2014 when 73% of research was rated ‘world-leading’ (4*) or ‘internationally excellent’ (3*);
- research was rated in the top 25 nationally in Art & Design (History of Art and Film, Media & Cultural Studies), English Language & Literature, Biological Sciences, Computer Science & Informatics, Earth Systems & Environmental Science, Economics & Econometrics, History (Classics & Archaeology), Psychology, Psychiatry & Neuroscience and Sociology;
- excellence was found across the college with more than half (53%) of the Units of Assessment submitted ranking in the top half of all universities in the UK;
- English Language & Literature (Department of English, Theatre & Creative Writing) was ranked 2nd nationally, with 72% of the return assessed as being world-leading;
- Art & Design (History of Art and Film, Media & Cultural Studies) was ranked 4th nationally with 65% of the submission assessed as being world-leading;
- Birkbeck confirmed its status as consistently one of the best Psychological Science departments in the UK with 64% of its research being rated as world-leading and a national ranking of 9th, the third consecutive assessment where the Department has ranked within the UK’s top 10; and
- History (Classics & Archaeology) was ranked 8th nationally with 63% of the return ranked as world-leading.

Birkbeck has a long history of supporting socially engaged research of the highest standard across a broad range of disciplines and we are committed to embedding research in our teaching, so that our students benefit from being taught about society's most topical and pressing issues by some of the country's leading academics. The results recognise the quality and breadth of research and its impact on the world and they are testament to the hard work of academic and research staff at Birkbeck, as well as all those professional services colleagues involved in putting together Birkbeck's submission to the REF.

Despite being one of the smaller multi-faculty universities in the UK we are unusually also a research-intensive university. We have a deep commitment to, and focus on, supporting academics to pursue their research interests and carry out research of the highest quality. The pandemic 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. We 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. We have also taken steps to mitigate Covid impacts in our promotion processes.

The development of the estate

In July 2021 we completed the purchase of a long lease for Student Central (now Birkbeck Central), Birkbeck Central is next door to our main Malet Street building so provided 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 increased our campus space by around 25%, enabled 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. A three-year estate-wide project, commenced in summer 2022 in Birkbeck Central to upgrade the quality of teaching space with the inclusion of audio visual and IT equipment which will allow hyflex teaching for all of our students. Hyflex will allow our time poor students (many of whom work during the day) to either attend classes in-person or remotely and receive the same experience.

In addition to upgrading classrooms, we also need to focus on replacing critical infrastructure which has reached the end of its useful life. A major project to replace heating in our main campus buildings was concluded during the year and chillers are being replaced during the first half of 2022/23. Design work to replace our core network switches, upgrade the IT infrastructure and move a data centre has commenced with an expected finish date towards the end of calendar year 2023. This project will improve the resilience, performance and efficiency of our network capabilities and support the move to hyflex teaching.

Prior to the start of the pandemic the College commenced a review of Professional Services office space and took the decision to sell Egmont House, a freehold building. The layout of the building was not conducive to collaborative working and required a material investment to replace end of life infrastructure. The pandemic immediately moved all staff to remote working which subsequently facilitated the development the Professional Services Workspace project, providing modern agile facilities including open access desk space and bookable meeting rooms of various sizes.

Phase 1 of the work provided space for staff previously in Egmont House, in rented space within the BMA building in Tavistock Square. Phase 2 transformed space in the Malet Street building formerly used for library offices. At the same time we created new and improved quiet study space within the library.

STRATEGIC REVIEW (continued)

The spaces are now in use and have been well received across professional services and the wider college community. All central Professional Services staff were provided with laptops allowing them to easily move from remote to on site working depending on the tasks required. This change in working practice provided a better experience for staff and, having reduced the total envelope occupied, running costs have also been reduced. The creation of the Professional Services Workspace allowed us to dispose of Egmont House (completion Autumn 2021) and reinvest the proceeds into the purchase of Student Central.

Current operating position

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 (multi-faculty institutions with turnover of £100 to £250 million and top quartile research ambitions) 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 the fall in recruitment in 2021/22 together with higher staff costs have significantly impacted our financial position contributing to a deficit for the year of £9.2 million. 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 we now need to reduce costs significantly to move from a period of forecast deficits back into a sustainable financial position.

The continued cap on Home undergraduate tuition fees is affecting the whole higher education sector in England. The £9,250 fee is now worth around a third less than it was when it was introduced in 2012 and with inflation running in excess of 10% the pressure placed on universities to generate an excess of income over expenditure is considerable. The autumn statement made no reference to HE funding and it appears likely that the capped Home undergraduate fee will challenge the whole sector for years to come.

It is also clear to us that the pandemic has had a profound effect on the way our students work (with many now not expected to commute to the capital five days a week) and the careers that they may wish to undertake in the future. Looking at lessons learned following our positive move to on-line delivery during lockdown, coupled with a stronger alignment of our portfolio with national and regional government strategy coupled with the skills needs of business, will shape and underpin our future strategy.

Looking Forward

In November 2021, the College endorsed a new five-year strategy covering 2021-26. This will take us to, and through, our 200th anniversary. The strategy is focussed on the difficult challenges we faced prior to the pandemic as well as the lessons learnt and strides taken forward in responding to it. It has built on Governors' discussions, extensive internal consultation involving staff and students, and a concerted analysis of Birkbeck's position in the sector and the London HE market.

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 followed by flat recruitment in 2022/23, Birkbeck now faces immediate challenges which confirms the importance of this strategic change but which makes its rapid realisation also essential.

The College's plans focus on the following interlocking themes:

- a new academic structure that maintains academic breadth, whilst creating larger more sustainable groupings for the future which are better aligned to opportunities for growth and which are supported by simplified, more focussed management structures and roles;

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

- the launch of a more competitive flexible Birkbeck teaching 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;

STRATEGIC REVIEW (continued)

- investment in a flexible blend of campus and digital experience, designed to give our diverse student community the opportunities they deserve in a form that recognises their changed circumstances and needs; and

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

The proposed organisational changes necessarily provide a path to deliver significant savings but that categorically is not its only purpose and scope. The intention is to lay the foundation for a Birkbeck that can build and take advantage of its opportunities for the future not just survive in its present. There are some key themes to that transformation. Birkbeck is a small institution, and in the current climate there are particular challenges to that. Whilst we cannot compensate for all the disadvantages of size we should be able to play to the advantages of smaller scale. At the moment, the complexity, fragmentation and operational variation of our organisation does not allow us to be as responsive, agile and innovative as we need to be. The simplification of structure, management, lines of communication and operation are designed to give us back this advantage for the future.

In terms of the immediate financial challenges linked to student recruitment the College has been working closely with Governors to confirm the immediate steps in its recovery plan. An additional meeting of Governors was held in September 2022 to agree key actions:

- a reduction in staff costs of £12m over two years to bring costs back into alignment with reduced tuition income [a formal consultation on the organisational change and staff reductions has taken place during Autumn 2022];

- increased income totalling £15m by 2026/27, primarily from new programmes, new modes of delivery (including hyflex), rationalisation and simplification of existing portfolio to make programmes more attractive, plus some additional third-stream income. Income growth is required to initially return the College to a surplus position and to then offset the mismatch between cost inflation and income inflation due to the fixed undergraduate fee; and

- reduce the size of our Estate. Having purchased the building adjacent to our main campus site as part of our strategy to provide improved learning and teaching facilities for our staff and students we are in a position to dispose of estate assets that are less suited to our future needs. This will provide a cash inflow which in the short term can protect liquidity before then being used to reinvest in the estate we need for our students and to support the work of our staff.

2023 is set to be a challenging year but also potentially a foundational one. The interventions the College needs to make now are driven by immediate challenge but are crucially the first steps to providing a sustainable institution able to succeed in the future and continue to fulfil its mission.

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 April 2021) 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 2022 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	
March 2022	24.02	25.61	21.15	21.72	969	833
	Gender pay gap 6.2% lower		Gender pay gap 2.6% lower		Total employees 1,802	

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 reduced to its current level through a combination of policy intervention and raising awareness. The Universities & Colleges Employers Association updated its benchmark report of the 2020/21 gender pay data for the sector in January 2022. Our position in the sector is highlighted in Chart 1.

STRATEGIC REVIEW (continued)

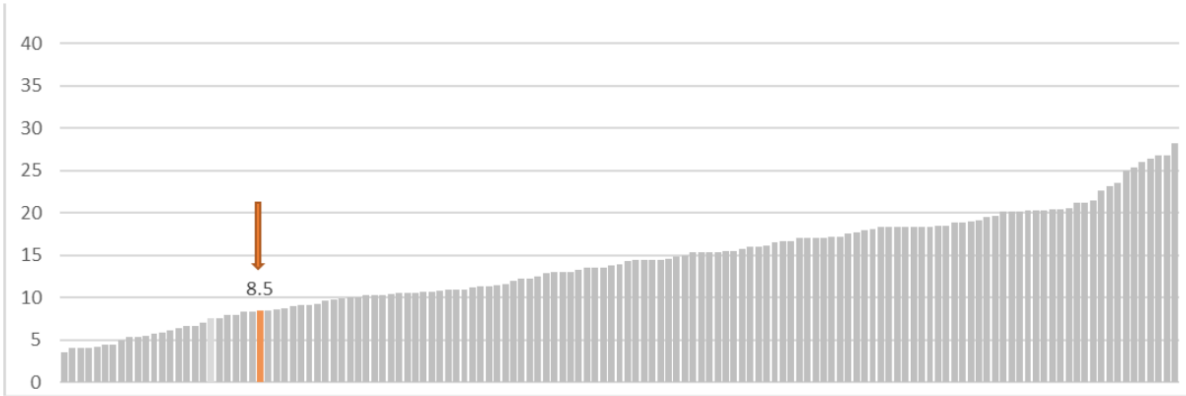


Chart 1: UCEA gender pay gap reporting tool based on sector data published 201/22 –mean hourly pay

Although we are pleased that the mean gender pay gap has fallen to 6.2% (5.9% excluding allowances) and is one of the lowest in the sector we remain committed to further progress on equal pay and have set out both an action plan and monitoring targets.

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	
March 2022	888	951	1,098	678	2.8%	1.2%
	Gender pay gap 6.6% lower		Gender pay gap 61.9% higher		Total receiving bonus 42	

Table 2: Gender pay gap – bonus pay

Birkbeck makes a relatively low number of bonus payments in comparison to the wider sector – for the latest published data the sector average is 7.6% of staff receiving a bonus payment. 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. As a result, in the most recent three cycles female academics have enjoyed higher promotion rates than the norm.

Work continues on this issue but we are mindful of the time scales involved in managing population change and the wider societal issues that influence career choice. This year, although the vertical gender pay gap remains we can observe another small shift towards equality. In the top quartile in 2020 46.8% of staff were female increasing to 48.9% in 2021.

The College Equal Pay Audit 2021 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 https://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 2021 to 31 March 2022

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.

Relevant union officials:

Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
2021	2022	2021	2022
37	33	30.7	26.2

Percentage of time spent on facility time:

Percentage of time	Number of employees	
	2020/21	2021/22
0%	8	9
1 - 50%	29	24
51 - 99%	-	-
100%	-	-

Percentage of pay bill spent on facility time:

	2020/21	2021/22
Total cost of facility time	£49,521.75	£44,078.09
Total pay bill	£67,775,000.00	£70,773,000.00
Percentage of the total pay bill spent on facility time	0.07%	0.06%

STRATEGIC REVIEW (continued)

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	2021/22
Time spent on paid trade union activities as a percentage of total paid facility time hours	10.06%	11.67%

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 £5.4 million of new philanthropic income was committed to Birkbeck (2020/21: £3.3 million). This included hundreds of donors making regular monthly gifts and multiple six-figure donations from individuals, corporates and charitable foundations.

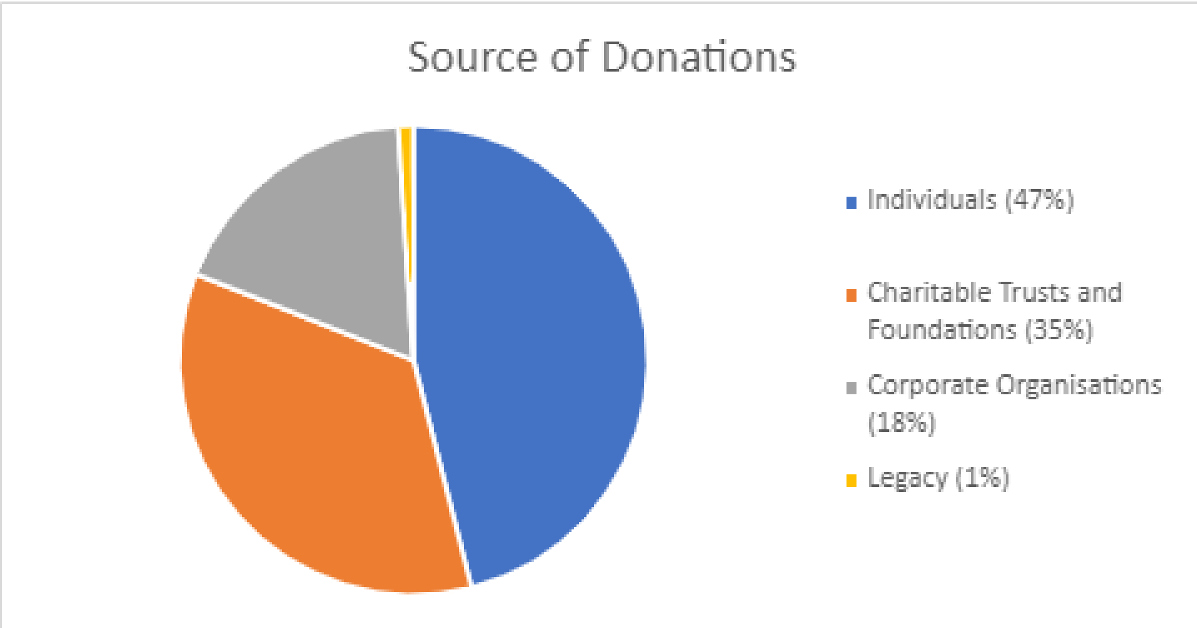


Chart 2: Breakdown of entities that supported Birkbeck with donations in 2021/22

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

- **widening access to education and enhancing student support** by strengthening financial support offerings around bursaries, scholarships and hardship funding and enriching pastoral care such as careers advice, wellbeing services 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 improving our provision of technology enhanced learning, supporting state of the art equipment for our researchers and contributing towards infrastructure projects that enrich the Birkbeck learning experience; 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.

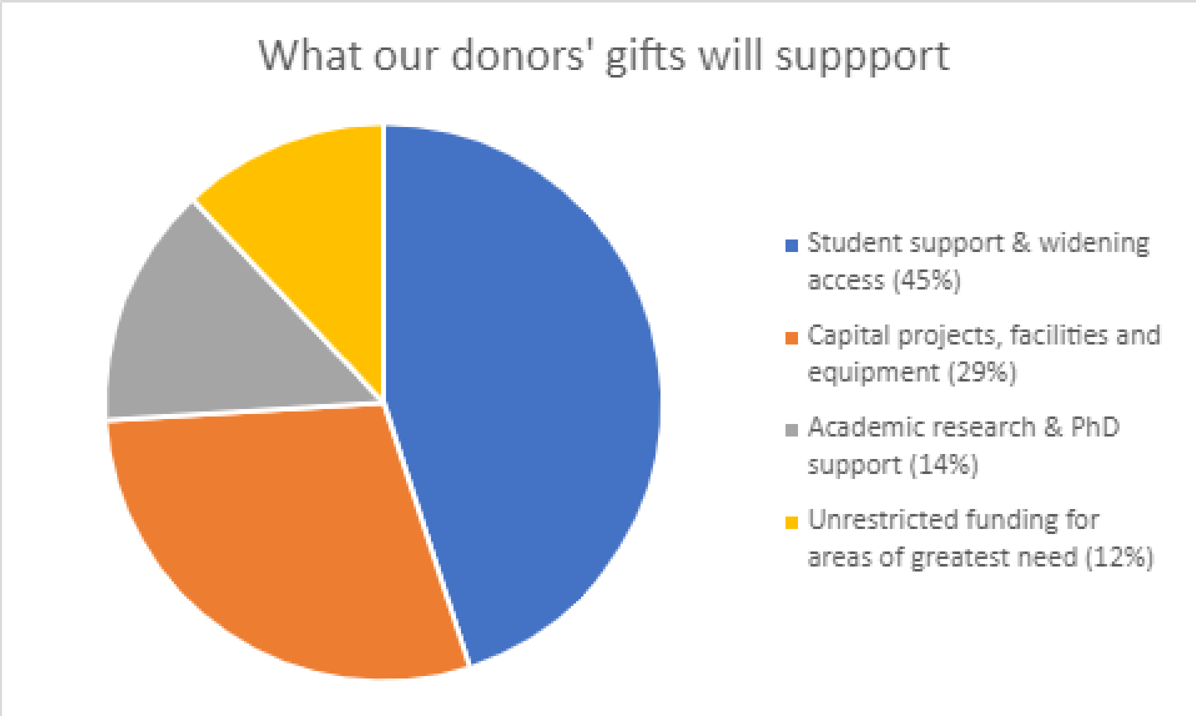


Chart 3: Summary of activities to be supported by donations

In the last year we have seen huge momentum and support for The World Needs More Birkbeck campaign. This comprehensive fundraising and engagement campaign is deepening our relationships with current supporters and attracting 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. In addition to supporting the College financially, our alumni and friends continue to play an important role in aiding student recruitment, retention and employability initiatives. Last year we continued to see more students benefiting from the support, guidance and advice given by our growing community of valued volunteers.

The post-pandemic economy and rising living costs mean that many of our students, alumni and donors are facing challenging and uncertain times ahead. Now more than ever we have seen the real and pressing need for flexible support. As we approach our 200th Anniversary in 2023, we are proud that our community continues 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 the new academic year begins I am pleased to reflect on the remarkable ways in which the College community worked together to support each other to address and overcome the unprecedented and unpredictable challenges that Covid presented. We will need to continue to work in this collegial manner to succeed in managing the challenges ahead as we look to bounce back from the fall in student numbers.

In 2023 we will review the successes of our 200-year history. 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. In order to protect our mission as we move into our third century we will need to reposition our academic offering and reshape or operating model. Our vison is still the same as our founder’s and we are determined to 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. To do this, however, it is imperative that we implement our restructure plans and return to a financially sustainable position. 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, the completion of the United Kingdom's exit from the European Union, geopolitical events and increases in inflation have had a significant effect on families, businesses, and economies across the world. Despite a swift and successful move to on-line learning during lockdown student numbers have fallen post-Brexit at a time when costs are rising, particularly energy costs. This has led to direct and indirect financial consequences for Birkbeck and increased risks as we try and assess an uncertain future.

Although we need to rapidly address a financial position where costs exceed income we are not alone in the UK HE sector. Government regulated tuition fees for Home undergraduate students remain fixed at £9,250 at a time of rapidly rising costs. The erosion in value of the fee that can be charged is placing considerable strain on the budgets of all universities in England. This Financial Review will comment on our performance for the year and the financial impact of pension and other adjustments which contribute to the Statement of Comprehensive Income & Expenditure and Statement of Financial Position.

Results for the Year

Chart 4 compares the main income streams for the last five years whilst Chart 5 summarises the total income for 2021/22.

STRATEGIC REVIEW (continued)

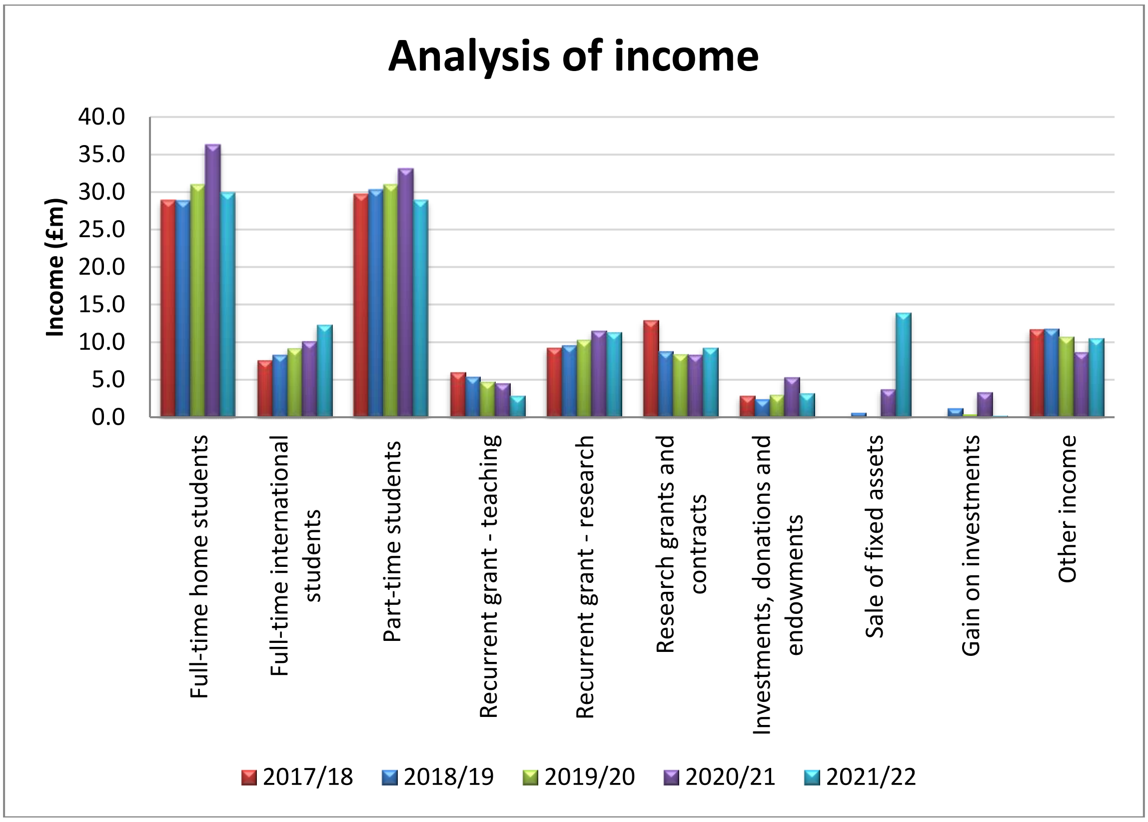


Chart 4: Income by category 2017/18 to 2021/22 (note that up to 2019/20 students from the EU were grouped with home full-time students. From 2020/21, new EU students are classified as international with continuing EU students classified as home until completion)

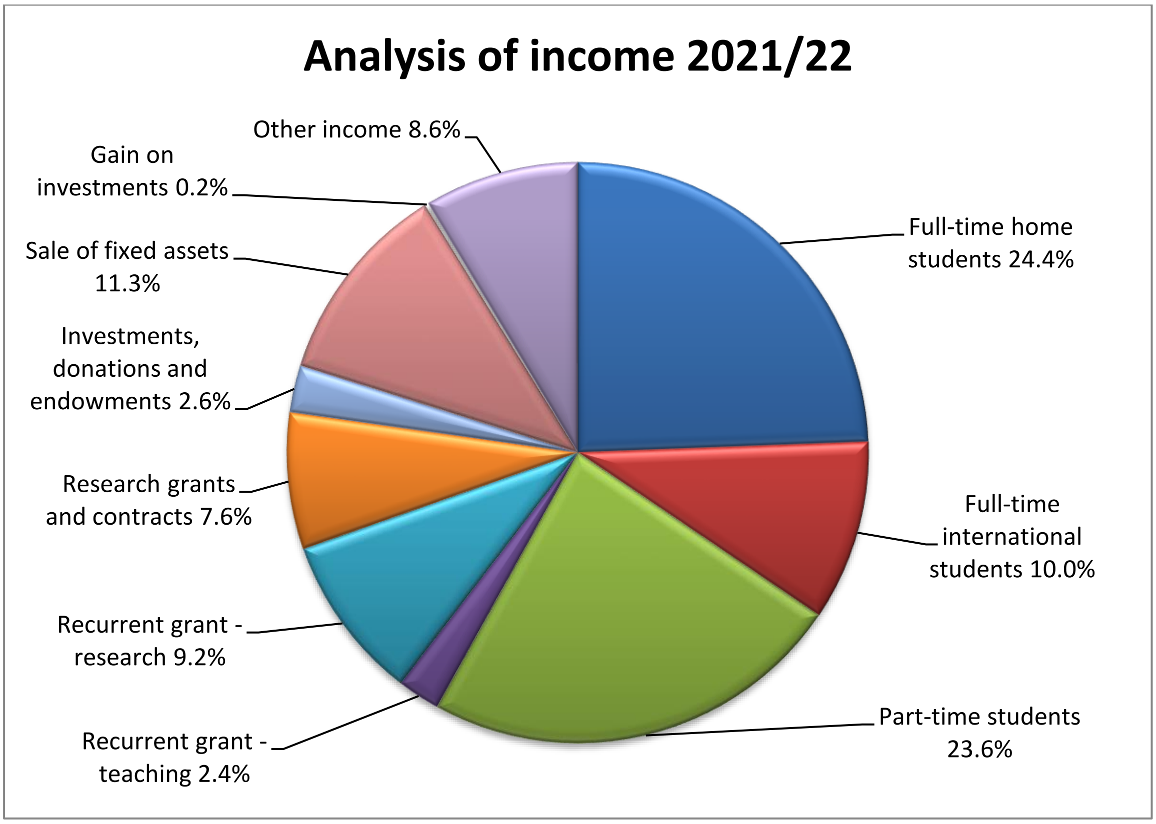


Chart 5: Analysis of income 2021/22

STRATEGIC REVIEW (continued)

The recurrent teaching grant from the government continues to fall and fell by a further £1.6 million in 2021/22. Teaching grant now represents only 2.4% of College income in comparison with 47.5% in 2005/06. The primary change in funding was due to the removal of the London weighting element from the grant for 2021/22 as government funding priorities were shifted to support their levelling up agenda.

In contrast, income from academic fees has risen from 25.7% in 2005/06 to 58.0% in 2021/22, albeit that this represented a year-on-year fall from 63.7% in 2020/21. Tuition income fell by £8.4 million in 2021/22 wiping out the previous year gain of £8.3 million. 2020/21 saw a spike in applications from EU students wishing to benefit from the final year of UK government tuition fee loans. This increase was replaced by a significant reduction the following year as EU students had to pay their own fees – an outcome seen across the sector not just at Birkbeck. In addition, historically low unemployment rates coupled with increasing inflation appears to have reduced the appetite of academic study for mature students.

Recurrent grant from Research England remained broadly the same (a fall of £0.2 million) whilst externally funded research activity returned to pre-pandemic levels as restrictions on movement (and, therefore, research activity) were relaxed post-Covid. £0.4 million of student hardship funding provided by the Office for Students in 2020/21 was not continued and UK Research & Innovation (UKRI) ended the Global Challenges Research Fund (representing the loss of £0.5 million in income). Overall, the total amount of grant and fee income fell by £9.6 million (9.0 %) in 2021/22 primarily due to the fall in tuition 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, other income was depressed during 2020/21. We have seen a partial recovery in 2021/22 with income from lettings, catering and conferences rising by £2.0 million. Further growth back to pre-pandemic levels looks likely in 2022/23.

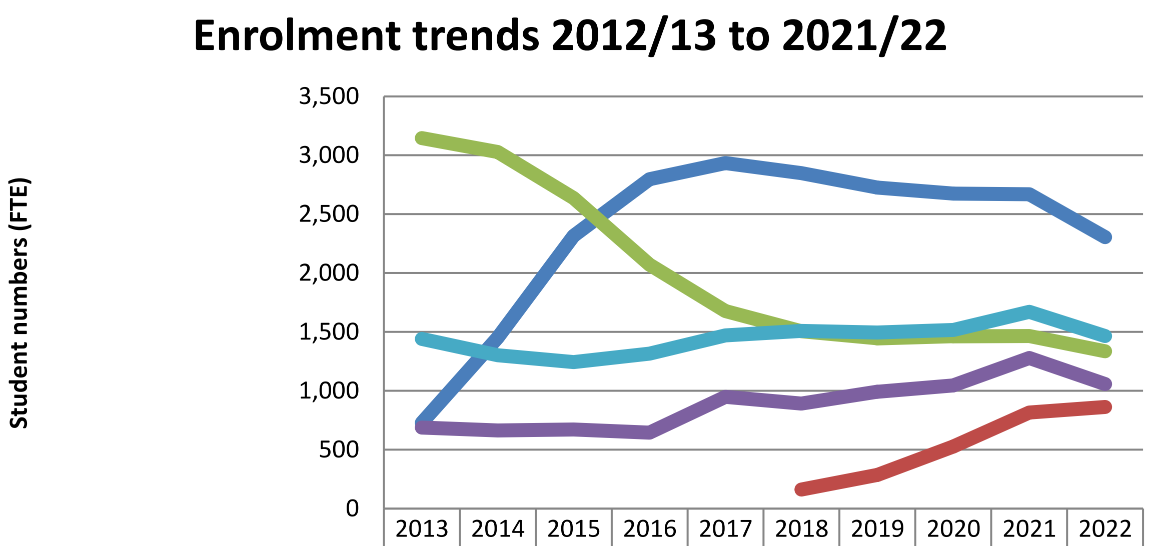
In 2019, a review of the space occupied by central professional services staff was commenced. The property occupied (Egmont House) needed infrastructure improvements and we had already begun to consider the opportunity of moving to a hybrid working mode. The pandemic delayed the review slightly but also accelerated the development of remote working. It was quickly concluded that Egmont House was not well suited to collaborative and hybrid working and was put up for sale. The freehold property was transferred to new owners in autumn 2021 with a profit on sale of £14.1 million being achieved.

Space elsewhere on our estate plus rented accommodation nearby was converted into open plan working space with multiple meeting rooms. All professional services staff were provided with laptops to facilitate remote working or office working via desktops. The sale proceeds also helped to fund the purchase of the 99-year lease for Student Central which is next door to our main Malet Street building. The purchase of the building, which is at the heart of our campus in Bloomsbury, was concluded in July 2021.

Governors agreed 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. £10.0 million was invested in two externally managed funds with strong Environmental, Social and Governance criteria embedded in investment decision making. Both funds performed remarkably well and combined gains of £3.3 million were recorded in 2020/21. In November 2021, gains of £4.0 million were realised and converted into cash with both funds reset to £10.0 million. Equity values began to fall in 2022 and the gain in investments for the year ended at £0.3 million.

STRATEGIC REVIEW (continued)

Chart 6 highlights enrolment trends for our main categories of student since 2012/13.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
UG Degree (Full time)	729	1,451	2,315	2,798	2,934	2,849	2,726	2,675	2,669	2,304
UG Degree + FY (Full time)*						162	286	527	815	863
UG Degree (Part time)	3,146	3,027	2,637	2,072	1,676	1,507	1,445	1,464	1,466	1,336
PG Masters (Full time)	688	664	671	645	948	891	992	1,046	1,279	1,057
PG Masters (Part time)	1,440	1,302	1,244	1,316	1,470	1,508	1,496	1,516	1,671	1,466

Chart 6: Undergraduate (UG) and postgraduate (PG) enrolment trends 2012/13 to 2021/22

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

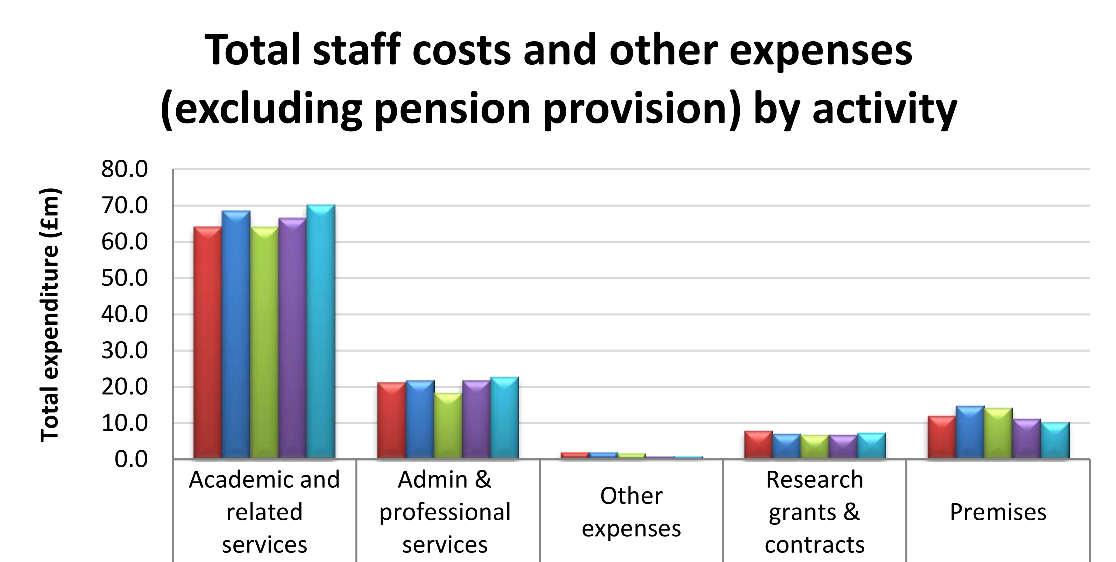
The dramatic decline in part-time undergraduate students since the government increased Home fees to £9,000 in 2012 appeared to have plateaued but further falls were experienced in 2021/22. It is hoped that the Government progresses the promised lifelong loan allowance and also relaxes the apprenticeship levy criteria thereby enabling businesses to support a wider range of skills training through part-time and 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 in key areas is a core part of both national and local government strategies.

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, this increase was reversed in 2021/22 in part due to high employment rates in London and in part the end of the Brexit transition period.

Income from full-time Home students fell by £6.4 million as mature students in particular delayed the commencement of education as employment levels rose. Income from international students rose by £2.2 million (an increase of 10.0%). 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 following the re-introduction of the post-study work visa. Income from part-time students fell by £4.2 million largely due to a fall in income from new Home undergraduates of £0.9 million and new Home postgraduates of £1.2 million.

STRATEGIC REVIEW (continued)

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



	Academic and related services	Admin & professional services	Other expenses	Research grants & contracts	Premises
2017/18	64.1	21.2	1.9	7.9	12.0
2018/19	68.6	21.7	1.9	7.1	14.8
2019/20	64.0	18.4	1.6	6.8	14.2
2020/21	66.5	21.7	0.8	6.7	11.2
2021/22	70.2	22.7	0.9	7.3	10.3

Chart 7: Expenditure by activity 2017/18 to 2021/22

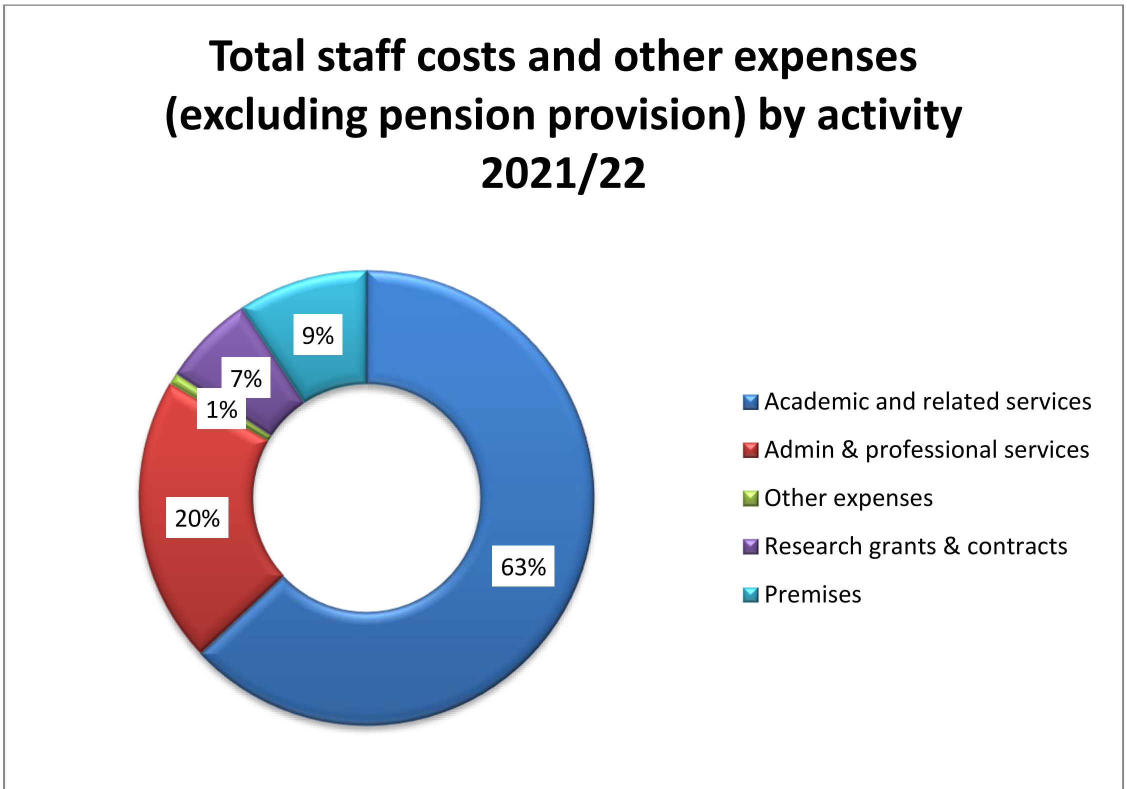


Chart 8: Analysis of expenditure 2021/22

STRATEGIC REVIEW (continued)

A significant proportion of our budget is focussed on academic and related services whilst administrative and professional costs have been kept at the same level for the last five years.

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 allowing for better year-on-year comparison. The College does not own any student residences (which increase income without a corresponding material 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	2021/22 £'000
Gross salaries	70,226	73,313	73,942	75,403	74,819
Movement on pension provision	(660)	20,481	(14,884)	(62)	20,270
Restructuring costs	401	3,308	299	534	2,325
Total expenditure on salaries	**69,967**	**97,102**	**59,357**	**75,875**	**97,414**
Gross salaries (excluding movement on pension provision and restructuring costs) as a percentage of total income	64.4%	69.5%	68.0%	64.0%	69.1%

Table 3: Change in underlying staff costs 2017/18 to 2021/22

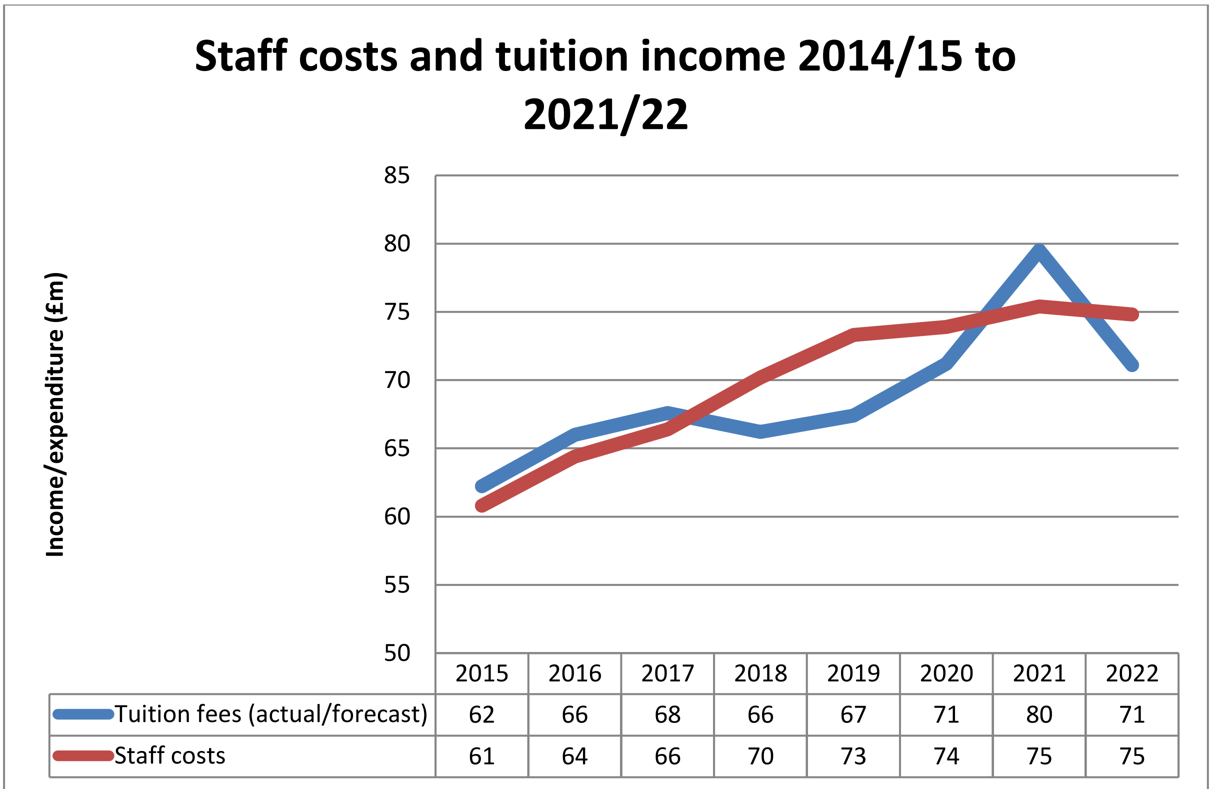


Chart 9: Staff costs (excluding pension provision and restructuring) and tuition income 2014/15 to 2021/22

STRATEGIC REVIEW (continued)

Tuition fees and education contracts provided 66.8% of total income in 2021/22 (2020/21: 68.3%) whilst staff costs (excluding pension provision and restructuring) represent 69.1% of total income (2020/21: 64.0%). 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. The underlying pressure is currently exacerbated by high inflation putting pressure on 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 referendum fall in students enrolling from the EU coupled with increasing pension costs switched this around as indicated in Chart 8 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. The College saw a significant switch in 2020/21 due to the pandemic-influenced spike in tuition income and a surplus was delivered. Unfortunately, the reversal in new student enrolments in 2021/22 immediately reversed the trend – a trend which will continue into 2022/23.

Chart 9 graphically illustrates the financial challenge the College faces: with a heavy reliance on tuition income, and an inability to increase the Home undergraduate fee, the College must increase student numbers to offset cost inflation. With 69.1% of our costs currently invested in our staff we are unable to quickly adapt our cost base to a shock to our primary income stream.

The University Superannuation Scheme (USS) was revalued at 31 March 2020 with the effect that the scheme deficit increased. A repayment plan was agreed in 2021/22 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 £20.3 million. Deficit contribution rates have increased to 6.2% of payroll from 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. USS estimated that the deficit would be eliminated by 30 April 2038.

Table 4 summarises some of the key data on the scheme.

Contribution rates	**2011 - Mar 16**	**Apr 16 - Mar 19**	**Apr 19 - Sep 19**	**Oct 19 - Sep 21**	**Oct 21 - Mar 22**	**Apr 22 - Mar 24**
Members	6.5%	8.0%	8.8%	9.6%	9.8%	9.8%
Employers	16.0%	18.0%	19.5%	21.1%	21.4%	21.6%

Costs (£ million)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Birkbeck share of the pension liability at 31 July	11.9	11.1	31.8	16.8	16.9	37.3

Table 4: Key data for the Universities Superannuation Scheme (USS)

As can be seen from Table 4, the Universities Superannuation Scheme has become more costly over time with the College contribution rate now 35% higher than it was in early 2016. Additional covenant support was provided to USS by employers and benefits to members were reduced to ensure that the 2020 valuation was concluded without unaffordable increases in contributions being enforced. Changes to the global economy, particularly increasing inflation rates, have had a marked effect on the indicative valuation of the pension scheme such that the liability has now largely been eroded. USS are resisting calls from the University and College Union to reverse benefit changes immediately given the volatility in economic data. A timetable has been proposed to conclude the 2023 valuation by 1 April 2024.

STRATEGIC REVIEW (continued)

Governors are concerned about the risk the scheme places on the financial health of the College and the periodic uncertainty that the valuations introduce. It is hoped that changes in scheme governance can be identified which provide more stability alongside alternate, lower cost options for staff. Nationally around 20% of eligible staff choose not to be members of USS with many citing affordability reasons.

Financial sustainability

Table 5 brings together some key pieces of financial data for the Group from the last four years.

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Total income **A**	105,422	108,707	117,795	108,248
Total comprehensive (expenditure)/income for the year	(27,236)	18,977	18,005	(9,213)
Total comprehensive (expenditure)/income as a percentage of total income	(25.8%)	17.5%	15.3%	(8.5%)
Total expenditure	134,454	90,127	106,783	131,731
Adjust for restructuring costs*	(3,308)	(299)	(534)	(2,325)
Adjust for change in pension liability	(20,718)	14,884	62	(20,270)
Adjusted total expenditure **B**	110,428	104,712	106,311	109,136
Adjusted (deficit)/surplus before other gains and losses **A-B**	(5,006)	3,995	11,484	(889)
Adjusted (deficit)/surplus as a percentage of adjusted total income	(4.7%)	3.7%	9.7%	(0.8%)
Non-current assets	102,905	112,630	154,640	145,730
Cash plus current investments	48,717	40,618	14,205	32,543
Payments to acquire fixed assets	11,505	12,225	44,649	6,751
Net cash (outflow)/inflow from operating activities	(777)	2,276	10,894	6,037
Operating cash as a percentage of total income	(0.7%)	2.1%	9.2%	5.6%
Investments (long-term)	19,011	19,692	23,367	19,740
Cash plus current and long-term investments	67,728	60,310	37,572	52,283
Investments (long-term) as a percentage of cash plus total investments	28.1%	32.7%	62.2%	37.8%
Net liquidity days	161	146	50	111
Net pension liability	(31,845)	(16,792)	(16,852)	(37,270)
Total net assets	69,852	88,829	106,834	97,621

Table 5: Key financial data for the College and its subsidiary 2018/19 to 2021/22

** Restructuring costs are excluded from total expenditure to allow for better year on year comparison*

STRATEGIC REVIEW (continued)

Total income has been impacted over recent years by both Brexit and the Covid pandemic with a fall in new student enrolments reversing the spike in tuition income in 2020/21. This year's fall in new students will adversely affect future years as lower numbers of continuing students replace larger cohorts of graduating students. 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. Not only do we need to reduce costs quickly to manage the fall in student numbers but the challenge of managing rising costs with a fixed annual income is a cycle we must break.

Although we posted an underlying deficit of £0.9 million in 2021/22 operating cash of £6.0 million was generated primarily due to the change in debtors and creditors: debtors decreased by £0.9 million, creditors increased by £3.1 million and a provision was created for £1.0 million in relation to restructuring. Cash flow forecasts assume that the provision and creditor increase will unwind after the year end.

Total cash plus investments increased by £14.7 million helped by the sale of Egmont House. This cash inflow replaced some of the reserves used to purchase Student Central (now referred to as Birkbeck Central) from the University of London for £35 million in July 2021. Net liquidity days more than doubled to 111 days. It is worth noting, however, that in addition to the instant access cash we also held £19.7 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). £4.0 million of prior year gains in the two funds was converted into cash in November 2021.

Although the College share of the Universities Superannuation Scheme liability rose by £20.4 million (contributing to the £9.2 million fall in net assets) current economic assumptions indicate that the liability has fallen considerably. It is hoped that the liability will be entirely removed following the 2023 triennial valuation.

Risk Management

An effective approach to risk management is seen by the College as an essential element of corporate governance. We provided a full compliance statement on internal control last year and will continue to do so.

The internal auditor confirmed significant assurance with minor improvement opportunities on the overall adequacy and effectiveness of Birkbeck's framework of governance, risk management and control in 2021/22. The internal auditor also reviewed risk management practices at the School and Department level as part a review of devolved controls and found that action was needed to ensure completeness and recording of risk management locally.

The College Risk Management Policy explains the underlying approach to risk management and documents the roles and responsibilities of the governing body, the Audit Committee, College management groups 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 together with an annual report on internal control and risk. The report for 2021/22 was presented to the Audit Committee in May 2022. Audit Committee asked for the risk policy to be revised to strengthen risk ownership and improve Birkbeck's ability to identify significant risks and respond to them quickly and effectively. As a result, we are developing a new approach to risk in order to address these issues as well as the need to improve devolved risk management as identified by the internal auditor. This work will take in advice from the internal auditor and feedback from the Audit Committee.

The top level Risk Register is compiled by senior management and overseen by a Risk Management Group comprising the principal risk owners. Each risk owner is responsible for a risk register for their risk area in which current and potential future risks are identified and evaluated together with the controls in place to mitigate them. Governance and oversight for each risk area is provided by the relevant College committee or management group. The risks are monitored by Audit Committee and Governors.

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 are costs exceeding income and reduced student recruitment. These escalated rapidly in 2021 and 2022, Market demand for part-time and evening courses has reduced after the end of Coronavirus pandemic lockdowns, changes in working patterns and the onset of the cost of living crisis. At the same time, inflation has increased our operating costs.

- Costs exceed income

  Gross risk 25.00, residual risk 22.60 (2020/21: gross risk 20.25; residual risk 12.25).

  In autumn 2021 we saw a 28% decrease in new student intake which did not recover in 2022 despite planning and delivering an intensive student recruitment campaign. Our income is heavily dependent on tuition fees, so this has a serious impact on our financial position.

  While working to recover student numbers (see below) we are also taking action to change our business model. Since the undergraduate tuition fee cap was frozen we have had limited ability to increase income from fees except by increasing student numbers and raising postgraduate and international fees where market conditions allow. This mitigation is itself risky. Over the past five years we have experienced fluctuating financial outturns driven by fluctuating student intakes and, with the exception of the 2020/21 pandemic year, have not achieved enough income to balance costs. Similarly, strategies to manage costs have been limited to making savings within the existing organisational structure, which reduces our resilience to inflationary pressure.

  In 2022 we agreed restructuring plans aimed at simplifying our organisation and reducing the costs of operating it. We are a small university with limited income streams but our structure resembles those of larger, financially stronger institutions. We are planning a simpler structure with a reduction in staff costs of £12m over two years to bring costs back into alignment with reduced tuition income.

  We are also planning for increased income totalling £15m by 2026/27, primarily from new programmes, new modes of delivery (including hyflex), rationalisation and simplification of existing portfolio to make programmes more attractive, plus some additional third-stream income. Income growth is required to initially return the College to a surplus position and to then offset the mismatch between cost inflation and income inflation due to the fixed undergraduate fee.

STRATEGIC REVIEW (continued)

We plan to sell a surplus building, having purchased a new building adjacent to our main campus building and following a reduction in new student numbers we now have too much space. Disposing of an outlying building which is less suitable to modern hyflex teaching will provide a cash inflow which in the short term can protect liquidity before then being used to reinvest in assets.

- Student recruitment

  Gross risk 25.00, residual risk 22.60 (2020/21: gross risk 22.50; residual risk 15.00).

  The risk rating increased steeply last year after the unanticipated decrease in new student intake. This year we have stabilised but not recovered the situation. There are multiple factors for us to work through including: high rates of participation in HE at 18 mean there are fewer adults who have not been to university; cost of living issues make potential students less likely to invest in study; full employment reduces the need for lifelong learning; increased competition for all categories of student in London post-Brexit; changing student aspirations etc.

  To increase competitiveness and attractiveness we have conducted a wide-reaching academic portfolio review and are launching a new course portfolio in 2023, with a curriculum and delivery model that we believe is a better fit to what prospective students want. We are also adjusting marketing and recruitment strategies to respond to growing and new markets and further improve application and enrolment processes.

These two risks, and their mitigations, are critical as indicated by the very high scores. We have modelled the impact of not achieving or partially achieving our plans. A downside stress test indicates that we will remain solvent but liquidity could become an issue. Monthly cash flow reports and management accounts are prepared and reviewed by management to help with early identification of emerging risks.

Other top risks are staff effectiveness, the education portfolio and cyber & data security. The first will be addressed by restructuring, which involves a fundamental review of academic organisation and management and the supporting professional services. The second will be addressed by the academic portfolio review and re-launch. On cyber and data security, the risks are linked to increased malicious activity. Audit Committee has overseen improvements in compliance with data protection legislation and in managing IT security risk. This is likely to remain a significant risk indefinitely due to the adaptability of those looking to breach security arrangements.

Recognising that the organisation change we are embarking on is itself a risk, we have increased the range and frequency of project and management groups. The Vice-Chancellor chairs fortnightly meetings of the Academic Executive Team, which includes the DVC, PVCs, Executive Deans of Schools and key Professional Service Directors. There are also frequent meetings of Strategic Planning Committee which is the College’s wider executive group. Weekly meetings of the change management project group led by the Deputy Vice-Chancellor and supported by a dedicated professional project management team ensure appropriate progress is being made. The Governors have increased the frequency of their meetings to ensure effective oversight, and the Chairs of the Governors’ committees are meeting regularly with senior management to discuss progress.

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 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. The following table summarises our research income over the last three years:

	2018/19	2019/20	2020/21	2021/22
Research income (£'000)	8,839	8,412	8,287	9,333
Income as a percentage of total income	8.4%	7.7%	7.0%	8.6%

Table 6: Research income trends

Research income is released in line with progress on the projects. The pandemic depressed the amount of research activity that could be undertaken in the latter part of 2019/20 and most of 2020/21 leading to a fall in income recognised. Work has returned to normal in 2021/22 with a corresponding increase in externally funded research income. The College currently has a portfolio of live research projects related to in excess of £50 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 provided financial support to self-funding research students in 2021/22 in the same way that research councils did.

STRATEGIC REVIEW (continued)

Whilst our core mission underpins the advancement of education this in turn can have a profound impact on wider public benefits.

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 863 FTE in 2021/22 (see Chart 6). During 2021/22 40% of the students are from ethnic minority backgrounds (47% on our standard undergraduate programmes), 42% male, 22% declaring a disability and 65% over the age of 25. We are proud to offer an opportunity to groups of students which may be denied to them elsewhere and remain committed to driving this agenda in the higher education sector.

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. 97% of our part-time students and 75% 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.

Many of our students work during the day and have families. These critical life factors inevitably challenge our students and this is reflected in our continuation rates. Through the pandemic, the move to on-line was welcomed as it enabled our students to study when time allowed. Since the pandemic, hybrid working has become the norm for many workers who no longer need to travel to the capital five days a week. To ensure that working students with other life priorities can continue to engage with higher education and succeed we are moving all our programmes towards hyflex delivery. This change in pedagogy will be facilitated by upgrades to the AV and IT of all classrooms across our estate over the next three years.

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 are provided in Note 9 to the Financial Statements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This Statement of Corporate Governance and Internal Control relates to the financial year ending 31 July 2022 and the period leading up to the approval of the financial statements on 30 November 2022.

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, Strategic Estates and Infrastructure Committee and Digital Sub-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. 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.

Digital Sub-Committee

The Digital Sub-Committee has been set up to oversee digital strategy and IT infrastructure. It is chaired by an independent Governor and its membership comprises independent governors, academic governors, an external co-opted adviser, plus a nominee from the Students Union. The Committee reports to SEIC on the College's IT infrastructure and equipment projects. It has met three times in the year 2021/22.

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.

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 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 by the 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 reviewed by the Strategic Planning Committee and the Governors at each meeting;

- 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 College management on action taken to mitigate the risks and the impact of that action and on changes to the risk profile including new risks;

- 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 commissioned an independent review of its effectiveness in 2021. The review report confirmed that the Governing Body is effective and is compliant with OfS and CUC expectations;

- the diversity of the Governing Body has increased following the appointment of new independent governors through an open call for expressions of interest. As recommended in the Review of Governance Effectiveness, Governors will consider the definition and meaning of Equality, Diversity and Inclusion for Birkbeck, taking the advice of the Equality and Diversity Committee;

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

- institution level collaborations are overseen by the College Collaborations Approval Panel which reports to Knowledge Exchange 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 Terms and Conditions from both the Office for Students and Research England.

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 2022 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 2022 which comprise the Consolidated and College Statement of Comprehensive Income & Expenditure, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Statement of Financial Position, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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

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

report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information 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 Statement of Corporate Governance and Internal Control set out on pages 36 - 41, 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

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

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.

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

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

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 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 2022

	Notes	Year ended 31 July 2022 Consolidated £'000	Year ended 31 July 2022 College £'000	Year ended 31 July 2021 Consolidated £'000	Year ended 31 July 2021 College £'000
Income					
Tuition fees and education contracts	1	72,266	72,266	80,422	80,422
Funding body grants	2	15,606	15,606	18,085	18,085
Research grants and contracts	3	9,333	9,333	8,287	8,287
Other income	4	7,907	7,907	5,697	5,697
Investment income	5	378	378	463	1,244
Total income before donations and endowments		105,490	105,490	112,954	113,735
Donations and endowments	6	2,758	2,758	4,841	4,841
Total income		108,248	108,248	117,795	118,576
Expenditure					
Staff costs - Annual remuneration	7	77,144	77,144	75,937	75,937
Staff costs - Increase/ (decrease) in pension liability	7	20,270	20,270	(62)	(62)
Total staff costs		97,414	97,414	75,875	75,875
Other operating expenses		29,361	29,361	27,354	27,425
Depreciation & amortisation	10, 11	4,714	4,714	3,399	3,399
Interest and other finance costs	8	242	242	155	155
Total expenditure	9	131,731	131,731	106,783	106,854
(Deficit)/ surplus before other gains and losses		(23,483)	(23,483)	11,012	11,722
Gain on disposal of tangible fixed assets	11	13,946	13,946	3,716	3,716
Impairment of investment in subsidiary	13	-	(1,552)	-	-
Gain on investments	13	324	324	3,277	3,277
Deficit/ surplus before tax		(9,213)	(10,765)	18,005	18,715
Total comprehensive (expenditure)/ income for the year		(9,213)	(10,765)	18,005	18,715
Represented by:					
Endowment comprehensive income for year		242	242	947	947
Restricted comprehensive expenditure for year		(629)	(629)	(21)	(21)
Unrestricted comprehensive expenditure/ income for year		(8,725)	(10,277)	14,518	15,228
Revaluation reserve comprehensive expenditure/ income for year		(101)	(101)	2,561	2,561
		(9,213)	(10,765)	18,005	18,715

All items of income and expenditure relate to continuing activities.

Consolidated and College Statement of Changes in Reserves
for the year ended 31 July 2022

Consolidated	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
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**
Surplus/ deficit from the income and expenditure statement	1,192	83	(10,387)	(101)	**(9,213)**
Release of restricted funds spent during the year	(950)	(712)	1,662	-	-
Total comprehensive expenditure for the year	242	(629)	(8,725)	(101)	**(9,213)**
Balance at 31 July 2022	**10,230**	**859**	**80,171**	**6,361**	**97,621**

Consolidated and College Statement of Changes in Reserves (continued)
for the year ended 31 July 2022

College	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 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
Surplus/ deficit from the income and expenditure statement	1,192	83	(11,939)	(101)	(10,765)
Release of restricted funds spent during the year	(950)	(712)	1,662	-	-
Total comprehensive expenditure for the year	242	(629)	(10,277)	(101)	(10,765)
Balance at 31 July 2022	10,230	859	80,171	6,361	97,621

Consolidated and College Statement of Financial Position
for the year ended 31 July 2022

	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated	**College**	Consolidated	College
		£'000	**£'000**	£'000	£'000
Non-current assets					
Intangible assets	10	1,235	1,235	1,487	1,487
Fixed assets	11	124,557	124,557	129,433	97,372
Heritage assets	12	198	198	353	353
Investments	13	19,740	19,740	23,367	38,984
		145,730	145,730	154,640	138,196
Current assets					
Stock	14	41	41	-	-
Trade and other receivables	15	15,600	15,600	16,462	34,177
Cash and cash equivalents	21	32,543	32,543	14,205	14,205
		48,184	48,184	30,667	48,382
Creditors: amounts falling due within one year	16	(30,883)	(30,883)	(29,387)	(29,106)
Net current assets		17,301	17,301	1,280	19,276
Total assets less current liabilities		163,031	163,031	155,920	157,472
Creditors: amounts falling due after one year	17	(26,904)	(26,904)	(32,042)	(32,042)
Provisions					
Pension provision	18	(37,270)	(37,270)	(16,852)	(16,852)
Other provisions	18	(1,236)	(1,236)	(192)	(192)
Total net assets		97,621	97,621	106,834	108,386
Restricted reserves					
Income and expenditure reserve - endowments	19	10,230	10,230	9,988	9,988
Income and expenditure reserve - restricted	20	859	859	1,488	1,488
Unrestricted reserves					
Income and expenditure reserve - unrestricted		80,171	80,171	88,896	90,448
Revaluation reserve		6,361	6,361	6,462	6,462
Total reserves		97,621	97,621	106,834	108,386

The financial statements were approved by Governors on 19 December 2022 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 2022

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Cash flow from operating activities			
(Deficit)/ Surplus for the year		(9,213)	18,005
Adjustment for non-cash items			
Depreciation and amortisation	10, 11	4,714	3,399
Gain on investments	13	(324)	(3,277)
Increase in stock	14	(41)	-
Decrease in debtors	14	862	1,295
Increase/ (Decrease) in creditors	15	3,085	(3,190)
Increase in pension provision	17	20,418	60
Increase in other provisions	17	1,044	29
Adjustment for investing or financing activities			
Investment income	5	(172)	(259)
Interest payable	8	95	129
Endowment payments/ (income)	6	228	(376)
Gain on the sale of tangible fixed assets		(13,946)	(3,716)
Capital grant income		(1,436)	(1,205)
Write off of previously capitalised assets		716	-
Reduction in value of heritage assets		7	-
Net cash inflow from operating activities		6,037	10,894
Cash flows from investing activities			
Proceeds from sale of fixed assets		14,291	5,835
Capital grant receipts		551	1,677
Withdrawal of deposits		-	1,051
Investment income		172	259
Payments made to acquire fixed assets		(6,341)	(44,649)
New non-current asset investments		(51)	(406)
Non-current asset investment disposals		4,002	8
		12,624	(36,225)
Cash flows from financing activities			
New endowments		722	376
Endowment payments		(950)	(278)
Interest paid		(95)	(129)
		(323)	(31)
Increase/(Decrease) in cash and cash equivalents in the year		18,338	(25,362)
Cash and cash equivalents at beginning of the year	21	14,205	39,567
Cash and cash equivalents at end of the year	21	32,543	14,205

Statement of Accounting Policies
for the year ended 31 July 2022

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 but we now need to reduce costs significantly to move from a period of forecast deficits back into a sustainable financial position.

In November 2021, the College endorsed a new five-year strategy covering 2021-26. The strategy is focussed on the difficult challenges we faced prior to the pandemic as well as the lessons learnt and strides taken forward in responding to it. The analysis underpinning the strategy points to fundamental challenges for the College as it is currently understood. In particular, financial sustainability, the ability to maintain research intensity, market position and teaching competitiveness. 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 followed by flat recruitment in 2022/23, Birkbeck now faces immediate challenges which confirms the importance of this strategic change but which makes its rapid realisation also essential. In terms of the immediate financial challenges linked to student recruitment the College has been working closely with Governors to confirm the immediate steps in its recovery plan. The following key actions have been agreed:

- a reduction in staff costs of £12m over two years to bring costs back into alignment with reduced tuition income [a formal consultation on the organisational change and staff reductions has taken place during Autumn 2022];
- increased income totalling £15m by 2026/27, primarily from new programmes, new modes of delivery (including hyflex), rationalisation and simplification of existing portfolio to make programmes more attractive, plus some additional third-stream income; and
- reduce the size of our Estate.

Financial modelling has been undertaken based on varying assumptions of tuition income and efficiency savings, including stress testing. Although the mid-case scenario predicts underlying deficits for the next two years the forecasts indicate that cash reserves will be maintained even under downside scenarios. 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 drop in student numbers there is a reasonable expectation that the College has adequate resources to continue in operation for the foreseeable future. Consequently, these annual financial statements are prepared on a going concern basis.

Statement of Accounting Policies (continued)
for the year ended 31 July 2022

2. **Basis of consolidation**

The consolidated financial statements include the College and its subsidiary for the financial year to 31 July 2022. 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 2022 are included in the consolidation. The development held by the subsidiary was transferred to the College in October 2021 and there was no further activity in the subsidiary. Following the transfer the subsidiary was dormant and subsequently dissolved in September 2022.

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.

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.

Statement of Accounting Policies (continued)
for the year ended 31 July 2022

3. **Income recognition (continued)**

Donations and endowments (continued)

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.

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.

Statement of Accounting Policies (continued)
for the year ended 31 July 2022

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.

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 2022

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 are capitalised and recognised at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. They are subsequently held at carrying value. Heritage assets are not depreciated as their long economic life means that any depreciation would not be material.
The most recent professional valuation of heritage assets was carried out in June 2022. The impairment has been recognised in these financial accounts. See note 12 for further information.

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 from placement and overdrafts.

Statement of Accounting Policies (continued)
for the year ended 31 July 2022

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**

Management considers that certain accounting estimates and assumptions relating to revenue, debtors, fixed assets and provisions are its critical accounting estimates.

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

a) Pension provisions include key assumptions on discount rates, salary inflation and staff numbers in the future. 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 2020 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 26.
b) The Holiday pay provision is calculated using a sample of departments within the College.
c) A general provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but necessarily requires a degree of estimation. A specific provision for bad and doubtful debts is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.

Notes to the Accounts
for the year ended 31 July 2022

		Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
1	**Tuition fees and education contracts**		
	Full-time home and EU students	29,863	36,276
	Full-time international students	12,273	10,093
	Part-time students	28,871	33,074
	Research Training Support Grant	1,259	979
		72,266	80,422

From 2020/21 new EU students are classified as international students.

2	**Funding body grants**		
	Recurrent grant		
	Teaching (OfS)	2,871	4,463
	Research (UKRI)	11,271	11,520
	Specific grants		
	Global Challenges (UKRI)	-	498
	Hardship funds (OfS)	28	399
	Release of capital grant - OfS (Note 17)	1,311	1,080
	Release of capital grant - UKRI (Note 17)	125	125
		15,606	18,085

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

3	**Research grants and contracts**		
	Research councils	3,749	2,887
	Research charities	2,994	3,143
	UK government	199	86
	Industry and commerce	76	8
	EU government	1,698	1,691
	Other	617	472
		9,333	8,287

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

Grant and fee income		
Grant income from the OfS	4,209	6,440
Grant income from other bodies	20,728	21,397
Fee income for taught awards (exclusive of VAT)	69,224	76,139
Fee income for research awards (exclusive of VAT)	2,808	2,741
Fee income from non-qualifying courses (exclusive of VAT)	236	77
	97,205	106,794

Notes to the Accounts (continued)
for the year ended 31 July 2022

	Year ended 31 July 2022 Group £'000	Year ended 31 July 2022 College £'000	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000
4 Other income				
Lettings	2,773	2,773	833	833
Catering and conferences	289	289	198	198
Other revenue grants	464	464	507	507
Other income	4,381	4,381	4,159	4,159
	7,907	7,907	5,697	5,697

Other income above includes £26,000 (2020/21: £539,000) of income from the government Coronavirus Job Retention Scheme (CJRS).

	Year ended 31 July 2022 Group £'000	Year ended 31 July 2022 College £'000	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000
5 Investment income				
Investment income on endowments	58	58	51	51
Other investment income	320	320	412	1,193
	378	378	463	1,244
6 Donations and endowments				
New endowments	722	722	376	376
Donations with restrictions	83	83	30	30
Unrestricted donations	1,953	1,953	4,435	4,435
	2,758	2,758	4,841	4,841

Notes to the Accounts (continued)
for the year ended 31 July 2022

7 Staff costs

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Salaries - annual remuneration	60,443	60,059
Social security costs	5,853	5,626
Other pension costs	10,848	10,252
Sub-total	77,144	75,937
Movement on pension provision	20,270	(62)
	97,414	75,875

Average staff numbers by category :	Number	Number
Academic	463	454
Research	97	97
Technical	15	17
Professional and Support	614	617
	1,189	1,185

	£	£
Emoluments of the Vice Chancellor of the College:		
Salary	348,552	348,552
Pension contributions to USS	19,461	6,971
Alternate pension contribution	30,289	30,289
	398,302	385,812

With effect from 30 September 2021 the USS employer contribution rate in respect of enhanced opt out members increased from 2.0% to 6.3%.

The Vice Chancellor receives no other benefits either monetary or in-kind.

The Vice Chancellor's basic salary is 8.9 times (2020/21: 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 8.1 times (2020/21: 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.

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. As confirmed last year, the Vice Chancellor's salary will not be subject to any increase in relation to the national pay award. The Vice Chancellor's historic salary reflects his contribution to the leadership and development of the College over a 19 year period which has had transformational impact over this time. In view of Birkbeck's current financial position, the Vice Chancellor has requested that his salary is reduced by £50,000 per annum until further notice. The Remuneration Committee have agreed to this reduction. The impact of this change will appear in the 2022/23 Financial Statements.

Notes to the Accounts (continued)
for the year ended 31 July 2022

7 **Staff costs (continued)**

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

	Number	Number
£100,000 to £104,999	4	4
£105,000 to £109,999	1	2
£110,000 to £114,999	2	-
£115,000 to £119,999	1	2
£120,000 to £124,999	1	2
£125,000 to £129,999	1	-
£130,000 to £134,999	1	1
£140,000 to £144,999	-	1
£150,000 to £154,999	1	1
£175,000 to £179,999	1	1
£260,000 to £264,999	1	-
£300,000 to £304,999	-	1
£345,000 to £349,999	1	1
	15	16

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 2022 £'000	Year ended 31 July 2021 £'000
Key management personnel pay plus employer's pension	2,240	2,145

Key management personnel compensation

The Remuneration Committee agreed that there would not be a pay review for senior College post holders (the Vice-Chancellor, Deputy Vice-Chancellor, Pro Vice-Chancellors, College Secretary, Executive Deans, and Professorial and Director level staff) in 2021/22. Given that the senior pay review process has not now run for three years, it considered specific remuneration issues linked to underlying changes in roles, job size and responsibilities for several Professorial and Director level staff and made salary awards to three staff in professional services management roles, two in academic management roles and a further one-off award in relation to an academic management role. In reaching this decision the 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 2022

7 Staff costs (continued)

Severance Payments

During the year the Institution undertook further restructuring for 70 employees, £2,325,000. (2020/21: 19 employees, £534,000).

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 25 Related Parties.
No governors received any remuneration or waived payments from the group during the year (2020/21: 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 (2020/21: Nil).

8 Interest and other finance costs

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Loan commitment fee	96	96	7	7
Exchange differences	(1)	(1)	25	25
Net charge on pension scheme	147	147	123	123
	242	242	155	155

9 Analysis of total expenditure by activity

Academic and related expenditure	70,189	70,189	66,530	66,530
Administration and professional services	22,683	22,683	21,692	21,763
Premises	10,344	10,344	11,155	11,155
Catering and conferences	656	656	582	582
Research grants and contracts	7,347	7,347	6,731	6,731
Change in pension provision (Note 7)	20,270	20,270	(62)	(62)
Other expenses	242	242	155	155
	131,731	131,731	106,783	106,854

Notes to the Accounts (continued)
for the year ended 31 July 2022

		Year ended 31 July 2022		Year ended 31 July 2021	
		Group	College	Group	College
9	**Analysis of total expenditure by activity (continued)**	£'000	£'000	£'000	£'000
	Other operating expenses include:				
	External auditor - audit services	72		67	
	Internal auditor - audit services	64		64	
	Operating lease rentals:				
	Land and buildings	630		694	
	Other	22		28	
	Grant to Birkbeck Students' Union	340		340	

		Year ended 31 July 2022		Year ended 31 July 2021	
9a	**Access and Participation**	Group	College	Group	College
		£'000	£'000	£'000	£'000
	Access investment	371	371	403	403
	Financial support	560	560	731	731
	Disability support	930	930	726	726
	Research and evaluation	114	114	121	121
		1,975	1,975	1,981	1,981

£1,230,000 (2020/21: £921,000) of these costs are included in the overall staff costs figures, see note 7.

Our Access and Participation Plan aims to reduce and eliminate gaps in achievement between different student groups. Our Awarding Gap Report outlines our approach to achieving the goals set out in the APP. We have developed our approach to improving student retention and student success amongst a mature, part-time and commuter-based student community, including in developing the curriculum, and investing in the Education Directorate. The costs of these roles are not included in the APP expenditure categories, but are crucial to the success in achieving our APP commitments. The expenditure commitments made in the APP are under the following categories:

Access

Our expenditure on Access during the year was £371,000 compared with a forecast investment of £395,000. This small underspend was due to two posts in the Access Team being vacant for part of this year.

Our Access work continues to focus on working with adults, as that is where we believe our expertise lies, and where we can best contribute to OfS's ambitions to improve access rates among underrepresented groups. Much of our Access work is with Further Education Colleges, and with Local Authorities to improve adult attainment and to support their children's attainment. We responded to the OfS requirement in July for all institutions to provide a variation to their APP, in which we set how our approach to Access work supports the OfS's priority to raise pre-16 attainment.

9a Access and Particpation (continued)

Financial Support

In 2021/22 we funded £560,000 of financial support to underrepresented undergraduate students. Additionally, we raised £150,000 from philanthropic sources that were allocated as hardship and bursary support to students. In Autumn 2021, we informed the OfS that we would use philanthropic funds to provide student financial support, rather than directly funding the bursaries and we have reiterated this in our approach to the APP variation submitted in July 2022. Our student numbers are also lower than in our forecast. Therefore while the financial support recorded above is lower than forecast (£560,000 against a forecast of £681,000), with the addition of the philanthropic funding of £150,000 the amount received by students is a total of £710,000.

Disability

We were not required to set a target for investment in disability in the APP, nevertheless, providing students with the support they need is a key Birkbeck commitment. We invested £930,000 during the year, mainly through staff costs, to ensure that everyone who could participate at Birkbeck was able to. The figure is an increase of last year's figure, reflecting an increased focus of effort and staff time on disability and wellbeing support, including a Head of Student Wellbeing Services role and additional Mental Health Advisor provision. It is notable that although undergraduate student numbers have declined in recent years, the proportion of students needing disability and mental health support has risen. We have also increased expenditure on Disability services with individual Study Support Plans, mental health and student counsellors, as well as disability advisors. The recommendation of the Student Experience Review 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 during the pandemic has continued and has reduced 'exam hall anxiety' whilst supporting attainment for all students, with particular benefits to some disabled students.

Research and Evaluation

The actual spend of £114,000 in Research and Evaluation is higher than our commitment in the APP of £100,000. Several strands of work are ongoing to ensure that the awarding gap is minimised and eliminated, in line with our APP targets. The research and evaluation of this work is a critical component for us to understand what works so that the effective projects can be extended.

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 2022

10 Intangible Assets

	Software	Programme Development	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2021	2,238	179	2,417
Additions	-	93	93
At 31 July 2022	2,238	272	2,510
Amortisation			
At 1 August 2021	(930)	-	(930)
Charge for the year	(280)	(65)	(345)
At 31 July 2022	(1,210)	(65)	(1,275)
Net book value			
At 31 July 2022	1,028	207	1,235
At 31 July 2021	1,308	179	1,487

Notes to the Accounts (continued)
for the year ended 31 July 2022

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 1 August 2021	56,566	70,573	19,427	27,689	174,255
Additions	20	3,949	55	689	4,713
Written back during the year	-	(716)	-	-	(716)
Transfers	24,717	(38,324)	5,729	7,878	-
Disposals	(5,313)	-	(918)	(328)	(6,559)
At 31 July 2022	75,990	35,482	24,293	35,928	171,693
Consisting of valuation as at 1 July 2021					
Cost	75,990	35,482	24,293	35,928	171,693
	75,990	35,482	24,293	35,928	171,693
Depreciation					
At 1 August 2021	(19,756)	-	(10,584)	(14,482)	(44,822)
Charge for the year	(924)	-	(961)	(2,485)	(4,370)
Disposals	1,305	-	567	184	2,056
At 31 July 2022	(19,375)	-	(10,978)	(16,783)	(47,136)
Net book value					
At 31 July 2022	56,615	35,482	13,315	19,145	124,557
At 31 July 2021	36,810	70,573	8,843	13,207	129,433

Notes to the Accounts (continued)
for the year ended 31 July 2022

11 Fixed assets (continued)

	Land & buildings	Assets in the course of construction	Plant & machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
College					
Cost or valuation					
At 1 August 2021	56,566	38,512	19,427	27,689	142,194
Additions	24,747	3,949	2,312	5,766	36,774
Written back during the year	-	(716)	-	-	(716)
Transfers	(9)	(6,264)	3,472	2,801	-
Disposals	(5,313)	-	(918)	(328)	(6,559)
At 31 July 2022	**75,991**	**35,481**	**24,293**	**35,928**	**171,693**
Consisting of valuation as at					
1 July 2021	-	-	-	-	-
Cost	75,991	35,481	24,293	35,928	171,693
	75,991	**35,481**	**24,293**	**35,928**	**171,693**
Depreciation					
At 1 August 2021	(19,756)	-	(10,584)	(14,482)	(44,822)
Charge for the year	(924)	-	(961)	(2,485)	(4,370)
Disposals	1,305	-	567	184	2,056
At 31 July 2022	**(19,375)**	**-**	**(10,978)**	**(16,783)**	**(47,136)**
Net book value					
At 31 July 2022	**56,616**	**35,481**	**13,315**	**19,145**	**124,557**
At 31 July 2021	36,810	38,512	8,843	13,207	97,372

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 2022 of £24,403,000. (31 July 2021: £4,007,000). During the year, the freehold property held in the College's subsidiary, 373 Euston Road was transferred to the College and the freehold building Egmont House was disposed of. The remaining assets within land and buildings are held on a leasehold basis.

During the year, it was decided that two projects would not be progressed further. Costs totalling £716,000 have been written back to income and expenditure in the year.

Notes to the Accounts (continued)
for the year ended 31 July 2022

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 June 2022.

There were no additions during the year. Disposals included the paintings by Vanessa Bell and Duncan Grant.

Heritage assets are not depreciated.

The heritage assets can be summarised as follows:

	Number of Items	Year ended 31 July 2022 £'000	Number of Items	Year ended 31 July 2021 £'000
Furniture and works of art	19	28	34	66
Pictures and wall hangings	75	129	67	230
Sculptures	6	10	6	17
Silver and silver plate	33	30	50	37
Other items	4	1	5	3
	137	198	162	353

The items with the highest valuation are:

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Painting by Vanessa Bell	-	65
Painting by Duncan Grant	-	40
Portrait of Lord Denning by John Stanton	20	20
Portrait of Dame Helen Gwynne-Vaughan by De Lazlo	15	15
Portrait of George Birkbeck by S Lane	10	10

Notes to the Accounts (continued)
for the year ended 31 July 2022

13 Non-current investments

	Subsidiary company	Other fixed assets investments	Total
	£'000	£'000	£'000
Group			
At 1 August 2021	-	23,367	23,367
Additions	-	51	51
Disposals	-	(4,002)	(4,002)
Revaluation	-	324	324
At 31 July 2022	-	19,740	19,740
College			
At 1 August 2021	15,617	23,367	38,984
Additions	-	51	51
Disposals	(14,065)	(4,002)	(18,067)
Impairment	(1,552)	-	(1,552)
Revaluation	-	324	324
At 31 July 2022	-	19,740	19,740

During the year, the building owned by the subsisdiary, Birkbeck College (Cambridge House Limited), was transferred to the College and brought into use. The difference between the investment in the company and the cost of development has been recognised as an impairment during the year.

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

	Group and College
	£'000
Mercer Sustainable Global Equity Fund	9,400
Ruffer Charity Assets Trust Funds	10,099
Other Listed UK equities	185
CAF Trust Fund	56
At 31 July 2022	19,740

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.

14 Stock

	Year ended 31 July 2022		31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
General consumables	41	41	-	-

Notes to the Accounts (continued)
for the year ended 31 July 2022

15 Trade and other receivables

Amounts falling due within one year	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Research grants receivables	2,690	2,690	2,606	2,606
Other trade receivables	8,214	8,214	8,493	8,493
Other receivables	64	64	26	26
Prepayments and accrued income	4,542	4,542	5,222	5,222
Amounts owed by subsidiary	-	-	-	17,715
Loan to Students' Union	30	30	25	25
	15,540	15,540	16,372	34,087

Amounts falling due after one year	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Loan to Students' Union		
Due between one and two years	30	25
Due between two and five years	30	65
	60	90

16 Creditors : amounts falling due within one year

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Trade payables	2,351	2,351	1,386	1,386
Social security and other taxation payable	1,532	1,532	1,458	1,458
Accruals and deferred income	27,000	27,000	26,543	26,262
	30,883	30,883	29,387	29,106

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

Research grants received on account	4,625	4,625	4,144	4,144
Grant income	1,245	1,245	1,299	1,299
Other income	10,429	10,429	8,225	8,225
	16,299	16,299	13,668	13,668

Notes to the Accounts (continued)
for the year ended 31 July 2022

17 Creditors : amounts falling due after more than one year

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income	26,904	26,904	32,042	32,042
	26,904	26,904	32,042	32,042

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

During the year, the outstanding deferred capital grant associated with Egmont House was released to the income and expenditure and offset against the gain on sale of the building.

18 Provisions for liabilities

	Obligation to fund deficit USS pension	Other Provisions	Total Provisions
	£'000	£'000	£'000
Group and College			
At 1 August 2021	16,852	192	17,044
Utilised in year	(966)	(192)	(1,158)
Additions in 2021/22	21,384	1,236	22,620
At 31 July 2022	**37,270**	**1,236**	**38,506**

Pension provision

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

The USS 2020 valuation was signed with an effective date of 1 October 2021. The recommended deed on benefit changes was executed by 28 February 2022.

Key assumptions and further information is provided in note 26. See also note 7 in respect of significant one-off pension costs. More details on the 2020 actuarial valuation are set out in note 26.

Other provisions

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

Notes to the Accounts (continued)
for the year ended 31 July 2022

19 Endowment Reserves

	Restricted permanent £'000	Unrestricted permanent £'000	Expendable £'000	2022 total £'000	2021 total £'000
Group and College					
Balance at 1 August					
Capital	3,711	1,603	-	5,314	4,727
Accumulated income	909	27	3,738	4,674	4,314
	4,620	1,630	3,738	9,988	9,041
New endowments	-	-	722	722	376
Investment income	35	-	10	45	82
Expenditure	(65)	-	(885)	(950)	(278)
Change in market value	248	101	76	425	716
Other	-	-	-	-	51
Total comprehensive income for the year from endowments	218	101	(77)	242	947
Balance at 31 July	4,838	1,731	3,661	10,230	9,988
Represented by					
Capital	3,959	1,705	-	5,664	5,314
Accumulated income	880	26	3,660	4,566	4,674
	4,839	1,731	3,660	10,230	9,988
Analysis by purpose					
Lectureships	73	-	-	73	71
Scholarships and bursaries	2,620	-	969	3,589	3,481
Research support	-	-	1,297	1,297	1,885
Prize funds	261	-	49	310	305
General	1,884	1,731	1,346	4,961	4,246
	4,839	1,731	3,660	10,230	9,988
Analysis by asset					
Current and non-current asset investments				5,777	4,505
Cash & cash equivalents				4,453	4,536
				10,230	9,041

Notes to the Accounts (continued)
for the year ended 31 July 2022

20 Restricted reserves

	Unspent capital grants £'000	Donations £'000	2022 total £'000	2021 total £'000
Group and College				
New donations	-	83	83	30
Expenditure	-	(712)	(712)	(51)
Total comprehensive expenditure for the year from restricted reserves	-	(629)	(629)	(21)
Balance at 1 August	100	1,388	1,488	1,509
Balance at 31 July	100	759	859	1,488
Analysis by purpose				
Scholarships and bursaries			447	427
Research support			64	64
Buildings Fund			-	681
General			348	316
			859	1,488

21 Cash and cash equivalents

	Balance at 1 August 2021 £'000	Cash Flows £'000	Balance at 31 July 2022 £'000
Group			
Cash and cash equivalents	14,205	18,338	32,543
	14,205	18,338	32,543
College			
Cash and cash equivalents	14,205	18,338	32,543
	14,205	18,338	32,543

Notes to the Accounts (continued)
for the year ended 31 July 2022

22 Capital and other commitments

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Capital commitments contracted for but not provided for in the accounts	689	689	2,210	2,210
Capital commitments not contracted for and not provided for in the accounts	1,169	1,169	2,785	2,785
	1,858	1,858	4,995	4,995

23 Lease obligations

Total rentals payable under operating leases:

	Year ended 31 July 2022			Year ended
	Land & buildings	Other leases	Total	31 July 2021
	£'000	£'000	£'000	£'000
Payable during the year	630	22	652	722
Future minimum lease payments due:				
Not later than 1 year	437	1	438	517
Between 1 and 5 years	317	-	317	267
Total future lease payments due	754	1	755	784

24 Subsidiary undertakings

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

The property held within the subsidiary was transferred to the College on 20 October 2021. Following this the subsidiary company was dissolved at Companies House on 27 September 2022.

Notes to the Accounts (continued)
for the year ended 31 July 2022

25 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

The College has taken advantage of the exemption within FRS 102 section 33 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 2022 are as follows:

Name of related party and relationship	Nature of transaction	Income 2022 £'000	Expenditure 2022 £'000	Income 2021 £'000	Expenditure 2021 £'000
Abertay University	Other Income	1	-	-	-
British Academy	Other Expenditure	-	-	-	2
Kings College London	Other Income/Expenditure	103	2	79	8
London Higher	Other Expenditure		13	-	-
University of Reading	Research funding	-	-	33	-
UCISA	Other Expenditure	-	3	-	3
University of London (UoL)	Other Income/Expenditure	58	188	2,177	1,238
University of Bristol	Other Expenditure	-	13	-	-
University College London (UCL)	Research funding/ Other Income	2,053	499	443	824

Balances at the year-end were:

Name of related party	Balance due to Birkbeck at 31 July 2022	Balance due from Birkbeck at 31 July 2022	Balance due to Birkbeck at 31 July 2021	Balance due from Birkbeck at 31 July 2021
Abertay University	1	-	138	(89)
Kings College London		(2)	3	-
University of London (UoL)	-	(168)	-	(174)
University College London (UCL)	73	-	138	(89)

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 (2020/21: £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 2022 was £90,000.

At the year-end, there was a balance due to the Students' Union of £50,000 (2020/21: £74,000). As at 31 July 2022 there was no balance due from the Students' Union (2020/21: Nil).

Notes to the Accounts (continued)
for the year ended 31 July 2022

26 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 2022 £'000	Year ended 31 July 2021 £'000
USS	8,732	8,390
SAUL	2,116	1,862
	10,848	10,252

(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.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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.

26 Pension schemes (continued)

(i) The Universities' Superannuation Scheme (USS)

The 2020 valuation was the sixth 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 £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

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 2020 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).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curve less: 1.1% p.a. to 2030, reducing lineraly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increase (subject to a floor of 0%)	CPI assumption plus 0.05%.
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% 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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2020 Valuation 101.0% of S2PMA "light" for males and 95.0% of S3PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2022 valuation	2021 valuation
Males currently aged 65 (years)	**23.9**	24.7
Females currently aged 65 (years)	**25.5**	26.1
Males currently aged 45 (years)	**25.9**	26.7
Females currently aged 45 (years)	**27.3**	27.9

26 Pension schemes (continued)

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

	2022	2021
Total scheme assets	£66.5bn	£63.7bn
Total scheme liabilities	£80.6bn	£67.3bn
FRS 102 total scheme deficit	£14.1bn	£3.6bn
FRS 102 total funding level	83.0%	95.0%

The liability figures have been produced using the following assumptions.

	2022	2021
Discount rate	3.31%	0.87%
Pensionable salary growth	4.20%	2.50%

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 2020 valuation which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan.

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

	Employer	**Employee**
From April 2022	21.6%	9.8%
October 2021 - March 2022	21.4%	9.8%
October 2019 - September 2021	21.1%	9.6%
April - September 2019	19.5%	8.8%

(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.

26 Pension schemes (continued)

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

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 agreed that the ongoing Employers' contributions would 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.

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 2022

27 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 2022		Year ended 31 July 2021	
			£'000s	£'000s	£'000s	£'000s
24	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		86,532		95,359
30	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		11,089		11,475
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	164		116	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		164		116
8	Statement of Financial Position - Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	124,755		129,786	
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		66,250		84,683
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		16,025		1,920
FS Note line 8C	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress		42,480		43,179
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		1,235		1,487
17	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities		37,270		16,852

Notes to the Accounts (continued)
for the year ended 31 July 2022

27 US Loans Supplementary Schedule (continued)

Reference	Expendable Net Assets (continued)		Year ended 31 July 2022 £'000s	Year ended 31 July 2022 £'000s	Year ended 31 July 2021 £'000s	Year ended 31 July 2021 £'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		11,089		11,475
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		131,731		105,715

Notes to the Accounts (continued)
for the year ended 31 July 2022

27 US Loans Supplementary Schedule (continued)

Reference	Total Expenses and Losses (continued)		Year ended 31 July 2022 £'000s	Year ended 31 July 2022 £'000s	Year ended 31 July 2021 £'000s	Year ended 31 July 2021 £'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)		(702)		(3,740)
(35),45	Statement of Activites - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses		(702)		(3,740)
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		86,532		95,359
30	Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions		11,089		11,475
10	Statement of Financial Position - Goodwill	Intangible assets		1,235		1,487
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	164		116	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		164		116
Reference	Modified Assets					
12	Statement of Financial Position - Total Assets	Total Assets		193,914		185,307
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		1,235		1,487
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	164		116	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		164		116

Notes to the Accounts (continued)
for the year ended 31 July 2022

27 US Loans Supplementary Schedule (continued)

Reference	Net Income Ratio		Year ended 31 July 2022		Year ended 31 July 2021	
			£'000s	£'000s	£'000s	£'000s
51	Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions		(8,725)		18,147
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		121,816		121,048