

ANNUAL REVIEW

AND FINANCIAL STATEMENTS

2022-2023



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It is testament to the University's ambition and vision that the coming years promise to be some of the most exciting and consequential in its history.

When I succeeded Michael Queen as Chair in January, the implementation of our strategy *Forward thinking. And doing* was firmly underway. As we reflect on 2022-23 it is clear that those actions have made the University more robust.

The technological advances and social challenges across our Surrey community, and society as a whole, mean that we must continue to innovate in both research and education.

Key to this is the introduction of 'Shaping Surrey's Strategy 2041'. This project is provoking discussion and ideas to create a vision for 2041 – a year which marks the 150th anniversary of the founding of the Battersea Polytechnic Institute, as the University was previously known, and 75 years on from the confirmation of the Grant of Charter, which formally established the University of Surrey. It is a clear statement that we will not stand still. Our strengths in AI and technology, sustainability and health, together with our reputation for student experience and outcomes, stand us in good stead.

I have been hugely encouraged by the way our community has embraced this collaboration, and in two decades' time I hope the staff, students and stakeholders look back on this year as a defining moment.

The higher education sector will undergo significant change, but our commitment to preparing highly employable graduates, as well as research that transforms lives and shapes the future, will not.

Key to this is building research capacity and research impact. The Research Excellence Framework (REF) 2021 - which assesses the research impact of British Higher Education Institutions - placed us 33rd in the UK and I'm pleased to say that preparations are already underway for REF 2028.

We continue to enhance our student experience both on campus and online to ensure each student can maximise their potential.

This progress is reflected in the trajectory of the University in rankings tables. This includes the National Student Survey 2023, where we were placed fourth for student satisfaction after achieving an overall all-question positivity score of 85.3%*.

We anticipate that UK tuition fees will remain stagnant and continue to decline in real terms, while the wider financial environment will continue to be challenging. As a consequence, financial performance this year has been below expectation with the University recording a headline deficit of £22.4m, as a result of lower than expected student fee income coupled with higher than expected inflationary cost increases. The management team are focused on returning the University's financial performance to surplus. Despite these challenges, the University has invested in its strategic objectives, which help underpin the longer-term vision.

This will enable us to sustain our global and pioneering impact on higher education during a period of significant disruption. I would like to thank all those who are making this possible.

Michael Queen stepped down after four-and-a-half years as Chair during one of the most challenging periods the University has faced. His judgement and dedication were not only critical to how the University navigated the pandemic, but also in helping us create the opportunities we have today.

Max Lu has continued to show brilliant leadership. Visions are relatively easy - it is delivery that is hard. We are immensely grateful to Michael, Max and his outstanding team for their hard work, dedication and ability to deliver.



Charlie Geffen
Chair of Council

*Based on questions 1-24

VICE-CHANCELLOR'S REVIEW

Introduction

It gives me great pleasure to introduce this year's Annual Report, which demonstrates how our University's reputation continues to rise despite the difficult economic landscape and other challenges affecting the higher education sector and our wider society.

Throughout the year I have been impressed by the unwavering dedication of colleagues and the excellence of our students, which has resulted in many successes including sustained improvement in a wide range of rankings. For example, we have risen to 13th in the Complete University Guide, and we have improved our position in the THE Impact Rankings – which assess universities against the United Nations' Sustainable Development Goals (SDGs) - to 46th in the world and ninth in the UK.

These accomplishments should be celebrated but must also be seen as steppingstones towards a brighter future which is defined by our growth in scale and by the impact of everything we do.

Building on Research Excellence

I was delighted to write in last year's Annual Report about our University's success in REF 2021, which saw Surrey rise 12 places to 33rd in the country according to the standard Grade Points Average (GPA) measure.

While the results were impressive, they were tempered by the relatively small scale of our research power and during 2022/23 we have quickly taken steps to address this.

In preparation for REF 2028, our Provost Tim Dunne is leading a new REF Executive Committee which is responsible for identifying key improvements – including an ambition to boost our return in the next REF from 611 to 1,000 full-time equivalent (FTE).

One of our first steps in this regard was the recruitment in May of 27 outstanding Surrey Future Fellows, who collectively add research capacity to 15 different disciplines across our three Faculties and two pan-University Institutes. Through our resource-allocation model, we have also increased the number of research active academics.

We will continue to build our research capacity and research impact, in line with our ambition to become a leading global university, renowned for changing society and the environment for the better.

Financial challenges

This has been a challenging year financially, of course, given the pressures and constraints of the economic downturn and rising inflation.

Like all higher education institutions, we made judicious decisions to ensure the University's financial sustainability, including a recruitment freeze on new hires for most areas.

This was deployed as a temporary measure to rein in costs while we persisted in generating more revenue, identifying cost savings, and safeguarding jobs, all while fostering our aspirations for the future.

Student recruitment has been particularly challenging in a competitive market, and the UK's reputation for world-leading education continues to be undermined by a substantial reduction in the funding available for home students in real terms.

Persistent high inflation and cost-of-living pressures contributed to a financial deficit in 2022/23, so we need to be prudent to enable a planned return to surplus in 2024/25 as part of a five-year growth projection up until 2027/28.

Against this backdrop, I'm pleased to report that our global fundraising campaign 'The Future Says Surrey' continues to progress well and has raised around £50m, inclusive of future pledges.

Student experience

Despite our financial constraints and persistent industrial action, I'm also pleased to report that the University's learning and teaching activities largely continued smoothly in 2022/23, safeguarding our students' learning experience.

This was borne out by Surrey's performance in the results of the National Student Survey, in which we achieved significant improvements to our student satisfaction scores across the board.

I'm delighted to say that the University is placed fourth overall in the UK for student satisfaction after achieving an overall all-question positivity score of 85.3%^[1].

This success came shortly after the School of Biosciences earned the University its first Athena Swan Gold Award in recognition of its work to transform gender equality. And we gained a Silver Award in Athena Swan for the whole University, which is a tremendous recognition of how well we do in gender equality and support for women staff.

Looking forward

The theme for this academic year, and indeed the years to follow, is one of growth – growth in scale and impact, locally and internationally.

As well as preparing for REF2028, we are future-proofing the University for generations of Surrey students to come.

Earlier this year, we began a pan-University exercise called 'Shaping Surrey's Strategy 2041', which aims to envision what the University will look like on its 150th anniversary and prepare it accordingly.

How will the megatrends affect the University over the next 20 years? What opportunities do they create? Should we have more institutes?

These are the types of questions we need to address because we know that, increasingly, our reputation and brand will be defined by the level of impact the University has on society, our planet and individuals' lives through our education and research. So we should elevate Surrey as a trailblazer in research and innovation and extend our expertise from AI and Sustainability to space, telecommunications, health and wellbeing, and social and management sciences.

The imperative of integrating AI and sustainability into our curriculum, online offering, research, and operations cannot be overstated. They are the two global challenges that impact on everything in society and Surrey needs to be a pioneer in these areas.

Our mission is to equip our students with future-ready skills, ensuring their preparedness for the jobs of tomorrow. Incorporating technology is key to improving our campus as a hub for learning.

The Surrey Community

The University is a vibrant global community for learning and research, and it is also the place where we come together and celebrate, exemplified by our exceptional graduation ceremonies and receptions for undergraduate and postgraduate students, as well as the range of events hosted for our Surrey community, their families, and local residents.

These included a live screening of the coronation of King Charles and Queen Camilla on the big screen by the Lake, our live music and film event Freefest and the Surrey Showcase, which showcased our research to the University community, alumni, and local residents.

On the same weekend it was a pleasure to welcome over 200 alumni back to campus for the Surrey Weekender, an extended reunion packed with entertainment and reminiscence befitting of a university which prides itself on cultivating a sense of belonging.

Conclusion

Inclusion is at the heart of our culture and will remain so as we continue to tackle global challenges together as an academic and wider community.

Each of us has an important contribution to make to establish Surrey among the UK's top HE institutions known for cutting-edge research, innovation, and graduates who shape a better world.

As we move forward, there are fantastic opportunities for our community to shape the future and help sustainability and AI to drive positive change for all.

In grasping these opportunities, we can enjoy a year of growth, impact, and shared success!



Professor G Q Max Lu AO DL
President and Vice-Chancellor

¹Based on questions 1-24

STRATEGIC REPORT

SURREY'S YEAR IN NUMBERS

4th 9th in 2021/22

in the UK, National Student Survey (Avg Q1-24 – Guardian university Guide listed institutions)

12th 2nd in 2021/22

for employability in high skilled jobs, (UG UK FT students), HESA Graduate Outcomes Survey

Top 20

for quality of research outputs in the Research Excellence Framework 2021

46th 55th in 2021/22

in the world, Times Higher Education Impact Rankings

10,806 11,418 in 2021/22

undergraduate students (22/23)

3,014 5,006 in 2021/22

overseas students

3,940 4,230 in 2021/22

Postgraduate students (22/23)

3,170 3,064 in 2021/22

employees

£50.6m £44.4m in 2021/22

research funding awards (22/23)

£14.7m £7.74m in 2021/22

philanthropic support raised/pledged from donors, £5.7m of which was received in year

EDUCATION AND STUDENT EXPERIENCE

The University has achieved significant success in relation to our Education and Student Experience over the past year. We have continued our upward trajectory in the league tables, rising five places to 13th in the Complete University Guide's league table— our highest position since 2017 and with seven subjects ranked in the top 10 in the UK.

Our student feedback has been positive, and we have achieved outstanding results in both the NSS and PTES surveys. We achieved an overall student positivity score of 85.3% in the NSS ranking the University 4th in the UK when the headline score is compared to the other institutions normally included in the Guardian University Guide League Table. Over the last year, the University has improved study spaces, classrooms and laboratories, it has launched digital tools to aid students' learning engagement, to support early intervention of student support, and make it easier for students to access support services.

Through our Seamless Student Journey programme, one of our key strategic workstreams within our current strategy, we are committed to further improving these areas over the coming year by ensuring we provide a seamless experience for all our students from pre-arrival to post-graduation. We will do this by refining our case-coordinating approach to student support and developing the necessary infrastructure for a joined-up experience, ensuring access to support is consistent, flexible, and connected, and that it is delivered at a time and place convenient for our community.

One of the key challenges that has faced our student community this year has been the impact of the cost-of-living crisis. We have been proactive in our support of our students, working in collaboration with our Students' Union to deliver a 47-point improvement manifesto. This has seen the University introduce additional support for students, including a new commuter student bursary, increased hardship funding, increases in the PGR stipend, the launch of an online cost of living hub providing advice and guidance, free food and drink on campus and the launch of a community swap shop for the new academic year, which will enable students to donate unwanted items and pick up pre-loved products for free.

Student numbers

We welcomed 10,806 undergraduates – either returning or for the first time - and just under 4,000 postgraduates on both taught and research programmes, representing a small decline on the previous year. We continued to offer a Semester 2 start on a number of postgraduate taught programmes, which has underlined a 3% growth in overseas intake. Postgraduate research numbers, having plateaued during the pandemic, are now

continuing their growth trajectory (+12%) in line with the University's strategy.

Looking ahead, applications for entry on to 2023 taught courses have increased by 10% year on year, following improved league table positions and continued strong demand for UK higher education. This growth in demand is particularly pronounced in some overseas markets. During 2023/24 there will be changes to the VISA requirements for the dependents of students which may have a dampening effect on future overseas applications. The University is investing in recruitment and marketing activities to mitigate that risk and in recognition of the increasing competition for students within the UK and globally.

Student retention

Progression from level 4 improved slightly from 82% last year to 83.38%. These small improvements have occurred following a commitment from across the University to provide additional support to targeted student groups.

The introduction of MySurrey Engagement has allowed us to identify early students who are not engaging in their studies, compared with their peers, and we have been able to provide, via our Student Success team, earlier intervention and support. For the new academic year, this data set will be enriched by the launch of MySurrey Attendance. This will allow us to further develop our offer and will be undertaken alongside a review of the University's Senior Tutor role, ensuring consistency of support for our student community.

Student outcomes

We have seen a decrease in our good degrees (first or 2.1 for all students) from 79% last year to 76% overall. The gap between white and black students decreased slightly but remains high at 19.5%. This attainment gap is a concern, and we are implementing a range of measures to resolve this via our Student Success group, which is focused on developing our learning and teaching approaches to improve inclusivity. Through this group we will be launching a new set of online resources specifically targeted at supporting our black student community, which is being developed following co-design activities with our staff and students.

Graduate outcomes

Our strength in supporting students to secure graduate opportunities after university continues and Surrey graduates remain some of the most employable in the UK, according to the latest Graduate Outcome Survey

results. This year we ranked 12th in the UK for the number of graduates in high skilled jobs, with 88% of our graduates in graduate level employment or study, a 2% improvement year on year. In total 95% of all students who graduated in 2021 were employed or in further study at the time of the survey. As part of our values, we want to provide equal opportunity for all. However our data shows that there was a 8% gap between black, Asian and ethnic minoritised students compared with their white peers in securing highly skilled employment. This gap was an increase on the previous year. We are committed to reducing this gap and have recently completed research with Transforming Access and Student Outcomes (TASO) to understand the barriers to accessing placement provision for under-represented groups of students. We will work to address the causes of our gap during the coming year.

Our positive outcomes are a result of: our consistent focus on embedding employability in our curriculum as a core pillar of our curriculum design review; and our placement schemes and the support provided by our award-winning Employability and Careers team which offers high quality experiential learning opportunities, ranging from laboratory and group work to short placements and internships.

We continued to run our Professional Training placements for students; however, we have seen a dip in participation from 723 students in 2021-22 to circa 500 this year. We have undertaken detailed analysis with our student community to understand this dip. It is clear from student feedback that the cost of living crisis has impacted on participation; students are seeking more shorter term internship opportunities. We will be reviewing our offer and aim to increase participation in our PTY scheme in the coming year.

In addition, as part of our strategic workstream called Employability Headstart, this year we have offered 100 new University-funded internships, focused on under-represented groups to help boost their employment prospects, including internships for final year undergraduates following graduation. We also launched our new Surrey Graduate Futures programme, which offered full-time, year-long internships for newly-graduated students. The successful candidates worked in our professional services functions, getting a head start in the world of work. Work will be undertaken in the upcoming year to make this model sustainable and scaleable for the future.

Graduate outcomes survey 2023

Graduates who completed a higher education course in 2020-21 were asked about their employment history 15 months after they graduated in the annual survey by the Higher Education Standards Agency (HESA). The survey was completed by more than 400,000 graduates from over 400 universities and colleges in the UK.

Key findings

- 95% of Surrey’s graduates surveyed were in work or study
- 90% of those who took industry placements were in highly skilled roles
- 89% of all graduates were in graduate-level roles
- 88% of graduates strongly agree that their current activity is meaningful
- 81% said their current activity fits with their future plans.

Surrey graduates in high-skilled jobs

- 2nd in the south east
- 3rd in the south (combining south east and south west)
- 12th overall in the UK.

Top 10 Surrey graduate occupations

1. IT professional
2. Sales and marketing professional
3. Nursing professional
4. Business research professional
5. Engineering professional
6. Finance professional
7. Teaching professional
8. Therapy professional
9. Natural and social sciences professional
10. Business associate professional.

Student satisfaction

Our student feedback has been positive, and we have achieved outstanding results in both the NSS and PTES surveys.

We achieved an overall student positivity score of 85.3% in the NSS ranking the University 4th in the UK when the headline score is compared to the other institutions normally included in the Guardian University Guide League Table. We are particularly pleased to see high overall positivity scores in these areas:

- Teaching: our score of 88.5% compared to the sector average of 84.9%
- Learning Resources: our score of 91.4% ranks us in the top 3 in the UK
- Learning Opportunities: our score of 86.1% places us 4th in the UK
- Academic Support: our score of 89.4% places us 6th in the UK
- Assessment and Feedback: our score of 80.7% compared to the sector average of 77.8%
- Student Voice: this year’s score of 79% places us 8th in the UK.

The Postgraduate Taught Experience Survey (PTES) outlined that overall student satisfaction with their studies rated at 90%, rating us 9th overall for a second year running. We achieved areas of best practice in relation to feeling a sense of belonging and a positive view on course organisation, both of which scored at 77% satisfaction and 9% above sector. Areas for improvement included the students’ view on how manageable their workload is (68% satisfaction, which is 5% below sector) and how the University developed their research skills (87% satisfaction, which is 1% below sector).

The 2023 Postgraduate Research Experience Survey (PRES) placed us 58th out of 100 institutions surveyed for Overall Satisfaction Globally, with Arts and Humanities tracking higher at 12th out of 65 for Overall Satisfaction. Survey headlines included:

- Surrey was 31st for professional development and 36th respectively for Research Culture and Responsibilities, ranking in the second highest quartile of those surveyed. Arts and Humanities PGRs were again shown to be the most satisfied when responding to questions on these issues.
- A new category, ‘Community’, was introduced this year and the University ranked 36th out of 100, placing Surrey in the second quartile ranking of those institutions surveyed. We also ranked in the second quartile for Resources and Support.
- In the Wellness category, Surrey scored 71.6% overall (a 4.4% increase on the 2022 survey) and 92.7% for Experience (an increase of 12.1%). However, these two areas do not form part of the global benchmarking rankings.
- The University has not performed as well in some areas, with the Overall Satisfaction score and rankings for Progression, Supervision and Research Skills placing us in the 3rd quartile of institutions, although the Research Skills score overall was an improvement on the 2022 survey.

Student wellbeing

Our wellbeing provision has been developed over the reporting period, with an ambition to provide a proactive and preventative service offer, which provides early intervention for students who require support. The introduction in 2022/23 of My Surrey Engagement has enabled us to identify students earlier in their journey to provide support. Students continue to have access to a range of support services, which have seen a year-on-year increase in demand. This is especially in relation to our “urgent need” appointments, which have increased by 40% in the past 12 months and 165% in the past two years. Despite this, the service has been delivered within our KPIs and student feedback has been positive. Our new Residential Life service was launched in September 2022 to provide communal living support for students in residences, including community building events, welfare support and interventions to improve the students experience in halls. From September 2023, we introduced a 24/7 immediate support and counselling provision, which is available to all students via telephone and online.

Wellbeing Support for our staff community has increased through the introduction of a HR led Employer Assistance Programme, which offers independent and confidential advice to staff including access to Counselling provision, which is now separate from the Centre for Wellbeing which is focused on student provision.

RESEARCH AND INNOVATION

Summary

It has been a year of significant change in Research and Innovation (R&I) at Surrey. The academic year began with the departure of the then Pro-Vice-Chancellor for Research and Innovation (PVCRI) and is ending with the gradual on-boarding of their successor. During this 12 month period, two significant organisational innovations have occurred: first, the establishment of three vibrant Faculty Research and Innovation Offices (FRIOs), providing more direct support to researchers; second, an opportunity to review the size and shape of the R&I division and the Doctoral College to ensure better alignment to the University's strategic goals, and greater agility in responding to the needs of staff and students.

While these two organisational changes have progressed well, the overall research performance of the University has been exceptional in terms of: research grant capture;

consolidation of the two Pan-University Institutes; recruitment of a cohort of exceptional Surrey Future Fellows; and the establishment of early REF 2028 'readiness'.

Research Grants

£42.4m was received in research grants and contracts income during 2022/23. This figure was an improvement on budget, and on the prior year's performance. It marks a turnaround in research income trajectory, following a dip in research bidding during the pandemic, as colleagues were asked to prioritise the student experience and delivery of education. The pipeline of research now looks extremely strong with both total bid value and success rates improving. £50.6m bids were awarded in year, an improvement of £6.1m on 2021/22.

Six awards were greater than £1m, as set out below:

Title	Total Price (£'k)	Funder
TUDOR (Towards Ubiquitous 3D Open and Resilient Network)	4,254	Innovate UK
HIPER-RAN: Highly Intelligent, Highly PERforming RAN - DSIT Open Networks Ecosystems	2,963	Department for Business, Energy and Industrial Strategy
Rational Evolutionary Phonology	1,467	European Commission
UK National Ion Beam Centre	1,323	Engineering & Physical Sciences Research Council EPSRC
Improving sleep and circadian disruption - UK DRI /MRC	1,297	UK Dementia Research Institute
ESRC Impact Acceleration Account 2023: Surrey	1,250	The Economic & Social Research Council ESRC

Surrey Future Fellows initiative

A priority activity in 2022-23 was to appoint up to 40 Surrey Future Fellows. The intent was to create a pipeline of outstanding early career researchers (ECRs) who will start their career at Surrey with three years of research intensity before transitioning either to an externally funded fellowship, or to a teaching and research position in their 'host' School. In offering an expectation of an on-going position at the outset, this initiative is looking to address the precarious character of research careers across the sector, as well as to attract a diverse talent pool to Surrey.

From over 1400 applications, 27 were appointed from 11 different countries; the diversity data was marginally better than the targets that were set: success rate for successful female applicants was 61%, and for ethnically minoritised applicants, 31%.

The majority of these Fellows have now joined the university and the intent is to continue to use the scheme as a template for future recruitment efforts to enable the university to build a pipeline of talent.

Consolidation of Pan-University Institutes

Institute for Sustainability (IFS). The second Pan-University Institute – the Institute for Sustainability was established in 2022. The Founding Director of the Institute for Sustainability is Professor Lorenzo Fioramonti who has global experience in sustainability governance and is widely published as a political economist.

The Institute's co-directors come from all three faculties, and more than 100 academics have been appointed Fellows of the Institute. Examples of research funded projects include:

- Our Place On Earth - the soundscapes of children's cities in partnership with Winchester Science Centre
- UK-HyRes Research Challenges in Hydrogen and Alternative Liquid Fuels, for which our Sustainability Fellow was Co-I with University of Bath.
- Biomanufacturing Programme: Developing paper-based bottles for liquids using biomaterials

One of many significant early benefits the University has experienced is an improvement in its standing in the Times Higher Education Impact Ranking up to 46 in the world (and 9th in the UK).

An animated film made at the University of Surrey achieved the accolade of 'Best Environmental Film' at the Cannes World Film Festival.

Institute for People-Centred AI. The University's founding Institute for People-Centred Artificial Intelligence (PAI) continues to go from strength to strength. Research highlights in 2022-23 include:

- US\$1.5m grant from Google's philanthropic arm, Google.org, to boost internet accessibility for deaf people. The project will boost digital inclusion for the 600,000 deaf people in the US and UK for whom Sign Language is their first language.
- With a growing interest in generative artificial intelligence (AI) systems worldwide, researchers at the University of Surrey have created software that is able to verify how much information an AI farmed from an organisation's digital database. The study about Surrey's software won the best paper award at the 25th International Symposium on Formal Methods.
- Given the prominence of AI in public discourse, PAI has remained engaged with government thinking, including hosting the Chair of the House of Commons Science, Innovation and Technology Committee, Rt Hon Greg Clark MP, on 27th April 2023.

Research grant success for PAI continues apace. In June 2023, the government has announced that Royal Holloway, University of London, was the preferred bidder for the national Convergent Screen Technologies and performance in Realtime (CoSTAR) lab, with PAI as a core partner. If successful, PAI will be awarded over £7m

in research funding; noting that the contract for CoSTAR has yet to be finalised is subject to internal government approvals processes.

Preparing for REF 2028

With the positive outcomes of the 2021 REF still with us, the University has taken positive steps to make sure it is REF 'ready' for the likely 2028 round.

A cycle of annual output monitoring took place in 2022-23 with around 1,000 outputs reviewed. This remains a largely manual process, but it is expected that output monitoring will be significantly enhanced by the roll-out of a new research management tool (Worktribe) which is being launched at the start of 2023-24.

With respect to Impact Case Studies, a priority was attached to this area by all three faculties given the relatively poor performance of Surrey in REF 2021 (59th overall in 'GPA' for Impact).

People and Culture

EDI issues continue to be prominent in the R&I area.

- As noted above, the cohort of Surrey Future Fellows exceeded diversity targets for both gender and race/identity.
- The two most senior positions in the new Research, Innovation, Impact portfolios are held by women.
- Surrey Black Scholars programme offers 3.5 year scholarships to improve access and participation for Black British students.
- The Vice-Chancellor signed DORA which is the universal statement on the responsible use of metrics.
- There is an active 'open research' team that assists researchers at Surrey to comply with the best standards for ensuring research is easily discoverable, transparent, publicly available, and re-usable.
- The Surrey Women's Entrepreneurship Network is launching to create opportunities for women staff, students, alumni and local entrepreneurs to develop their networks, build support for their ideas, and get help to access funding.

Impact and innovation

The past year (2022/23) has seen strong growth in innovation outcomes and impactful contributions at the University. The University has maintained its position in the top quintile for 'Working with Business' and 'IP and Commercialisation'. This exceeds the average achieved by a cluster of comparable universities and reflects our strategic focus on these critically important areas of knowledge transfer. According to an independent report authored by Biggar Economics, The University of Surrey continued to make a substantial and increasing contribution to the UK economy and

is an important part of the foundations of Surrey's thriving innovation ecosystem. In the academic year 2021/22, the University of Surrey generated:

- £1.1 billion GVA and 14,500 jobs in the Borough of Guildford;
- £1.3 billion GVA and 17,620 jobs in the County of Surrey;
- £1.9 billion GVA and 25,360 jobs across the UK.

Inspiring a Culture of Innovation: a key activity this year has been cultivating the culture of innovation and impact across the University. Our internal Scaling Innovation strategic workstream and our Impact Acceleration Account funds channelled University resources to help our researchers engage with industry, civic authorities and the public in a range of knowledge activities designed to create positive impact. Over 100 impact projects were funded including:

1. a new specialised commercialisation program, the PhD Commercialisation Accelerator, designed to foster innovation and support the adoption of cutting-edge ideas
2. a 12-month innovation skills development programme that supported 356 staff by developing their commercialisation, industry engagement and innovation skills
3. multiple public and community engagement programmes, including the visualisation of Surrey's leading research via interactive displays and financial sponsorship of Zero Carbon Guildford public and community engagement activity.

Maximizing Impact Through Strategic Partnerships: Our portfolio of industrial projects has expanded significantly, resulting in noteworthy accomplishments. We nurtured relationships with international industry partners such as the Therme Group (leading to a portfolio of research projects and innovation joint-ventures linked to our new Institute for Sustainability) and Zoetis with the launch of vHIVE 2.0 and development of a vHIVE incubation programme to identify and grow the next generation of innovations in the animal health sector. The University provided leadership and a substantial contribution to one of region's strongest industry clusters: Space. In July, Science Minister George Freeman visited the University to better understand the Spacecraft programme (a UKSA funded SME engagement activity); learn how industry and academia were working together to invest in regional skills development; and how the region's international profile had been boosted through a major international collaboration with a consortium of Singaporean universities.

Protecting and Optimizing Intellectual Property: Our IP portfolio management underwent a strategic overhaul and audit. We refreshed our approach to the protection and commercialisation of new technologies while rigorously pruning patents with no viable commercial value, saving substantial ongoing costs. We introduced

streamlined communication processes and a comprehensive IP-pipeline management system, enhancing efficiency and clarity in the commercialisation process.

Key highlights include: highest ever commercial royalty licence income (over £1M); and increasing the University's spin-out portfolio shareholding value through active support for equity investment activities. SilverRay Ltd, Renew Risk Ltd, Vidiia Ltd, Sammi Select Ltd, Vector Sustainable Energy Ltd and Clean Hydrogen Ltd (University spin-out companies) all completed successful funding rounds, supported by the SETsquared Surrey incubator and investment networks.

Supporting enterprise growth

Surrey supports innovative start-up businesses by offering them office space in the Surrey Research Park. This gives them the opportunity to collaborate with researchers to develop their products and grow their businesses, within a supportive innovation ecosystem of collaborating companies.

Innovation ecosystem highlights include:

- 8 new scale-up projects awarded, with a university value of £1.2m and a total of £5.4m
- 5 new KTP (£827k) project awarded, with an additional 5 on-going projects with a value of £619k
- 7 Collaboration project between the SME IV (£43k) and Bid for Better (£154k) schemes.
- One new spin-out companies created based on university research output, with a further 9 in the pipeline
- Ten new student enterprise companies founded by graduates.

Also located at Surrey Research Park is SETsquared Surrey, our business incubator. The SETsquared partnership drives commercialisation and business growth in partnership with the universities of Cardiff, Southampton, Exeter, Bristol, Bath and Surrey.

Our incubation activity at a glance 2022-23

- Ran 100+ events, a mix of clinics, workshops, masterclasses and networking events
- Incubated 69 companies
- Provided 500+ hours of business support through events and 1-2-1 bespoke meetings with entrepreneurs in residence and mentors
- Supported 25 start-ups on our 2-day entrepreneur's programme
- Helped members raise £32m+ million in investment
- Supported 200 member jobs across our ecosystem
- 45 mentors engaged in the network
- 53 Surrey student placements solving incubator member and grad startups innovation challenges.

VALUING OUR PEOPLE

Summary

A highlight from the year was the achievement of the highest ever employee engagement (or satisfaction) rating in the annual People Survey, with a response rate of 76% and an engagement score of 75%. Areas of strength include the University's commitment to students and the student experience. The greatest improvement areas included the opportunity for people to grow and the extent to which University celebrates success.

The survey response is a positive proof point, particularly against the backdrop of industrial action, that the People and Culture strategy defined in collaboration with over 1000 members of our community, as part of the Forward Thinking. And Doing strategy refresh is starting to bear fruit.

2022-23 highlights

- 75% staff engagement based on responses to the annual People Survey 2022, Surrey's highest ever satisfaction score and receiving the HE outstanding place to work award.
- Over 2,100 colleagues were recognised through our Values Award Scheme.
- First Athena Swan Gold Award for the University received for Biosciences (July 2023) and Silver received for Health Sciences (August 2023).
- The HR department won a UHR Award in the category of Reward and Recruitment for the Surrey Future Fellows campaign and were runners up in the Culture Change and Organisational Development and Equality, Diversity and Inclusions categories for our entries on Surrey Values and The Menopause Project respectively.

Our employees and associates

Including Associates, Surrey has over 3,000 colleagues working in a wide variety of roles across the University. Our workforce includes 1,828 teaching and research staff and 1,600 professional, operational and technical support staff. Excluding Associates, we have a total of 3,069 colleagues (2,820 fte) working at the University, including 1,505 teaching and research staff and 1,600 professional, operational and technical support staff.

Our Managers and Leaders

Our focus on managers and leadership development was spearheaded by a highly successful Surrey Senior Leaders' Programme. Ninety senior leaders completed the six-week programme, focusing on inclusive and strategic leadership capability. The highly experiential programme was co-designed with colleagues across

the University and has received very positive feedback with 100% of attendees advising they would recommend to a colleague.

In the last year, 130 Managers completed our enhanced Managers' Foundation Programme, which is now accredited with the Institution of Leadership Management (ILM). All responders said that the programme had increased their confidence as a manager. A further 60 Managers will be completing the programme this autumn.

In addition to training interventions, a new Managers' toolkit has been launched to support all colleagues with management responsibilities, by providing all the support and guidance required in one central place.

Colleague voice

The importance of our colleague voice continues to be amplified through our People Survey, and whilst the survey takes place in September/October, the work around it has continued across the year. Particular highlights are that we achieved a 76% response rate (five points up on last year) and an 11 point increase in belief in action taken (54%). All areas have a clear action plan, reported on the survey dashboard, which feeds into monthly EB reports.

Overall, this increase in action taken, response rates and overall engagement scores resulted in Surrey achieving the Higher Education outstanding workplace award.

Seeking equity, driving diversity and creating an inclusive culture

Work continues across the University to ensure that EDI is built in from the outset – this year's achievements include:

- The Surrey Future Fellowship recruitment campaign met our diversity target of over 30% appointed candidates from ethnically minoritised backgrounds and exceeded our female target in our STEM disciplines with 61% of appointed candidates being women, and over 80% of women at senior level. Successful candidates came from thirteen different nationalities.
- 18 out of 22 schools with Athena Swan status and the remaining four are due to submit in 2023/24. In addition, Biosciences in FHMS achieved Gold status, Health Sciences achieved Silver status and Surrey has submitted its institutional Silver level application.
- The Springboard programme for 2023 launched. At the end of this four-day programme, the women testified to increased levels of confidence and motivation, and greater ability to create and embrace change.

- The Menopause Project started, which is an exciting initiative providing support for women to retain talent and to promote wellbeing.
- Collaboration across the University resulted in us achieving our Race Equality Charter (bronze) in August 2022, supported by a structured and ambitious action plan.
- Surrey Black Scholars programme launched which offers three-and-a-half-year scholarships to improve access and participation for Black British students in postgraduate research.
- Working with our SEED network to support the launch of the SEED allyship programme which has built up a great reputation resulting in over subscription of places.
- We launched the Purple Network for Disability, Long-Term Health Conditions and Neurodivergence, and this has led to numerous spin off projects and improvements to disability inclusion at Surrey including Parent and Carers disability network and Purple Allies.
- The Diversity 200 inclusive recruitment campaign was launched in July 2022, introducing a more inclusive process as standard practice, aiming to eliminate bias. The outcome of this work has been an increase in the diversity of our staff mix.

Embedding our values (Inclusion, inspiration, innovation and integrity) continues to be high up on our agenda and key to creating an inclusive culture by embedding them across the talent lifecycle:

- From the outset of talent attraction, the values are explicitly and implicitly demonstrated, and are now embedded across the recruitment cycle from the initial attraction work through to how new starters are onboarded to Surrey.
- Our highly successful Values Awards programme continues to be successful with over 2,000 awards being given out to colleagues proactively demonstrating behaviours underpinning our values.
- The overall impact of this work was successfully reflected by being shortlisted by UHR for the award for Culture Change.

Improving staff services and support

A key focus for the year has been the introduction of a new HR information system, HR Dynamics, as part of the University's Microsoft first approach. This work significantly reduced the cyber risk of the previous system and created a platform that can be built on to enhance colleague experience and HR workload.

Under the sponsorship of the Provost, the Optimising Academic Achievement workstream has enabled a number of enhancements to academic career pathways. The promotions, professional development review and workload procedures have all been evolved over the course of the year.

Health and wellbeing are continuing concerns for colleagues in our People Survey. In response to this, we have launched an Employee Assistance Programme (EAP). This provides staff with 24/7 support for a wide range of services, including personal GP appointments and counselling, as well as extended services which include support for carers and financial advice as well as health support services.

Despite these improvements, the sector has continued to be challenged by Union activity in response to concerns regarding the sector Pension Scheme and other issues around pay and workload. At Surrey we have sought to work through the national negotiations to seek resolution, whilst also aiming to minimise any impact of union action on our students. This has been challenging but largely successful with all students able to graduate with a degree classification.

In response to the ongoing financial challenge that many colleagues face, the University not only supported the delivery of the largest cost of living rise in the last decade, but also distributed an All Staff bonus in 2022 in recognition of the great results that staff have delivered in REF and NSS. To further support colleagues, as well as the new EAP, we launched a single platform from which staff can easily see what additional benefits they are entitled to, and access these directly.

INTERNATIONAL ENGAGEMENT

Summary

This has been a busy year of International Engagement: the first full year unaffected by Covid travel restrictions, and one which saw positive progress towards the objectives of our International Engagement Strategy.

More of our students undertook life-changing international study and work placements, with over 560 outbound mobilities representing a 20% increase over the previous year. We won just under £1m of funding for 2023-24 international mobility under the Turing Scheme which will ensure another fantastic range of opportunities for our students.

This year has seen strategic engagement with institutions and governments in countries including India, Brazil, Singapore, Malaysia, and Australia. High-impact delegation visits have catalysed impactful collaborations in research and education, expanding our reach and putting Surrey on the map.

International opportunities for students

563 international student mobilities were registered in 2022-23, with Surrey students undertaking exciting opportunities for study exchanges, PTY work placements, clinical placements, internships PhD research placements, summer programmes and field trips. This was a 20% increase on the previous year, showing that students are overcoming the post-pandemic slowdown and embracing global opportunities with enthusiasm!

Surrey has been successful for the third successive year in securing funding from the UK government's 'Turing Scheme' which funds international student mobility for study and work placements. Our £900,000 award will go towards funding life-changing experience overseas for our students.

Surrey's Turing objectives:

- Provide students with opportunities to enhance skills and prepare for the global workplace
- Develop globally minded, confident, resilient individuals who think critically and differently
- Advance Surrey's Widening Participation agenda by increasing the number of grants available to support students from disadvantaged backgrounds to study and work abroad
- Increase and strengthen Surrey's links with top global partner institutions.

Collaborative Online International Learning (COIL)

Surrey students were also able to access international opportunities without getting on an aeroplane through innovative online programmes:

- The UGPN Academy bring together students from Surrey, North Carolina State University and the University of Sao Paul, Brazil, to collaborate on projects. This year, 43 students worked together in small project teams to research ways in which their universities contribute to the United Nations Sustainable Development Goals (UN SDGs). They delivered their poster presentations to an international panel of academic judges.
- Guildford School of Acting (GSA) ran COIL programmes with students from Surrey and Krakow, Poland, that focused on young people's lived realities through performance. The GSA also created a COIL programme with Surrey students and students from Verona and Belgrade that focused on verse speaking.
- This builds on the COIL projects last year with Surrey students and students from Mexico collaborating on projects related to indigenous tourism, and Business School students taking the 'stock market challenge' to learn about international investments with students from North Carolina State University in the US.

Joint education programmes

Following the pandemic-related challenges of the previous few years, universities around the world are seeking to build international collaborations to offer students a unique and global aspect to their degree programmes. Surrey has engaged proactively, entering into over 20 agreements with partner universities, including:

- A new PhD collaboration with the prestigious A*STAR research institution in Singapore. The 'Research Attachment Programme' will provide opportunities for Surrey PhD students to spend a year in one of the world-class A*STAR institutes.
- A multi-faculty Student Exchange Agreement and MoU with University of Adelaide, signed during a delegation visit to Australia. The MoU expresses intention to collaborate in education and research, with key strategic areas identified: AI, Cyber Security, and Space.
- A progression arrangement which gives students from Capilano University in Canada a pathway to postgraduate programmes in the Guildford School of Acting (GSA).

International research impact

We have focused on increasing our research impact through international collaboration. Surrey academics engage bilaterally and multilaterally with international partners across the world. Highlights include:

- Strategic engagement with India is a priority and we were proud to host the visit of the Science and Technology Minister, Dr Jitendra Singh to Surrey on Friday 28th April. The visit focused on collaborations in key strategic technologies aligned with UK-India priorities: renewable energy (offshore wind, green hydrogen) and semiconductors.
- Surrey launched the new Centre of Excellence on Ageing in partnership with the United Nations Global Initiative on Ageing (GIA). The Centre is dedicated to helping older people to benefit from the latest research and greatest advances in science today.
- UGPN Research Collaboration Fund (RCF) awards will fund UK-USA-Brazil collaborations involving researchers from all 3 Surrey faculties, with projects including:
- 'Re-invigorating Trust in Representative Democracies (Re-TRUST)' led by Professor Theofanis Exadaktylos in Politics

- 'From data to diagnosis and cure: Non-communicable diseases collaborative research for delivery of sustainable precision medicine' led by Professor Kamalan Jeevaratnam in the School of Veterinary Medicine
- 'Waste-to-resource: end-of-life PET plastic derived ethylene glycol Electrolysis for the co-production of sustainable chemicals and green hydrogen (PETECH)' led by Dr Hui Luo in Mechanical Engineering Sciences.

ADVANCEMENT

A year of record-breaking philanthropy

It's been a successful year for alumni engagement and fundraising with targets surpassed and records broken...

A total of £14.7 million was raised via major gifts and donor contributions, including a £10 million legacy pledge which is the largest gift in the University's history. This will fund research and scholarships at the School of Veterinary Medicine.

There were many other notable achievements, too...

Alumni events brought our communities together across the world, including India, Greece, Cyprus, Dubai, America, Australia and Hong Kong. Closer to home, we held the first ever on campus alumni reunion. The Surrey Weekender saw 300 former students return to Stag Hill for three days of events.

The SurreyConnects mentoring platform, meanwhile, continues to grow and be a space where graduates offer careers advice to current students. This vibrant networking hub now boasts more than 4,300 members.

The Future Says Surrey

The University's three-year international fundraising campaign, The Future Says Surrey, had many successes in 2023.

Notable gifts in this area include:

- £490k to fund scholarships and prizes for Tonmeister students
- £267k to support three PhD students in the Centre for Environment and Sustainability
- £233k to support postgraduate scholarships in the Faculty of Engineering and Physical Sciences.

The annual Telethon also broke all previous records. Student callers contacted 6,000 alumni asking for help to alleviate student hardship. Surrey's generous donors responded – and gave £334k.

It's been a memorable 12 months in Advancement. The University would like to thank its donors and supporters for helping accelerate world-leading research and providing education opportunities for more people from under-represented backgrounds.

SUSTAINABILITY AND ENVIRONMENTAL IMPACT

Summary

Sustainability is being integrated across the University from governance and procurement to our estate functions and curricular activities. The coming year will see this integration grow with initiatives looking at research, cultural change and carbon emissions.

In recognition of our contributions to meeting the UN Sustainable Development Goals, we were ranked within the top 50 in the world (46th) and top 10 in the UK (9th) by the Times Higher Education Impact Rankings.

2022-23 highlights

- 24% reduction in Scopes 1 and 2 carbon emissions compared to 2018-19
- 8.9 % reduction in water use compared to 2017-18
- 46th in the world in the Times Higher Education Impact Rankings.

Energy consumption

We cut our Scopes 1 and 2 emissions by 24%, compared to our base year of 2017-18.

	2017/18 (Baseline Year)	2022/23	Reduction
Carbon Emissions (scope 1 & 2) tCO2e	19,470	14,975	24%

We have recast our carbon activity setting out an 8-point framework to reach Net Zero Carbon (NZC) by 2030. To achieve our emissions targets, we are reducing our demand, ensuring all refurbishments and new builds are NZC ready, optimising the space we have, increasing on-site renewable energy generation, increasing the amount of energy purchased from verified renewable sources, and considering how transparent offsetting schemes can cover what we can't eliminate.

We have also mapped our scope 3 emissions. These total 68,950 tCO2e annually, with goods in the supply chain totalling 82% of emissions, with a majority of the rest made up of travel (business and commuting). A plan for reducing our scope 3 emissions has been developed, with actions focusing on working with our suppliers to reduce the carbon footprint of a range of products and services.

We submitted our planning permission to install a solar farm on campus land. When working at peak capacity, the farm will be able to supply all the electricity for our Stag Hill campus. Further solar installations are planned for the Sports Park (700kw) and for the research park.

Waste and re-use

Surrey diverts 99% of its waste from landfill, by reusing, recycling, and recovering (via energy from waste plants). With our partner Chambers, the University aims to increase the utility of its waste by moving it up the waste hierarchy to reduction, reuse and recycling, and reducing the amount of waste that goes to energy from waste plants.

The Students' Union has set up a community hub on campus to provide a swap shop, food co-op, book swap and community fridge addressing the cost of living crisis, as well as linking with reuse and waste reduction activities.

Water use:

	2017/18 (Baseline Year)	2022/23	Reduction
Water Consumption m ³	414,188	377,521	8.9%

We continued with measures designed to reduce consumption including presence-controlled water use in bathrooms, shower timers in halls of residence, and a new water contract with 'Wave' via our utility broker saving around £50,000. It is expected that during 2023/24 further services will be realised via the new contract, including water reduction surveys.

An application for a second borehole has been made for Manor Park. The Stag Hill borehole project now means the University has the lowest cost of water within the sector.

Sustainability governance

All university policies, procedures and protocols now include a statement on how these activities impact on our sustainability aims, setting out how any negative impacts will be mitigated.

To overview sustainability activity, a new Environmental and Sustainability Steering Group (ESSG) chaired by an Executive Board member has been set up. This coincides with the arrival of a new Head of Sustainability in February 2023.

The Head of Sustainability has also taken on the chair role coordinating an international sustainability group of Research and Innovation parks, which enables knowledge exchange, building links with Brazil, Egypt and India.

Procurement

The sustainability and procurement teams have joined together to integrate sustainability into our supply chain using the governments flexible framework (for sustainability). This work links up with the delivery of scope 3 reduction activities, as well as implementing environmental and social value actions.

Meeting UN Sustainable Development Goals (SDGs)

Surrey is ranked within the top 50 Universities globally (46th) and top 10 in the UK (9th) in the Times Higher Education impact rankings, based on our contributions towards the UN SDGs. This was a rise of nine places

compared to last year, despite more institutions taking part globally (up from 1,406 to 1,625).

The rankings look at how universities' research, innovation and operations contribute towards UN SDGs, in areas such as reducing carbon footprint, partnerships with local, national and international bodies and outreach work.

This year Surrey provided evidence to show it was contributing to 16 of the 17 SDGs and aims to provide evidence for all 17 SDG's in 2023/24. We were ranked 10th in the world for SDG 11 relating to sustainable cities and communities and 16th for SDG 10 for reduced inequalities.

Future plans

In 2023/24 several major initiatives are planned.

The Laboratory Efficiency Assessment Framework (LEAF) which aims to make our laboratories sustainable is planned to grow to cover all labs at the University.

A new staff engagement program called Green Impact will be launched aiming to encourage sustainable behaviours in every area of the University.

An interdisciplinary University team has been set-up to drive down energy demand across campus, aiming to reduce emissions during 2023/24 by 10%.

A new student volunteering hub has been set up for sustainability, and the careers office is offering more events to promote sustainable job opportunities.

Changes to our principle risks

During the 2022/23 academic year, the risk climate in the following areas has become more challenging:

Financial resilience – There are increased financial pressures, arising from high inflation and significantly increased energy costs caused by current geo-political tensions.

Strategy – Inflationary pressure on the University is challenging our ability to maintain investment in the activities to drive our strategic goals.

University infrastructure - Inflationary pressure on the University is challenging our ability to maintain investment in our infrastructure.

Staff recruitment and retention – There is a heightened level of risk due to the ongoing national dispute over pay and conditions leading to nationwide challenges for HE.

Surrey has additional challenges due to its location in one of the more expensive parts of the country.

International student recruitment – Increasing competition both nationally and internationally as well as financial and political pressures worldwide have made international student recruitment more challenging and costly.

The risk climate in the following areas has improved:
Student experience and satisfaction - Our ranking in the National Student Survey went up from 25th in 2020/21 to 9th in the UK in 2021/22, up to 4th in 2022/23.

Reputation - Actions taken under the most recent strategy refresh has led to successful / improving performance in the National Student Survey (NSS), Research Excellence Framework (REF) and other national and international league tables.

Principal risk	Mitigating Actions
Financial Insufficient revenues relative to costs may limit or reduce the ability to invest in the estate, systems and strategic initiatives that underpin teaching and research.	<ul style="list-style-type: none"> Five-year financial plan aligned to the University's strategy, balancing investment with business as usual requirements. Monitoring progress against key metrics - activity led by the Council, its subcommittees and the Executive Board. Adapting to change and embracing new opportunities that arise through annual planning rounds. Preparing and reporting monthly management accounts internally. Quarterly forecasts of the current year, closely monitoring any movement against budgeted operational and capital expenditure and taking corrective action where required. Regular cash flow forecasting, we maintain a cash buffer with finance facilities to have the capacity to react to sudden stress events.
Strategy Failure to deliver our 2024 strategy	Our strategy refresh in 2021-22 updated our goals to reflect the changing external context and set targets to measure our progress in our three priority areas for the next three years: Drive student experience; Focus research intensity; and Create the conditions for success.
Educational quality Failure to provide high quality teaching programmes and learning support	<ul style="list-style-type: none"> Delivering a learner-centric curriculum, through a mix of in person and interactive online learning. Using learning analytics across the student journey, targeting early intervention where required. Renovating / upgrading our facilities to provide world class services for our students, including investing in world class equipment. Completing a curriculum design review as part of our strategy to 2024.
Research, Risk & Innovation Provision of facilities, infrastructure and support to foster effective research and collaborate effectively with external research partners or raise awareness of our capabilities.	<ul style="list-style-type: none"> Creating pan-University research institutes to support cross-disciplinary research, elevating our global impact and visibility. Staff, students and postgraduate researchers work with partners to scale our innovation into inventions and enterprises. Developing synergies between our research and teaching. Providing support and infrastructure for researchers, ensuring it is agile, digital and integrated. Where the finances allow, increasing the funding devoted to research and education, supporting increased staff posts and postgraduate researchers.

KEY RISKS FACING THE UNIVERSITY

Managing risk

Our approach

As part of our governance and internal control framework, we have a robust process for identifying, assessing and managing risks that could prevent us from meeting our objectives. The highest-level risks are reviewed regularly by the Executive Board and the Audit and Assurance Committee. Executive Board holds an annual workshop to consider external opportunities and risks, the outcome of which is used to update our risk appetite and risk register. We also use it to inform our internal audit programme and strategic planning process. The University's Executive Board has responsibility for day-to-day risk management. Along with senior management, it encourages a culture in which risks are routinely considered in decision making, and better decisions are supported through an improved understanding of risk. The Audit and Assurance Committee monitors risk management on behalf of the Council. The Committee reviews current risk exposure against our risk appetite and advises the Council on current risk exposures and future risk strategy.

Risk management strategy and appetite

Our risk management strategy is based on minimising our exposure to compliance and regulatory risk, while accepting varying risks that help us achieve our mission and objectives. When we accept risks, we make sure that those risks and potential benefits are fully understood and take sensible measures to mitigate those risks. We put controls in place to reduce the likelihood of risks occurring or take action to minimise their impact. Our objectives are to:

- identify the principal risks that we face
- decide the risks we will accept to deliver the right returns
- assess the likelihood of risks and potential impacts on the University
- take action to minimise the risks we don't accept
- monitor and report the risks we are taking against our desired strategic objectives.

Principal risk	Mitigating Actions
<p>Student experience & Satisfaction</p> <p>Inadequate learning facilities, accommodation, social and recreational facilities, or digital infrastructure could hinder learning and make students less happy to study at Surrey.</p>	<ul style="list-style-type: none"> Carrying out regular student satisfaction surveys and using the results to plan improvements. Responding to feedback from MySurrey Voice throughout the academic year. Investing in study resources, including online access to core texts. Improving assessment and feedback content and turnaround times. Providing wellbeing initiatives and services in conjunction with the Students' Union. Providing high quality teaching.
<p>Student recruitment</p> <p>Not recruiting the right number, quality and diversity of students, nationally and internationally.</p>	<ul style="list-style-type: none"> Increasing our national and international presence through marketing and recruitment campaigns. Using data to support market intelligence and insight and target our recruitment activity. Tailoring course development to attract students in core and emerging areas of study. Reviewing fees, funding and scholarship programmes to make sure students get value for money. Clearing effectively to fill available capacity while ensuring we don't oversubscribe.
<p>Our people</p> <p>We may not attract, retain, and enable the right people, with the right skills, ambition and capabilities.</p>	<ul style="list-style-type: none"> Planning for workforce requirements and carrying out high-level talent reviews to assess capability and capacity needs. Investigate appropriate resourcing models to ensure cost effectiveness of operations. Training and developing staff to support in-role progression and career growth. Providing leadership development and enablement programmes. Evolving the recruitment strategy for effective market engagement. Maintaining focus on EDI action plan, including annual gender pay gap compliance reviews and further internal analytics. Maintaining focus on our organisational values and culture to maintain high levels of employee engagement. Leveraging the new human resources IT system that enables stakeholders to monitor relevant data.
<p>University infrastructure</p> <p>Failure to keep our buildings, equipment and student accommodation maintained and fit for purpose, through lack of investment or failure to plan for student numbers.</p>	<ul style="list-style-type: none"> Implementing our planned maintenance programme for all building assets. Carrying out rolling asset inspections of our estate. Refurbishing our buildings and facilities in line with our estates strategy. Monitoring sustainability performance targets and regulatory compliance.
<p>University services</p> <p>The risk of quality deterioration or interruption of student services, such as recreational, sports and catering.</p>	<ul style="list-style-type: none"> Offering modern facilities to support a diverse variety of sports activities and clubs at the Surrey Sports Park. Supporting a wide range of student-run clubs and societies in conjunction with the Students' Union. Providing on-site catering facilities for our student population. Developing our business continuity function to provide increased resilience during significant stress events.

Principal risk	Mitigating Actions
<p>Legal & regulatory compliance</p> <p>Compliance with regulations and legislative requirements governing our activities including information governance.</p>	<ul style="list-style-type: none"> Implementing internal policies and procedures. Providing e-learning guidance to help staff control our activities within regulatory commitments. Conflicts of interest process with fraud and bribery risk registers. We review the adequacy of our related procedures every two years. Providing mandatory training for all staff on information governance. Information asset register enables reporting of potential data breaches. Detailed guidance for staff on handling data compliantly. Processes for whistleblowing, complaints and Report and Support are in place to investigate ethical concerns from staff and students.
<p>Health, safety & wellbeing</p> <p>Failure to identify all potentially harmful activities and give staff and students the training and tools required.</p> <p>Failure to support the wellbeing of students and staff.</p>	<ul style="list-style-type: none"> Prioritising safety communications and reporting. Providing a programme of health, safety and wellbeing training. Creating a dedicated health and safety assurance committee. Having a clearly defined strategy, safety protocols and standards in line with legislation and industry best practice. Conducting institutional compliance audits and departmental inspections and audits. Improving incident reporting and investigation of near misses and lost time incidents.
<p>Reputation</p> <p>Reputational damage could arise from: operational or regulatory failure; perceived poor staff care or values; failure to effectively promote ourselves to key stakeholders.</p>	<ul style="list-style-type: none"> Creating a culture and environment that is attractive, helps people to perform to their best and is attractive to others. Actively demonstrating the benefits and value that the University delivers to wider society, from research discoveries and collaborations to our positive impact on the economy, environment, and local community. Projecting our brand and our successes through marketing and communication channels, from student rankings to research discoveries and international partnerships. Fostering good relations with a wide range of stakeholders and keeping open channels of communication.
<p>IT</p> <p>Maintaining the resilience of our operational and enterprise IT systems and cybersecurity controls or delivering IT change.</p>	<ul style="list-style-type: none"> Continuously planning for disaster recovery in support of ISO22301. Removing and replacing legacy technology. Increasing operational service maturity. Providing mandatory cyber security training for all employees. Managing vulnerability with penetration testing and active replacement of unsupported infrastructure and services. Monitoring and responding to information security and cyber threats through a dedicated information security team. Implementing cross sector technology maturity standards.

See pages 25 and 26 for further information on risk management and appetite.

CORPORATE GOVERNANCE

The University is a body incorporated by Royal Charter, originally granted in 1966, and an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. Its compliance with charity law is monitored by the Office for Students (OfS) as principal regulator.

The University is committed to exhibiting best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership – and with the Higher Education Code of Governance published by the Committee of University Chairs (CUC).

Summary of the Corporate Governance structure

The University's objects, powers and framework of governance are set out in the Charter and its supporting Statutes and Ordinances (the 'governing documents').

The Council

In accordance with the requirements of its governing documents, the Council comprises a majority of external members, together with ex officio and elected University representatives including the President of the Students Union. The role of the Chair of Council is separated from the role of the President and Vice-Chancellor as Chief Executive. The powers of the Council are set out in the Statutes and Ordinances of the University. Under the terms and conditions of funding for higher education institutions agreed between the OfS and institutions, and the terms and conditions of the Research England grant, the Council is collectively responsible for overseeing the University's activities, determining its future direction and fostering an environment in which its mission is achieved. This is an ultimate responsibility that cannot be delegated. The Council has adopted the following Statement of Primary Responsibilities:

- To approve the mission, strategic vision and long-term academic and business plans of the University and agree key performance indicators and annual budgets to ensure that these meet the interests of stakeholders.

- To ensure that systems of control and accountability are established and monitored, including financial and operational controls and risk assessment, and procedures for handling internal grievances and managing conflicts of interest.
- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against its plans, previous performance and agreed key performance indicators. Where possible and appropriate, these should be benchmarked against other comparable universities.
- To appoint the President and Vice-Chancellor and put suitable arrangements in place for monitoring their performance.

The Council also cannot delegate responsibility for:

- varying the Charter or Statutes
- approving the annual audited financial statements
- appointing the external auditor of the University.

The Council continually assesses skills, experience and diversity to ensure that they are appropriate. Non-executive candidates are assessed against standard criteria (including diversity) and through an interview process. New members receive an induction programme tailored to their specific needs and there is a rolling cycle of information and training sessions throughout the year.

The effectiveness of the Council is reviewed regularly. The last external review reported in early 2021, which concluded that the standard of governance by the Council is good and that the University has governance processes, practices and policies which are fit for purpose and meet current expectations for higher education governance.

An internal effectiveness review took place in 2022 and an action plan was drawn up and approved by the Council.

As well as six formal meetings a year, the Council holds two awaydays jointly with the Executive Board to work on strategy and planning. The Council keeps the scheduling of its meetings under regular review.

Council minutes are published on the University website to ensure transparency around decision making. Also published is the full membership of Council, including a short biographical statement, memberships of University Committees and other governance roles in external organisations. The terms of reference of the Council and its sub-committees are also published on the University website.

surrey.ac.uk/about/governance/council-minutes

surrey.ac.uk/about/governance/statutory-bodies-and-committees

Membership of the Council

Council membership in 2022-23 is shown below. Profiles of Council members (who are the trustees) are available on the University website at:

surrey.ac.uk/about/governance/members-council

Lay members

Name	Role and subcommittee memberships in 2022-23
Elliot Antrobus-Holder	
Vibhaker Baxi	Joint Vice-Chair, Finance Committee, Student Experience Committee Chair, Nominations and Governance Committee
Professor Julia Buckingham	Finance Committee, Partnerships and Reputation Committee
Judith Eden	Senior Independent Member, Audit and Assurance Committee, Nominations and Governance Committee
Charlie Geffen	Chair from January 2023, Finance Committee, Nominations and Governance Committee, Blackwell Park Ltd Board, Remuneration Committee
Rachel Hubbard	Joint Vice-Chair, Remuneration Committee
Pam Jestico	Audit and Assurance Committee, Finance Committee
Nigel Jones	Audit and Assurance Committee Chair, Surrey Sports Park Board Chair, Nominations and Governance Committee
Robert Napier	Treasurer, Finance Committee Chair, Nominations and Governance Committee, Blackwell Park Ltd Board
Pam Powell	Remuneration Committee Chair, Audit and Assurance Committee
Michael Queen	Chair to December 2022, Stepped down from Council on 31 December 2022
Sir Philip Rutnam	Joined Council on 1 February 2023

University members

Name	Role
Professor Esat Alpay	Senate representative
Professor Karen Bullock	Senate representative
Andy Chalklin	Chief Operating Officer
Diana Dakik	Students' Union President
Professor Tim Dunne	Provost
Professor Daniel Horton	Senate representative
Professor Max Lu	Vice-Chancellor

Council sub-committees

The Council has several sub-committees including a Finance Committee, an Audit and Assurance Committee, a Nominations and Governance Committee, and a Remuneration Committee.

All are formally constituted with appropriate external membership and terms of reference.

Finance Committee

The Finance Committee, which has a majority of external members and is chaired by the Treasurer, meets at least four times a year. It advises the Council on financial policy and strategy, reviews the University's financial forecasts, recommends them to the Council, and keeps the University's financial position under review.

Audit and Assurance Committee

Under the chairmanship of a lay member of the Council, the Audit and Assurance Committee meets four times a year in the presence of the external and internal auditors. It advises and assists the Council on the entire assurance and control environment of the University. It oversees the risk management process and considers detailed reports from the auditors, including recommendations for improving the University's systems of internal control, together with management's responses to those recommendations and implementation plans.

The Committee also considers elements of the draft annual financial statements in the presence of the external auditors, including the auditor's formal opinion, the statement of members' responsibilities and the statement of internal control. Although senior executives attend meetings of the Audit and Assurance Committee as necessary, they are not members of the Committee, and the Committee may meet with the external and internal auditors independently of executives. The Chair of the Committee has direct access to the Chair of Council.

Nominations and Governance Committee

Under the chairmanship of the Chair of Council, the Nominations and Governance Committee meets as required to consider and make recommendations to the Council on the operation and effectiveness of governance arrangements. It also oversees the appointment of external members to the Council and external co-opted members to Council sub-committees and makes recommendations to the Council on the appointment of the President and Vice-Chancellor, the Chancellor and Pro-Chancellors.

Remuneration Committee

Under the chairmanship of a lay member of the Council, the Remuneration Committee meets a minimum of twice annually, with additional meetings at the discretion of the Chair. It monitors the performance of the President and Vice-Chancellor and determines the salary and conditions of service of the President and Vice-Chancellor and members of the Executive Board.

The Committee makes sure that there is an effective succession plan for Executive Board-level posts and approves any severance payments made to staff earning over £100,000 per annum. It also oversees the University's overall strategy and principles on remuneration, with reference to the principles in the Higher Education Senior Staff Remuneration Code.

The President and Vice-Chancellor is not a member of the Committee but attends meetings, except when the Committee is discussing the President and Vice-Chancellor's own salary and conditions of service.

PricewaterhouseCoopers (PwC) act as advisers to the Committee and also attend Committee meetings.

The Senate

Under the chairmanship of the President and Vice-Chancellor (delegated to the Provost and Senior Vice President), the Senate meets four times a year and has responsibility, under the control and approval of the Council, for oversight and assurance of the academic endeavour of the University. Senate minutes are published on the University website to ensure transparency around decision making.

Senate minutes | University of Surrey

The Executive Board

The Executive Board is the senior management committee of the University and meets monthly under the chairmanship of the President and Vice-Chancellor as Chief Executive. The Executive Board has a number of supporting executive and advisory committees, all of which are formally constituted with appropriate terms of reference, and which include external members where appropriate.

Meeting regulatory requirements

The University has processes in place to ensure that it meets the OfS conditions for registration on an annual basis and that reportable events are notified to the OfS in a timely manner. The University maintains a table which sets out the conditions for registration, together with the postholders responsible and accountable for ensuring each condition is met, how it will be met and the relevant timeline. The University also maintains an OfS Reportable Events Plan, which sets out the specific criteria and materiality thresholds that the University will apply in determining whether an event is reportable under the OfS regulatory framework.

The University has policies and processes in place to ensure regularity and propriety in the use of public funding from the OfS, UK Research and Innovation including Research England, and other sources. These include the control measures shown in the statement of internal control below, and:

- An Ethical Conduct Procedure which sets out the University's expectations for the highest standards of ethical behaviour and financial probity, together with the processes in place to prevent, identify, report and investigate suspected cases of bribery, fraud and corruption.
- A Public Interest Disclosure Procedure which encourages staff to report reasonable belief of wrongdoing, provides guidance on how to raise concerns, and reassurance that they can raise genuine concerns without fear of reprisal, even if they turn out to be mistaken.
- A 'Report and Support' system where staff and students can report issues of concern, anonymously if they wish.
- An annual requirement for all senior staff and committee members to complete a Declaration of Interest, including a statement of whether they are aware of any fraud or wrongdoing.
- An ongoing requirement for staff to report any conflicts of interest, gifts and hospitality. All senior committees have a standing item at the start of the agenda for those in attendance to declare any relevant conflicts of interest.

Public benefit statement

The University's charitable purposes are defined in its Royal Charter as the advancement of education, learning and teaching. The members of Council, as trustees, have due regard to the Charity Commission's guidance on public benefit in determining the University's strategic, operational and financial objectives.

The University brings a wide range of benefits to individual students and to society as a whole through:

- the quality of the education it offers and the quality

of the graduates and postgraduates it produces

- the dissemination and practical application of the outcomes of its research
- its engagement with other universities, industry and wider local, national and international communities.

The University has an Access and Participation Plan approved by the OfS which shows progress to date and future plans for improving equality of opportunity for under-represented groups to access, succeed in and progress from higher education.

The main chapters of this Annual Report describe how the University has carried out its charitable purposes for the public benefit through its educational, research and engagement activities during 2022-23.

Statement of internal control

The Council, as governing body, is responsible for ensuring that the University has a sound system of internal control and for reviewing its effectiveness. Such a system is designed to understand and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Key elements of the University's system of internal control include:

- A Scheme of Delegation, approved by the Council. This records the powers the Council reserves to itself, and those it delegates to its sub-committees, to the President and Vice-Chancellor, and to the Senate and its sub-committees. The Scheme of Delegation is reviewed and updated on an annual basis.
- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic faculties and professional services departments.
- A comprehensive medium and short-term planning process, supported by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of academic performance and monthly reviews of financial results, including variance reporting and updates to the forecast outturn for the financial year.
- Clearly defined requirements for approval and control of expenditure, with the requirement for budget holders to approve spend to confirm it is genuine and necessary prior to orders being raised.
- Investment decisions involving capital or revenue spend are subject to formal detailed appraisal and review according to approval levels set by the Council.
- Regular reviews of the University financial processes by both the Internal and External auditors in the course of their audits. Any findings are reported to the University Audit and Assurance Committee and used

to enhance controls and achieve even greater value for money.

- Financial regulations, approved by the Finance Committee, together with supporting financial policies and procedures and the ongoing development and embedding of an Internal Financial Controls Framework methodology.
- Professional Internal Audit services provided by Cervus+, a subsidiary of the University under a framework agreement. The annual programme of internal audits is approved by the Audit and Assurance Committee. The Internal Audit team provides in-year progress reports to the Committee and an annual opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance. Cervus+ uses enhanced analytics and reporting to provide a clearer assessment of compliance, governance and risk in the areas of health and safety, information governance, insurance, legal, internal audit and operational risk.

The University's Governance and Risk Assurance team oversees the Information Governance, Health and Safety, Internal Audit and Insurance functions provided by Cervus+ in 2022/23.

In July 2023, the University transferred the insurance function from Cervus+ into the University Procurement department.

Risk Management

The University has a Risk Management Procedure (surrey.ac.uk/sites/default/files/2022-03/risk-management-policy.pdf) which is approved by Audit and Assurance Committee and describes the University's approach to risk management and defines relevant roles and responsibilities.

The University's risk management process is designed to ensure a consistent approach throughout the University to identifying, assessing and managing Level 1 and Level 2 risks (see below). It highlights all risks that may prevent the University from fulfilling its objectives and is used to improve decision making. This consistency of approach helps risk owners respond appropriately to the risk and decide whether it should be accepted, transferred or mitigated, as well as making sure that mitigations are effective, appropriate, proportionate, affordable and flexible.

Level 1 risks

These are high-level risks, which if they occur, could undermine the viability, reputation or strategic objectives of the University. They are reviewed by their risk owners regularly, with the Executive Board reviewing priorities and risk to delivery on a quarterly basis. In addition, the Executive Board holds an annual workshop where the whole risk profile is reviewed and refreshed. The output of this is an updated Level 1 risk register which is



reviewed in its entirety by the Council. The Council then notes updates to the register periodically as required. The Audit and Assurance Committee receives the full register at each meeting.

Level 2 risks

These are risks which have the potential to significantly affect a specific department or area of the University, or a large University-driven project or programme, but would not destabilise the viability, reputation or strategic objectives of the University on their own.

The deans and heads of professional services are responsible for embedding the Level 2 risk management process in their areas. Level 2 risks should be reviewed frequently, and appropriate mitigating actions put in place. Where the actions required are outside of the discretion of the risk owner, the risk is escalated as appropriate.

Risk appetite

Our risk appetite is defined as the amount of risk the Council is willing to take to achieve our strategic objectives. We have developed a risk appetite across our key impact criteria which forms a key element of the decision-making process in our governance and reporting framework and is reviewed annually by the Council.

Internal Audit

The Internal Audit team report to management on the effectiveness of the University's systems of internal controls, and the adequacy of these systems to manage its risks and safeguard its assets and resources. The internal audit programme is risk-based and is informed by the strategic risk register as well as by prior internal audit activity and regular meetings with key stakeholders to identify emerging risks and trends.

The Internal Audit team reports to the Audit and Assurance Committee on their work to implement the internal audit plan (agreed with the Committee at the beginning of the year), and provides status updates on the resulting mitigating actions. These reports are a material element of the assurance received by the committee on the company's controls. At the completion of each year's internal audit plan, the Head of Internal Audit provides an annual opinion on the effectiveness of risk management, control and governance arrangements, and economy, efficiency and effectiveness.

The Committee reviews the level of resources and the budget of the Internal Audit function at least once a year. The Head of Internal Audit is able to raise any issues with the Committee or its Chair at any time during the year. The Internal Audit team is satisfied that other matters raised in its audits have been properly acknowledged by management and that reasonable action plans have been put in place to address any control weaknesses identified.

Conclusion

The Council is of the view that:

- there is an adequate system of internal control based on an ongoing process for identifying, evaluating and managing the principal risks to achievement of the University's objectives
- the system has been in place for the year ended 31 July 2023 and up to the date of signing the financial statements
- it accords with guidance from the OfS and Research England.

THE FINANCIALS

STATEMENT OF COUNCIL RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Council is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

It is required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the group and of the parent University and of their income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for that period.

In preparing each of the group and parent University financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information

included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL REVIEW AND FUTURE OUTLOOK

Our financial performance in 2022-23 whilst disappointing was not unexpected given the challenging financial environment that both the country and the sector has been facing recently with soaring inflation coupled with the Home undergraduate fee rate remaining at £9,250 since 2017.

Consolidated income for 2022-23 was £316.3m, up by £11m (4%) on the previous year, despite a fall in Tuition Fee compared to 2021/22 as a result of a large undergraduate cohort graduating in 2022.

Inflationary and cost of living pressures have proved challenging to absorb in the year, this with our continuing investment in the University strategy meant that we reported an underlying operating deficit of £20.6 million as seen on page 30, an increase of £14.0m compared to 2021-22 (£6.6m deficit).

We also invested around £44m in our estate and IT infrastructure to advance the University and improve the student experience.

As the UK economy continues to be impacted by strong inflationary pressures, the final deficit position reinforces the need for strong financial performance controls going forward to ensure we continue to manage our resources efficiently during this period, prioritising activities that have the greatest financial positive impact in the short-term as well as capitalising on opportunities to grow our income levels.

Scope of the financial statements

The consolidated financial statements cover the University (including Surrey Research Park) and its subsidiary companies, notably Surrey Sports Park Limited.

Income and expenditure

The headline result for 2022-23 was a consolidated deficit of £22.4m (2021/22 £59.8m deficit). This position includes a number of significant non-operational movements which distort the underlying performance of the University. So, in reviewing financial performance, we focus on the underlying operating surplus/(deficit) position.

This excludes certain items over which we have little or no control and which we do not include in our budgets.

The items we exclude from the underlying operating surplus/(deficit) are:

- movements on the provision for payments under the Universities Superannuation Scheme (USS) deficit recovery plan
- movements in the fair value of interest rate swaps which do not qualify for hedge accounting
- movement in the annual valuation of the Surrey Research Park
- investment gains
- endowment and restricted income/expenditure

Adjusting for these items we made an underlying operating deficit of £20.6m as investment continues to further improve the quality of our teaching, research and the student experience. A deficit position for the year was budgeted, reflective of these investments, however the inflationary pressures have contributed to this sizeable deficit.

Table 1: Reconciliation to underlying operating (deficit)/surplus

	2022/23	2021/22
	£m	£m
Consolidated deficit for the year	(22.4)	(59.8)
Movement on USS provision	(12.7)	67.4
Decrease in interest rate swaps liability	(0.3)	(0.4)
Loss/(gain) on Surrey Research Park revaluation	15.6	(12.1)
Other investment (losses)/gains	0.0	(0.5)
Endowment and restricted income (net of expenditure)	(0.8)	(1.2)
Underlying consolidated operating deficit for the year	(20.6)	(6.6)

Income

Consolidated income of £316.3m was £11m (4%) higher than the previous year.

Table 2: Consolidated income

	2022/23	2021/22
	£m	£m
Funding council grants	48.4	43.5
Tuition fees and education grants	150.7	155.2
Research grants and contracts	42.4	41.3
Residences, Catering and Conferences	38.6	34.2
Other income	18.2	15.0
Investment income, donations and endowments	18.0	16.1
Total	316.3	305.3

Tuition fee income was £4.5m (3%) lower than in 2021/22 with Undergraduate fee income being £3.7m lower as larger student cohorts from previous years graduated and were replaced by the smaller intakes of 2020 and 2021 linked to the pandemic.

Income from research grants and contracts ended the year at £42.4m, marginally (3%) ahead of the previous year. Income from Residences, Catering and Conferences increased significantly year-on-year (13%) through increased rental yields and improved occupancy levels.

Investment income, donations and endowments increased by £1.9m. Investment income saw an increase of £3.3m driven by increased interest rate movements on investments offset by a £1.4m reduction in donations and endowments, a £1m of which relates to a one-off donation received in 2021/22 for Blockchain and Metaverse research.

Expenditure

Total expenditure for 2022/23 was £323.3m. Ignoring the distorting impact of movements on the USS provision, this represented a £26.5m (9%) increase from the previous year.

Table 3: Consolidated expenditure

	2022/23	2021/22
	£m	£m
Staff costs – operational	176.7	170.2
Staff costs – movement on USS provision	(12.7)	67.4
Other operating expenses	110.8	95.0
Depreciation and amortisation	35.5	34.1
Interest and other finance costs	13.0	10.2
Total consolidated expenditure	323.3	376.9
Total consolidated expenditure excluding movement on USS provision	336.0	309.5

Operational (academic and non-academic) staff costs rose by £6.5m (4%) to £176.7m, mainly reflecting the current inflationary environment but also an increase in staff numbers, with Full-time equivalent staff numbers increasing by 81 compared to the previous year at 2,833 [2,752 in 2021/22].

Other operating expenses increased compared to last year by £15.8m (17%) to £110.8m. A large proportion of the growth is associated with inflation on Utility and Insurances costs and non-capital expenditure in accordance with the University's Forward Thinking. And Doing strategy.

Depreciation costs rose by £1.4m (4%) and interest and other finance costs rose by £2.8m (27%) due to increases in interest rates and additional interest payable in relation to a new £20m term loan facility that was entered into during the year.

Analysis of underlying operating deficit

The underlying operating deficit can be further analysed between the University's core activities, Surrey Research Park and subsidiary companies (notably Surrey Sports Park Limited) as shown below.

Table 4: Analysis of underlying operating deficit

	2022/23	2021/22
	£m	£m
University core activities	(28.8)	(15.1)
Surrey Research Park	7.0	7.5
Surrey Sports Park Limited (SSPL)	1.0	0.9
Other subsidiaries	0.2	0.1
Underlying consolidated operating deficit	(20.6)	(6.6)

University core activities

The underlying deficit for the University's core activities for 2022-23 of £28.8m reflects a combination of continued investment in activities that support the University strategy alongside the impact of inflationary pressures on both Staff and Non Staff spend.

Surrey Research Park

The Surrey Research Park generated an operating surplus for 2022/23 of £7.0m, a marginal reduction compared to the previous year (2021/22: £7.5m), reflecting a slight reduction in income year on year compounded by an increase in expenditure.

Surrey Sports Park

Surrey Sports Park Limited (SSPL) operates under an agency agreement with the University. In accordance with this agreement, the company delivers student and outreach sport as the University's agent and uses spare operational capacity to generate profit from commercial activities. The University's subsidy to SSPL to cover the cost of Student sport was £1.4m in 2022/23 (2021/22: £1.4m).

Similar to last year, SSPL generated a contribution of £1.0m (2021-22 £0.9m) from its commercial activities, with the underlying performance of the Sports Park continuing

to improve as membership income continues to grow.

Net assets

Consolidated net assets decreased by £5.3m (1%) in 2022/23 to £468.7m, driven largely by the net movement across four significant balances:

- A significant favourable improvement of £12.7m in the USS pension provision offset by:-
- a £15.6m downward revaluation of the Surrey Research Park
- a £12.2m actuarial gain on the Local Government Pension Scheme
- a £20.6m underlying operating deficit

Further comment on the pensions provisions movement is reported later in this financial review.

Table 5: Movement in consolidated net assets

	2022/23	2021/22
	£m	£m
Opening consolidated net assets	474.0	479.1
Underlying operating deficit	(20.6)	(6.6)
Local Government Pension Scheme (LGPS) actuarial gains	12.2	49.7
Movement on USS provision	12.7	(67.4)
Movement in fair value of interest rate swaps	5.2	5.4
Surrey Research Park revaluation	(15.6)	12.1
Other investment gains	0.0	0.5
Endowment and restricted income (net)	0.8	1.2
Closing consolidated net assets	468.7	474.0

Surrey Research Park valuation

The Surrey Research Park is shown on the balance sheet as an investment property asset and revalued annually by external valuers. The recent trend in the Park's value is shown below. Completed investment properties and development land are shown at valuation, properties under development are shown at cost.

The 31 July 2023 total investment properties valuation of £124.1m reflects a downward valuation of £15.6m (11%) (before allowing for additions of £1.0m), compared to 2021/22. This is due to the growth in capitalisation yields across the commercial property sector, driven by high interest rates, which in turn lowers the capital value of property.

	2023	2022	2021	2020	2019
	£m	£m	£m	£m	£m
Completed investment properties	118.9	131.0	118.8	107.8	115.1
Properties under development	1.3	0.5	1.1	0.8	0.3
Development land	3.9	7.2	6.2	5.5	6.8
Total	124.1	138.7	126.1	114.1	122.2

Pension provisions

The University participates in the following defined benefit pension schemes:

- The Universities Superannuation Scheme (USS) for academic staff and the majority of professional services and technical staff.
- The Local Government Pension Scheme (LGPS) for other staff groups. Due to rising costs, we closed this scheme to new members with effect from 1 January 2016.

Although the University continues to carry a significant liability on its balance sheet relating to the USS pension scheme (see below), as common across the sector, the LGPS fund valuation reported a net asset position at 31 July 2023 for the first time. This asset, however, has not been recognised on the balance sheet since it is not expected that the University will recover this surplus, a condition which the accounting regulations require for asset recognition.

Table 7: Pension provisions at 31 July of each year shown

	2023	2022	2021	2020	2019
	£m	£m	£m	£m	£m
Obligation to fund USS pension deficit	93.4	109.3	43.9	45.8	84.4
LGPS pension liabilities	-	13.4	61.1	67.1	40.6
LGPS – GMP benefits	-	-	-	-	1.5
Total	93.4	122.7	105.0	112.9	126.5

*included in LGPS funded pension liability figure for 2020 onwards

As the sector experienced following the 2017 and 2018 USS valuations, conclusion of the 2020 USS valuation cycle (filed with the Pensions Regulator on 30 September 2021) drove a significant adjustment in the pension deficit provision recognised in our financial statements.

At summary level, the 2020 deficit recovery plan requires greater contributions over a longer period compared to the previous deficit recovery plan, resulting in a £67.4m adverse movement on the USS provision in 2021/22. The provision movement is the net present value of the deficit recovery contributions the University is expecting to make across the period of the deficit recovery plan approved by the USS trustees.

The movement had been expected to be significantly greater, but recent increases in interest rates have lessened the growth in the liability.

All universities participating in USS have been similarly impacted. The Local Government Pension Scheme was closed to new members on 1 January 2016. A full actuarial valuation was carried out as at 31 March 2019 and updated to 31 July 2022 on an FRS102 basis by a qualified independent actuary. The sharp growth in the discount rate arising from growth in interest rates has

resulted in the valuation for this scheme at 31 July 2023 reporting a net asset position, as mentioned above. It is anticipated that this position will continue for a while as rates remain high.

Capital investment

A total of £44.1m was spent on Capital investment in 2022/23 a sizeable increase compared to (2021/22 £29.4m). Whilst 2021/22 included capital expenditure on University strategic initiatives, many of these activities only really began to gain momentum from a spend perspective in 2022/23. 2022/23 numbers also include the first stage payment relating to the acquisition of a building on campus.

Cash flow

The Balance Sheet on page 44 shows a reduction of £30.2m in Cash and Cash Equivalents, resulting largely from significant levels of capital spend and a net cash outflow on operating activities.

Table 8: Movement in consolidated available cash

	2022/23	2021/22
	£m	£m
Opening consolidated available cash	84.9	105.7
Net cash (outflow)/inflow from operating activities	(8.6)	18.4
Surrey Research Park net income	9.5	8.2
Capital investment – University	(44.1)	(29.4)
Other investments (including debt repayment fund)	(1.6)	(9.4)
Capital grants received	4.6	3.9
Investment income	2.0	0.5
Disposal of non-current asset investments	0.1	1.0
New borrowings	20.0	0.0
Debt service costs	(12.5)	(15.6)
Endowment cash received	0.4	1.6
Closing consolidated available cash	54.7	84.9
Movement	(30.2)	(20.9)

Indebtedness

Gross debt increased by £16.6m in 2022/23 to £296.5m compared to 2021/22, as the University entered into a new £20m term loan used to support the purchase of a building on campus, this was partially offset as a result of scheduled repayments on amortising loans.

Table 9: Net debt

	2022/23	2021/22
	£m	£m
Bank loans	51.6	34.1
Private placement	230.0	230.0
Other loans	10.5	11.3
Finance leases	4.4	4.5
Gross Debt	296.5	279.9
Cash and cash equivalents	24.7	31.7
Short term deposits	30.0	53.1
Net Debt	241.7	195.1

Treasury management

Our investment, borrowing and hedging strategies are determined by our Finance Committee in accordance with a Treasury Management Policy approved by the University Council.

A new £20m term loan with Lloyds Bank was entered into 2022/23 to facilitate the University's acquisition of a building on campus.

The University is in the fortunate position of having few financial covenants, only one of which is a covenant which needs to be monitored on an ongoing basis – debt must not exceed 75% of net assets (excluding pension provisions). We remain comfortably below the 75% threshold, with a ratio of 54.7% at 31 July 2023 compared with 46.8% at the end of the prior year. The overall weighted average cost of capital on bank debt and private placement funds at 31 July 2023 remained at 3.15% (2021/22: 3.22%).

During 2021/22 we selected a fund manager partner and initiated investment into a fund to meet the private placement bullet repayments which commence in 2041. An initial investment of £8m was made into the fund in 2020/21, with further plans in place to make regular contributions from the 2024/25 financial year.

Going concern

The University Council has carried out an assessment of the University's ability to continue as a going concern. Based on this assessment, a summary of which is provided in the Statement of principal accounting policies on page 46, the Council has a reasonable expectation that the University has adequate resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements. The going concern basis has therefore been adopted in the preparation of these financial statements.

Future outlook

At the time of this report, the UK economy continues to be impacted by severe inflationary headwinds. We will need to continue to manage our resources efficiently during this period, prioritising activities that have the greatest positive impact on achieving our strategic goals. We will focus on actively managing our costs carefully to ensure the level of resource to support key operational activities remains affordable and at a sustainable level, as well as exploring and identifying further opportunities to grow our income. The University is well placed to face these challenges, with diversified income from a variety of sources.

Nigel Alcock
Interim Chief Financial Officer



FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the University of Surrey ("the University") for the year ended 31 July 2023 which comprise the Consolidated and University's Statements of Comprehensive Income, the Consolidated and University's Balance Sheets, the Consolidated and University's Statement of Changes in Reserves, and the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2023, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Council has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their

operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Council, the Audit and Assurance Committee, and the internal audit function; and inspection of policy documentation as to the group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading, Audit and Assurance Committee, Council and Finance Committee minutes.
- Considering remuneration incentive schemes and performance targets
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, budget targets and income targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from research grants and contracts, where grants and conditions for the year have not been met and the risk that group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our design and evaluation of some of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included manual year-end adjustments, users with minimal postings throughout the year and unusual journal combinations relating to cash and borrowings.
- Substantive audit procedures including assessment of income recorded around the end of the year and accrued and deferred income to confirm recognition within the correct accounting period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Council and other management (as required by auditing standards), and from inspection of the group's regulatory and legal correspondence and discussed with the Council and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities and higher education legislation), taxation legislation, and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: Health and Safety Legislation, Data Protection and Employment Legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Council is responsible for the other information, which comprises the Annual Report and financial statements (including the Corporate Governance Statement). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Council responsibilities

As explained more fully in its statement set out on page 28, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by the Office for Students, 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 financial statements meet the requirements of the Accounts Direction.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 14 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 5 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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



Dean Gibbs (Senior Statutory Auditor)
 for and on behalf of KPMG LLP, Statutory Auditor
 Chartered Accountants
 15 Canada Square
 London
 E14 5GL

14 December 2023

Consolidated and University statement of comprehensive income

for the year ended 31 July 2023

	Note	Consolidated		University	
		2022-23	2021-22	2022-23	2021-22
		£000	£000	£000	£000
Income					
Funding council grants	2	48,390	43,494	48,390	43,494
Tuition fees and education grants	3	150,726	155,186	150,726	155,200
Research grants and contracts	4	42,431	41,305	42,431	41,305
Other income	6	56,817	49,220	54,060	46,151
Investment income	7	15,868	12,577	16,322	12,690
Donations and endowments	8	2,099	3,537	2,099	3,537
Total income		316,331	305,319	314,028	302,377
Expenditure					
Staff costs – operational	9	176,706	170,232	173,640	167,060
Staff costs – movement on USS provision	9	(12,711)	67,402	(12,711)	67,402
Other operating expenses	11	110,806	94,953	111,063	96,175
Depreciation and amortisation		35,477	34,111	35,466	34,100
Interest and other finance costs	12	13,037	10,214	13,041	10,190
Total expenditure		323,315	376,912	320,499	374,927
Deficit before other gains and losses		(6,984)	(71,593)	(6,471)	(72,550)
Loss on disposal of fixed assets		(3)	(217)	(3)	(217)
(Loss)/gain on investments	13	(15,515)	12,352	(15,578)	12,337
Deficit before taxation		(22,502)	(59,458)	(22,052)	(60,430)
Taxation	15a	125	(376)	(105)	(154)
Deficit for the year		(22,377)	(59,834)	(22,157)	(60,584)
Actuarial gain in respect of pension schemes		12,181	49,735	12,190	48,020
Change in fair value of hedging financial instruments		4,876	5,031	4,876	5,031
Total comprehensive income for the year		(5,320)	(5,068)	(5,091)	(7,533)
Represented by:					
Endowment comprehensive income for the year		312	833	312	833
Restricted comprehensive income for the year		445	422	445	422
Unrestricted comprehensive income for the year		(6,063)	(6,337)	(5,848)	(8,788)
Attributable to the University		(5,306)	(5,082)	(5,091)	(7,533)
Attributable to the non-controlling interest		(14)	14	-	-
		(5,320)	(5,068)	(5,091)	(7,533)
Deficit for the year attributable to:					
Non-controlling interest		(14)	14	-	-
University		(22,363)	(59,848)	(22,157)	(60,584)

All income and expenditure relates to continuing operations.
The accompanying notes form part of these financial statements.

Consolidated and University statement of changes in reserves

for the year ended 31 July 2023

Consolidated	Income and expenditure account			Cash flow	Non-controlling	Total
	Endowment	Restricted	Unrestricted	Hedge reserve	Interest	
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2021	4,665	3,834	480,874	(10,275)	-	479,098
Deficit from the income and expenditure statement	1,402	3,447	(64,697)	-	14	(59,834)
Reclassification of prior year income and expenditure	-	102	(102)	-	-	-
Reclassify endowments	(200)	200	-	-	-	-
Other comprehensive income	-	-	49,735	5,031	-	54,766
Release of endowment and restricted funds spent in year	(369)	(3,327)	3,696	-	-	-
Total comprehensive income for the year	833	422	(11,368)	5,031	14	(5,068)
Balance at 1 August 2022	5,498	4,256	469,506	(5,244)	14	474,030
Deficit from the income and expenditure statement	478	3,208	(26,049)	-	(14)	(22,377)
Reclassify endowments	280	(147)	(133)	-	-	-
Other comprehensive income	-	-	12,181	4,876	-	17,057
Release of endowment and restricted funds spent in year	(446)	(2,616)	3,062	-	-	-
Total comprehensive income for the year	312	445	(10,939)	4,876	(14)	(5,320)
Balance at 31 July 2023	5,810	4,701	458,567	(368)	-	468,710

University	Income and expenditure account			Cash flow	Non-controlling	Total
	Endowment	Restricted	Unrestricted	Hedge reserve	Interest	
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2021	4,665	3,834	490,550	(10,275)	-	488,774
Deficit from the income and expenditure statement	1,402	3,447	(65,433)	-	-	(60,584)
Reclassification of prior year income and expenditure	-	102	(102)	-	-	-
Reclassify endowments	(200)	200	-	-	-	-
Other comprehensive income	-	-	48,020	5,031	-	53,051
Release of endowment and restricted funds spend in year	(369)	(3,327)	3,696	-	-	-
Total comprehensive income for the year	833	422	(13,819)	5,031	-	(7,533)
Balance at 1 August 2022	5,498	4,256	476,731	(5,244)	-	481,241
Deficit from the income and expenditure statement	478	3,208	(25,843)	-	-	(22,157)
Reclassify endowments	280	(147)	(133)	-	-	-
Other comprehensive income	-	-	12,190	4,876	-	17,066
Release of endowment and restricted funds spend in year	(446)	(2,616)	3,062	-	-	-
Total comprehensive income for the year	312	445	(10,724)	4,876	-	(5,091)
Balance at 31 July 2023	5,810	4,701	466,007	(368)	-	476,150

The accompanying notes form part of these financial statements.

Consolidated and University balance sheet

as at 31 July 2023

	Note	Consolidated		University	
		2023	2022	2023	2022
		£000	£000	£000	£000
Non-current assets					
Intangible assets	16	14,682	5,519	14,682	5,519
Tangible assets	17	769,771	773,169	769,596	772,983
Investment properties	18	124,857	139,455	124,388	138,980
Other investments	19	11,462	10,847	19,770	18,622
Non-current receivables	20	-	-	8,750	8,750
		920,772	928,990	937,186	944,854
Current assets					
Stocks		7,300	6,840	485	529
Trade and other receivables	20	43,901	32,046	44,126	31,177
Investments	22	30,000	53,179	30,000	53,179
Cash and cash equivalents		24,748	31,742	19,411	26,413
		105,949	123,807	94,022	111,298
Creditors: amounts falling due within one year	23	(105,862)	(109,896)	(102,909)	(106,040)
Net current assets/(liabilities)		87	13,911	(8,887)	5,258
Total assets less current liabilities		920,859	942,901	928,299	950,112
Creditors: amounts falling due after more than one year	24	(356,935)	(345,219)	(356,935)	(345,219)
Provisions	26	(95,214)	(123,652)	(95,214)	(123,652)
Total net assets		468,710	474,030	476,150	481,241
Restricted reserves					
Income and expenditure reserve:					
- endowment reserve	27	5,810	5,498	5,810	5,498
- restricted reserve	29	4,701	4,256	4,701	4,256
Unrestricted reserves					
Income and expenditure reserve – unrestricted		458,567	469,506	466,007	476,731
Cash flow hedge reserve	30	(368)	(5,244)	(368)	(5,244)
Total reserves		468,710	474,016	476,150	481,241
non-controlling interest		-	14	-	-
Total		468,710	474,030	476,150	481,241

The accompanying notes form part of these financial statements.
The financial statements and notes on pages 42 to 81 were approved by the Council on 29th November 2023 and signed on its behalf on 13th December 2023


Professor G Q Max Lu
President and Vice-Chancellor


Mr C Geffen
Chair of Council

Consolidated cash flow statement

for the year ended 31 July 2023

	Note	Consolidated	
		2023	2022
		£000	£000
Cash flow from operating activities			
Deficit for the year before tax		(22,502)	(59,458)
Adjustments for non-cash items			
Depreciation	17	33,439	32,122
Amortisation of intangibles	16	2,038	1,989
Loss/(gain) on investments	13	15,515	(12,352)
Impairment of fixed assets		3	217
Loss on termination of finance lease		-	1,341
Increase in stocks		(460)	(535)
Increase in receivables		(10,586)	(5,366)
Decrease in creditors		(1,300)	(1,420)
(Decrease)/increase in provisions		(20,359)	66,922
Adjustment for investing or financing activities			
Net income from Surrey Research Park		(7,133)	(7,913)
Other investment income		(4,541)	(783)
Interest payable	12	13,037	10,214
Endowment income	27	(404)	(1,550)
Capital grant income		(5,280)	(4,874)
Cash flows from operating activities before taxation		(8,533)	18,554
Taxation		(25)	(128)
Net cash (outflow)/inflow from operating activities		(8,558)	18,426
Cash flows from investing activities			
Capital grant receipts		4,566	3,907
Disposal of non-current assets		127	1,040
Investment in deposits		(50,093)	(40,065)
Withdrawal of deposits		73,232	11,000
Surrey Research Park net cash inflow		9,489	8,171
Investment income		1,990	518
Payments made to acquire fixed assets		(35,583)	(23,186)
Payments made to acquire intangible assets		(8,477)	(6,191)
New non-current asset investments		(6,350)	(54,282)
Net cash inflow from financing activities			
New loans		20,000	-
Interest paid		(8,869)	(8,841)
Interest elements of finance lease payments		(56)	(348)
Endowment cash received		404	1,550
Repayments of amounts borrowed		(3,451)	(2,640)
Capital element of finance lease payments	31	(114)	(3,749)
		7,914	(14,028)
Decrease in cash and cash equivalents in the year	31	(6,994)	(49,884)
Cash and cash equivalents at beginning of the year		31,742	81,626
Cash and cash equivalents at end of the year		24,748	31,742

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 (2019 SORP) and in accordance with Financial Reporting Standard FRS 102. The University 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, investment properties, other investments and derivative financial instruments). The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS102) not to produce a cash flow statement for the University as it is the ultimate parent entity.

Going concern

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

The University has prepared cash flow forecasts and modelled potential risks to those cash flow forecasts for the period to 31 December 2024. Risks and opportunities are monitored on an ongoing basis as part of monthly management accounts updates and discussed monthly by the Executive Board. Further mitigating actions will be taken if needed.

The University has considered its borrowing arrangements, including the availability of a £24.5m revolving credit facility that remains undrawn. The University is satisfied that the terms of these borrowings provide appropriate security of funding and certainty of debt servicing costs. The University has forecast compliance with its financial covenants and is satisfied that it has more than adequate headroom for any potentially conceivable adverse scenario.

When reviewing the impact of Covid-19 on the going concern status of the University, the University continues

to bear the impact of a reduced level of student intake in 20/21. However management consider that the risk of any future developments of Covid-19 to be minimal and so not to impact the University's ability to continue as a going concern.

Based on the above, the Council has a reasonable expectation that the University has adequate resources to continue in operation for a period of at least 12 months from the date of signing the financial statements even when taking into account the potential risks to the cashflows referred to above. The going concern basis has therefore been adopted in the preparation of these financial statements.

Basis of consolidation

The consolidated financial statements include the University and all its material subsidiaries for the financial year ended 31 July 2023. Intra group transactions are eliminated on consolidation.

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

Recognition of income

Income from the sale of goods or services is credited to the 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.

Fee income is credited to the statement of consolidated 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. Internally-funded bursary and scholarship payments are accounted for gross as expenditure and not deducted from income.

Where students are invoiced for tuition fees for a period that spans the financial year end, that income is apportioned between financial years based on the total time the student is studying at the University, not just teaching time.

Grant funding

Government revenue grants, including funding council block grants and research grants, are recognised in income over the periods in which the University 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 in income when the University 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 on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are accounted for as donations and endowments. Donations and endowments are recognised in income either when the charitable donation has been received, or before receipt if there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability. Income from donations and endowments with donor-imposed restrictions is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income and appreciation of endowments is recorded in income in the year in which it arises as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

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

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
3. 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 initially recorded in creditors and released to the statement of comprehensive income and expenditure over the expected useful lives of the related assets.

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

Pension schemes

The principal pension schemes are the Universities Superannuation Scheme (USS) and the Surrey County Council Local Government Pension Schemes (Surrey Pension Fund).

The USS, which covers most academic and academic related staff, is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits (for some members). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the USS, the scheme's assets are not hypothecated to individual universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other universities' employees and is unable to identify its share of the underlying assets and liabilities of the USS on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102, accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme in respect of the accounting period.

Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the USS will fund the overall deficit, the University recognises a liability within provisions for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The Surrey County Council Local Government Pension Scheme (Surrey Pension Fund) is a defined benefit pension scheme with assets held in a separate trustee-administered fund. The University is able to identify its share of the underlying assets and liabilities of the Surrey Pension Fund and therefore fully adopts Section 28 of FRS 102 in respect of this scheme. The scheme closed to new members with effect from 1 January 2016.

Where the fair value of a pension scheme's assets exceeds the value of the present value of the scheme's liabilities, the resulting pension asset will only be recognised on the balance sheet if the asset can be recovered either through reduced contributions, calculated by the excess of expected future service cost over the NPV of all future contributions, or through refunds from the scheme's plan. If either of these circumstances exists, the pension asset will be recorded at either the pension asset value or the amount by which the expected future service cost exceeds the NPV of the future contributions whichever is the lowest.



The University also operates the following pension schemes for current employees:

- a. Defined contribution schemes for staff groups previously eligible for membership of the Surrey Pension Fund, temporary employees and certain employees of a subsidiary undertaking. Contributions are charged to the statement of comprehensive income and expenditure as they become payable in accordance with scheme rules.
- b. The National Health Service Pension Scheme is available to staff who immediately prior to appointment at the University were members of that scheme. This is a statutory, unfunded, multi-employer, defined benefit scheme in which the University is unable to identify its share of the underlying assets and liabilities. It is therefore accounted for on a defined contribution basis.

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 University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Agency arrangements

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

Tangible fixed assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain assets, that were revalued to fair value on the date of transition to the 2015 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.

a. Land and buildings

Under the transition rules of FRS 102, land and buildings were revalued on 1 August 2014 to fair value which is then used as its deemed cost at that date. Depreciation and impairment losses are subsequently charged on the revalued amount. Additions subsequent to this date are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Costs incurred in relation to land and buildings after initial purchase, construction or valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of up to 80 years.

No depreciation is charged on assets in the course of the construction.

b. Equipment

Equipment costing less than £10,000 per individual item, or group of related items, is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its useful life, as follows:

Motor vehicles:	5 years
Other computing equipment:	3 years
Equipment acquired for specific research projects:	Project life
Other equipment:	5 to 20 years
Furniture:	10 years

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

Finance costs

Borrowing costs and interest receivable which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Intangible assets

Intangible assets are amortised over a period of up to 7 years representing the estimated economic life of the assets and are subject to periodic impairment reviews as appropriate.

Fixed asset impairments

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate the carrying amount of the asset may not be recoverable, the impact thereof is calculated and the arising impairment is charged against the asset and the statement of comprehensive income and expenditure.

Leased assets

a. Operating lease

Costs in respect of operating leases are charged to the statement of comprehensive income and expenditure on a straight line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

b. Finance lease

Leases in which the University 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 the statement of comprehensive income and expenditure each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Maintenance of premises

The University has a cyclical long term maintenance plan, the frequency of which depends upon the level of funds available after meeting regulatory, Health & Safety and DDA compliance maintenance. Expenditure on long term maintenance which does not meet the FRS 102 criteria for capitalisation, and expenditure on all routine corrective maintenance, is charged to the statement of comprehensive income and expenditure as incurred.

Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the statement of comprehensive income and expenditure. Properties are not depreciated but are revalued annually according to market conditions as at 31 July each year.

Investments

Non-current asset investments are held on the balance sheet at fair value where this is readily available. Otherwise they are recorded at amortised cost less impairment.

Current asset investments are held at fair value with movements recognised in the statement of comprehensive income and expenditure.

Stocks

Stock is valued at the at the lower of cost and estimated selling price less costs to complete and sell.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if in practice they are available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments, with a maturity date of 3 months or less from the date of acquisition, that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly Schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1, Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471 and 478-489 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University and its subsidiaries receive 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 tangible fixed assets is included in their cost.

The University's subsidiary undertakings are subject to corporation tax in the same way as any commercial organisation, although they may be able to take advantage of Section 471 CTA 2010 to mitigate the corporation tax liability through gift aid.

Deferred taxation

Deferred tax is provided in full on subsidiary undertaking losses that are expected to be recovered in the future and on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

Financial instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS102 in full. Financial assets and financial liabilities are recognised in the balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

With the exception of derivatives, all material financial assets and liabilities meet the criteria for basic financial instruments prescribed within FRS 102 section 11.8 and are initially recognised at the transaction price plus any additional directly attributable transaction costs.

a. Short-term debtors and creditors

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

b. Derivatives

Derivatives are held on the balance sheet at fair value. The University has adopted and complied with the requirements of hedge accounting in respect of its interest rate swap. Movement in the fair value is recorded within other comprehensive income.

Research and development

Expenditure on general research and development is accounted for as an expense in the statement of comprehensive income in the year in which it is incurred.

Design and content costs relating to the development of websites to support specific teaching or training courses, or for specific research projects, are capitalised. These are amortised over the useful economic life of projects. Where there is uncertainty over the life of the course or its viability such costs are written off as incurred, as are design and content costs for websites that are for the general use of the University and its staff.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the cashflow relating to the provision extend for a number of years, the amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will

only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a probable asset, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowments made to the University, are held as a permanently restricted fund.

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

Key sources of estimation uncertainty

The Financial Statements are based on a number of key estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Pensions

The various assumptions and parameters used in the valuation of the pension liabilities are disclosed in note 36, together with the key sensitivities in relation to the impact of those assumptions on the net pension liabilities.

In accordance with FRS 102, since the USS scheme meets the definition of a multi-employer scheme, the University recognises the discounted fair value of the contractual contributions under the USS deficit recovery plan in existence at the date of signing the financial statements.

The valuation of the balance sheet liability in respect of the University's share of the USS pension deficit requires assumptions relating to future salary increases and growth in headcount. These assumptions, which are derived from the University's latest planning round, are set out in note 36.

As described in note 36, the current USS pension deficit liability is based on the recovery rates and period from the 2020 valuation, which is the most recent valuation.

The valuation of the Surrey Pension Fund at 31 July 2023 reported a net pension asset. In line with the recognising pensions asset policy above and when considering whether there will be any reduced future contributions as

a consequence, it was assumed that a minimum funding requirement does exist for future service plans but not for past service. When calculating the net present value of future contributions, an annuity factor of 6.2 was applied to all payments, being the factor for 15.6 years which was considered to be applicable for this Scheme as advised by the actuaries. As disclosed in note 36, no pension asset has been recognised for this Fund as it was estimated that the University would not benefit from reduced future contributions as a result of the Fund asset.

The Surrey Pension Fund actuaries included an estimate of the cost of the impact of the McCloud judgment (a Public service pensions age discrimination case) in the pension liability valuation at 31 July 2020. No further adjustment has been made in the pension liability valuations at 31 July 2022 or 31 July 2023.

The full impact of the indexation from the guaranteed minimum pension (GMP) benefits court case was included in the both the valuation of the Surrey Pension Fund liability at 31 July 2020, used as the starting point for the accounting roll-forward calculations for the valuation at 31 July 2022, and the triennial valuation of the Fund at 31 March 2022 used as the starting point for the accounting roll-forward calculations for the valuation at 31 July 2023. An allowance for the full GMP indexation was therefore included in the valuations at 31 July 2022 and 31 July 2023. The actuaries consider that further ruling regarding the historic transfers from GMP equalisation is unlikely to be significant in terms of impact on the pension obligations and so no allowance for this has been made at 31 July 2022 or 31 July 2023.

The discount rates used in estimating the pension liabilities were determined with reference to market yields on high quality corporate bonds at 31 July, as follows:

- (i) For the Surrey Pension Fund, a Hymans Robertson corporate bond yield curve was constructed based on the constituents of the iBoxx AA corporate bond index.
- (ii) For the USS pension deficit liability, a Mercer Yield Curve UK was used. A single discount rate was used for all years of the deficit recovery period that assumes a constant 5% salary growth. This is broadly consistent with the University's assumptions of between -3.0% and 5% for future salary increases and for headcount growth ranging between 0% and + 3.0%.

The pension increase rate used in estimating the LGPS pension liability is usually based upon the Pension Increase (PI) Order set in the April prior to the year end. The PI Order is typically set with reference to the change in CPI inflation over the 12 months to the previous September. However, due to the significant increase in inflation in the last few months of the 2021/22, the pension increase rate used for the estimate of the LGPS liability as at 31 July 2022 was set using an estimate of the 2023 PI Order, based on the CPI change over the 12 months to August 2022. The result of this was to increase the LGPS pension liability by £7,449,000 on a University and consolidated basis.

At 31 July 2023, the actuaries reverted back to calculating the pension increase rate with reference to the PI from April of the current year i.e. at April 2023. As this PI was

set with reference to CPI at September 2022, an estimate of which was used for calculating the 31 July 2022 position, the change in the pension increase rate at 31 July 23 compared to July 22 was far less significant.

b. Fixed assets

Management assesses the useful economic life of buildings and equipment by considering the expected usage, estimated technical obsolescence, residual value and physical wear and tear of the asset. Differences between such estimates and actual results may have a material impact on the carrying values of the assets and may result in adjustments to future depreciation.

c. Investment property

Investment property has been valued on the basis of fair value. This is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. It is assumed that the property would be sold subject to any existing leases. In valuing the properties on the Research Park, the valuer has used a combination of 'Market Approach, Income Approach and Cost Approach' dependent upon the accepted basis for the asset type and its categorisation. The most appropriate valuation technique was adopted to determine the fair value of each asset based on assumptions relating to market rental yields determined from current leases and benchmarking against other research parks.

d. Fair value of swaps and their effectiveness as a hedged instrument

The University has entered into a number of interest rate swaps to hedge against variable interest rate loans. During 2020-21 all but one of the swaps was terminated as part of a larger refinancing exercise. The remaining swap has been valued at the year end using a mark-to-market value provided by the University's treasury advisors from Bloomberg data. Any ineffectiveness in the swap is charged/credited to the statement of comprehensive income for the year.

Key judgements

In considering the recoverability of debts and possible impairments to fixed assets or stock, management do not consider there to be any risk resulting from the impact of Covid-19 to these assessments.

The University is currently in dispute with the landlord of one of its student residential blocks. The dispute has two elements to it, one being which party is responsible for funding the remedial works which are required on the block to bring it back into use and the second relating to the lost rents due to the landlord for the period over which the block remained unoccupied due to safety concerns. A provision has been made to cover the size of the rent foregone over the period within which the building has been vacant based on the value of the last formal payment request that has been received from the landlord.

There are no other key judgements that have been made that have a significant effect on the amounts recognised in the financial statements other than those involving estimation uncertainty disclosed above.

2. FUNDING COUNCIL GRANTS

	Consolidated & University	
	2022-23	2021-22
	£000	£000
Recurrent grant		
OfS and Research England		
Teaching	14,727	14,261
Research	21,782	18,549
	36,509	32,810
Specific grants		
Higher Education Innovation Fund	5,973	4,757
Other	2,056	2,340
Deferred capital grants released in year		
Building	2,817	2,708
Equipment	1,035	879
	48,390	43,494

3. TUITION FEES AND EDUCATION GRANTS

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
UK & EU undergraduates	81,812	84,754	81,812	84,754
UK & EU postgraduates	5,872	7,617	5,872	7,617
Non-EU undergraduates	22,383	23,104	22,383	23,104
Non-EU postgraduates	29,769	28,960	29,769	28,960
Non-credit bearing courses	1,583	1,676	1,583	1,677
Nurse training contract	4,704	4,125	4,704	4,125
Research training support grants	4,603	4,950	4,603	4,963
	150,726	155,186	150,726	155,200

4. RESEARCH GRANTS AND CONTRACTS

	Consolidated & University	
	2022-23	2021-22
	£000	£000
Research councils	17,738	17,987
UK-based charities	3,791	3,369
Other UK government, health and hospital authorities	7,198	4,856
UK industry and commerce	2,509	2,901
EU government bodies	5,293	5,663
EU industry and commerce	1,427	1,488
Other grants and contracts	4,475	5,041
	42,431	41,305

5. GRANT AND FEE INCOME

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
The source of grant and fee income, included in notes 2 to 4 above is as follows:				
Grant income from the OfS	15,387	14,838	15,387	14,838
Grant income from other bodies	75,434	69,961	75,434	69,961
Fee income for taught awards (exclusive of VAT)	140,902	145,674	140,902	145,688
Fee income for research awards (exclusive of VAT)	3,900	3,320	3,900	3,320
Fee income from non-qualifying courses (exclusive of VAT)	5,924	6,192	5,924	6,192
Total grant and fee income	241,547	239,985	241,547	239,999

Grant income from other bodies above includes grant income from Research England and HEFCE/OfS

6. OTHER INCOME

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Residences, catering and conferences	38,591	34,162	38,107	33,631
Other services rendered	2,791	1,998	2,932	2,001
Income from use of University facilities	4,351	4,495	963	910
Other income	11,084	8,565	10,922	8,252
	56,817	49,220	52,924	44,794
Add: amounts relating to student sports membership	-	-	1,136	1,357
	56,817	49,220	54,060	46,151

7. INVESTMENT INCOME

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Investment income on endowments (note 27)	141	69	141	69
Investment income on restricted reserves	51	4	51	4
Research Park income	11,321	11,795	11,346	11,828
Income from cash deposits	1,744	393	1,726	391
Other investment income	2,611	316	3,058	398
	15,868	12,577	16,322	12,690

8. DONATIONS AND ENDOWMENTS

	Consolidated & University	
	2022-23	2021-22
	£000	£000
New endowments (note 27)	404	1,550
Donations with restrictions	1,570	1,828
Unrestricted donations	125	159
	2,099	3,537

9. STAFF

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Staff costs – operational:				
Wages and salaries	141,171	131,555	138,553	129,161
Social security costs	14,000	13,221	13,792	13,013
Pension costs	19,913	24,770	19,793	24,225
Compensation for loss of office	1,622	686	1,502	661
	176,706	170,232	173,640	167,060
Movement on USS provision	(12,711)	67,402	(12,711)	67,402
	163,995	237,634	160,929	234,462

Compensation for loss of office costs shown above were in respect of 93 employees on a consolidated basis and 91 on a University basis (2021/22: 69 employees on a consolidated basis and 68 on a University basis).

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	Number	Number	Number	Number
Full-time equivalent staff numbers:				
Research and teaching	1,306	1,222	1,306	1,222
Professional	1,052	1,045	1,003	992
Technical and experimental	131	140	131	140
Operational	333	333	283	287
Other	11	12	11	12
	2,833	2,752	2,734	2,653

The full-time equivalent staff numbers for the University above exclude those relating to activities carried out by the Surrey Sports Park Limited.

Access and participation

Included in staff costs above are the following costs that are shown as part of the access and participation costs included in note 14:

	Consolidated & University	
	2022-23	2021-22
	£000	£000
Access Investment	1,266	1,187
Financial Support	-	-
Disability Support (excluding expenditure included in Access Investment above)	1,360	1,225
Research and Evaluation	265	234
	2,891	2,646

Staff costs are calculated on an actual basis by referencing each individual's pay plus employer's NI and pension costs. For most departments a standard percentage of staff costs has been used, reflecting the proportion of home students meeting the Widening Participation criteria.

10. EMOLUMENTS OF HIGHER PAID STAFF

	Consolidated & University	
	2022-23	2021-22
	£000	£000
Emoluments of President and Vice-Chancellor:		
Salary	305	297
Bonus/performance-related pay	13	1
Taxable benefits	25	22
Allowance in lieu of pension contributions	47	46
	390	366
Pension contributions	19	17
	409	383

In accordance with the Accounts Direction issued by the Office for Students (OfS), bonuses are reflected in emoluments in the year during which they are awarded. The 2022-23 bonus awarded of £12,660 reflects the 2021-22 performance and similarly the 2021-22 bonus awarded of £500 reflects the 2020-21 performance.

The salary rise is commensurate with the 3.0% cost of living rise awarded by the Remuneration Committee in October 2022.

Taxable benefits for the Vice Chancellor include £21,000 (2021-22: £18,000) relating to the provision of accommodation and associated utilities and £4,000 (2021-22: £4,000) for the cost of private healthcare cover.

Summary justification for total remuneration package for the President and Vice-Chancellor

In determining the Vice-Chancellor's remuneration the University has complied with the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC).

The Vice-Chancellor commenced employment at the University of Surrey on 25 April 2016. His salary is determined by the Remuneration Committee, based upon an assessment of his performance and benchmarking to sector norms.

Professor Lu asked the Remuneration Committee to reduce his salary by £25,000 per annum with effect from 1 April 2019. As a result his current basic remains lower than when he started at the University in 2016 (which was £310,000).

Pay ratios

Ratios of the President and Vice-Chancellor's emoluments to the median pay of all other employees (on a full-time equivalent basis) were as follows:

	Consolidated	
	2022-23	2021-22
Basic pay	7.3	7.4
Total remuneration	7.9	7.8

In accordance with the Accounts Direction issued by the OfS, the calculation for the pay ratio above is based on all employees (including associate staff) that are included in real-time reporting to HMRC. The calculation excludes Unitemps* workers who are included in real-time reporting to HMRC but are not classed as employees.

*Unitemps is the University's in-house recruitment agency

10. EMOLUMENTS OF HIGHER PAID STAFF (CONT.)

	Consolidated	
	2022-23	2021-22
Basic salary of higher paid staff including the Vice-Chancellor (on a full-time equivalent basis):	Number of employees	
£100,000-£104,999	30	25
£105,000-£109,999	14	13
£110,000-£114,999	13	8
£115,000-£119,999	12	4
£120,000-£124,999	7	4
£125,000-£129,999	9	14
£130,000-£134,999	8	9
£135,000-£139,999	6	6
£140,000-£144,999	8	2
£145,000-£149,999	2	5
£150,000-£154,999	8	1
£155,000-£159,999	1	1
£160,000-£164,999	1	1
£165,000-£169,999	1	-
£170,000-£174,999	-	1
£175,000-£179,999	2	1
£180,000-£184,999	1	1
£185,000-£189,999	-	1
£190,000-£194,999	2	-
£195,000-£199,999	-	1
£200,000-£204,999	1	-
£210,000-£214,999	1	-
£225,000-£229,999	2	2
£250,000-£254,999	-	1
£295,000-£299,999	-	1
£300,000-£304,999	1	-
	130	102

In accordance with the Accounts Direction issued by the OfS, these bands exclude staff who joined or left part way through the year who would have received basic salary in these bands in a full year.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University defines its 'key management personnel' to be the Executive Board members.

Key management personnel compensation is included in staff costs. The full-time equivalent number of key management personnel was 11.9 (2021-22: 12.2).

	Consolidated	
	2022-23	2021-22
	£000	£000
Salary, social security costs, pension contributions, compensation for loss of office and other emoluments	3,001	2,639

Executive Board Variable Pay

The University's Executive Board Variable Pay scheme incentivises Executive Board delivery of the University's immediate and longer-term strategic goals, as well as on achievement of personal objectives. The revised scheme applies to the Vice Chancellor, and all members of the Executive Board.

Scheme Rules:

The scheme accrued 10% of the President and Vice-Chancellor and Executive Board members' compensation annually, requiring the attainment of agreed goals and targets in order to pay out. However, to encourage alignment to the University strategy, this 10% will now be available as follows:

- Up to 5% of pay annually, subject to satisfactory achievement of annual personal goals;
- 5% per annum to be accrued and only paid out upon successful attainment of the University strategic goals for the three academic years ending 2023/24.

The President and Vice-Chancellor and Executive Board members can earn up to a further 20% of one year's basic

pay, based on the extent of the over-achievement of the University strategic goals. These will be measured at the end of the 2023/24 academic year, by specifically focusing on the stretch targets documented below:

- Top Decile for Assessment and Feedback in NSS
- Top Decile for Graduate Employability
- £54m Research Grant & Contract Income
- 1.90 Field Weighted Citation Index
- 77% Staff Satisfaction
- 1.5% underlying operating surplus

The stretch goals are designed to encourage a long-term focus on the University's vision and ambitions alongside a focus on immediate strategic priorities. Payout will be dependent on achieving these financial and other goals and will be closely monitored by the Remuneration Committee, which retains the discretion to adjust or cancel awards based upon performance against targets which are impacted or manipulated by internal or external events.

Pay out Example:

Based on a nominal salary of £100,000 pa

	No strategic, stretch or personal targets met (No stretch targets met)	All personal and strategic targets met (No stretch targets met)	All personal and strategic targets met, and 2 stretch targets	Maximum Pay-out (all personal goals + all stretch targets)
2021/22	0% £0	5% £5,000	5% £5,000	5% £5,000
2022/23	0% £0	5% £5,000	5% £5,000	5% £5,000
2023/24	0% £0	20% £20,000	25.7% £25,700	40% £40,000
Total Reward	0% £0	30% £30,000	35.7% £35,700	50% £50,000

Performance:

There has been a significant improvement in the NSS Survey score. The University is now 4th in the NSS rankings, having improved from two years ago when it was 25th. The University has seen the highest ever research income delivery moving to £50.6m. Balanced with this is the pressure due to the external financial environment which has delivered a deficit financial position in the budget.

Pay to Date:

In the first year of operation of this Variable Pay Scheme (2022), the total paid to the Executive Board was £54,924 (excl. VC), following higher attainment of personal goals than in previous years. In percentage terms, the total 2021/22 payout was 71% of the maximum (excl. VC).

This would indicate that the scheme has helped to focus delivery on the targets which impact the University success, in the initial roll-out.

Future Pay:

Should the whole Executive Board achieve their 2023/24 goals, the amount to be paid would total £95K*. Should the University achieve all goals and stretch goals in 2024, the amount to be paid would total £571K*.

*including VC award

11. OTHER OPERATING EXPENSES

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Other operating expenses (including irrecoverable VAT) include:				
External auditors remuneration in respect of the audit of these financial statements	159	138	159	138
External auditors remuneration in respect of other services:				
Audit of the University's subsidiaries	33	26	3	-
Audit-related services	9	14	9	14
Operating lease rentals:				
Land and buildings	611	1,316	602	1,074
Other	1,607	1,316	1,534	1,323
Foreign exchange losses/(gains)	47	(140)	47	(140)

The total consolidated statutory audit fee payable directly to KPMG, net of VAT, was £164,000 (2021-22: £140,000).

Trustees

No trustee received payment for serving as a trustee during the year (2021-22: £nil)

No trustee received payment for services provided to the University (2021-22: £nil)

Expenses totalling £537 were paid to two trustees during the year (2021-22: £340 to two trustees)

12. INTEREST AND OTHER FINANCE COSTS

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
On bank loans and other loans				
Loans wholly repayable within five years	-	-	-	-
Loans not wholly repayable within five years	9,173	8,855	9,173	8,855
	9,173	8,855	9,173	8,855
On finance leases	56	348	56	348
Decrease in fair value of derivatives	(299)	(367)	(299)	(367)
Net charge on pension scheme	4,089	1,375	4,094	1,351
Other interest payable	18	3	17	3
	13,037	10,214	13,041	10,190

13. (LOSS)/GAIN ON INVESTMENTS

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
(Loss)/gain on revaluation of Research Park	(15,606)	12,063	(15,606)	12,063
Other investment property losses	-	(139)	-	(139)
Gain on sale of investments	85	1,017	85	1,017
Loss on revaluation of other investments	6	(589)	(57)	(604)
	(15,515)	12,352	(15,578)	12,337

14. ACCESS AND PARTICIPATION

	Consolidated & University	
	2022-23	2021-22
	£000	£000
Access Investment	1,810	1,741
Financial Support	2,033	2,047
Disability Support	1,386	1,422
Research and Evaluation	324	353
	5,553	5,563

The figures above show expenditure only and do not reflect any grants or allowances received.

Expenditure has been included in the disclosure for Disability Support at an allocation rate of 13% representing the percentage of enrolled students declaring a disability.

The full access and participation plan for the University for this year and future years can be accessed here:

surrey.ac.uk/about/governance/access-plans

15A. TAXATION

	Consolidated	
	2022-23	2021-22
	£000	£000
Recognised in the statement of comprehensive income		
Theatre tax charge	3	10
Tax on profits/losses of subsidiary undertakings	(229)	221
Foreign tax	101	145
Tax (credit)/charge	(125)	376

15B. FACTORS AFFECTING TAX (CREDIT)/CHARGE

	Consolidated	
	2022-23	2021-22
	£000	£000
Deficit before taxation	(22,502)	(59,458)
Deficit multiplied by standard rate of corporation tax in the UK of 21% (2021-22: 19%)	(4,725)	(11,297)
Factors affecting charge:		
University deficit exempt from tax	4,631	11,482
Theatre tax charge	3	10
Foreign tax	101	145
Other differences attributable to subsidiaries	(123)	29
Deferred tax movement	(13)	7
Total tax (credit)/charge (note 15a)	(125)	376

16. INTANGIBLE ASSETS

Consolidated & University

	Assets under construction	Software	Total
	£000	£000	£000
Cost			
At 1 August 2022	-	19,206	19,206
Reclassified from tangible fixed assets	2,733	-	2,733
Additions at cost	7,565	912	8,477
Transfers	(5,201)	5,201	-
Disposals	-	(413)	(413)
At 31 July 2023	5,097	24,906	30,003
Amortisation			
At 1 August 2022	-	13,687	13,687
Charge for the year	-	2,038	2,038
Disposals	-	(404)	(404)
At 31 July 2023	-	15,321	15,321
Net book value			
At 31 July 2023	5,097	9,585	14,682
At 31 July 2022	-	5,519	5,519

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17. TANGIBLE FIXED ASSETS

Consolidated

	Land and buildings		Assets under construction	Plant and equipment	Total
	Freehold	Leasehold	£000	£000	£000
Cost					
At 1 August 2022	859,265	5,806	20,662	182,616	1,068,349
Additions at cost	5,663	-	24,023	3,124	32,810
Transfers	20,039	-	(26,632)	6,593	-
Reclassified to intangible fixed assets	-	-	3,459	(6,192)	(2,733)
Disposals	-	-	-	(5,846)	(5,846)
At 31 July 2023	884,967	5,806	21,512	180,295	1,092,580
Depreciation					
At 1 August 2022	148,187	1,918	-	145,075	295,180
Charge for the year	24,755	161	-	8,523	33,439
Transfers	635	(635)	-	-	-
Disposals	-	-	-	(5,810)	(5,810)
At 31 July 2023	173,577	1,444	-	147,788	322,809
Net book value					
At 31 July 2023	711,390	4,362	21,512	32,507	769,771
At 31 July 2022	711,078	3,888	20,662	37,541	773,169

University

	Land and buildings		Assets under construction	Plant and equipment	Total
	Freehold	Leasehold	£000	£000	£000
Cost					
At 1 August 2022	859,107	5,806	20,662	182,611	1,068,186
Additions at cost	5,663	-	24,023	3,124	32,810
Transfers	20,039	-	(26,632)	6,593	-
Reclassified to intangible fixed assets	-	-	3,459	(6,192)	(2,733)
Disposals	-	-	-	(5,846)	(5,846)
At 31 July 2023	884,809	5,806	21,512	180,290	1,092,417
Depreciation					
At 1 August 2022	148,846	1,283	-	145,074	295,203
Charge for the year	24,744	161	-	8,523	33,428
Disposals	-	-	-	(5,810)	(5,810)
At 31 July 2023	173,590	1,444	-	147,787	322,821
Net book value					
At 31 July 2023	711,219	4,362	21,512	32,503	769,596
At 31 July 2022	710,261	4,523	20,662	37,537	772,983

At 31 July 2023 freehold land and buildings included £143,909,000 (2022: £143,909,000) in respect of freehold land which is not depreciated.

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The freehold and leasehold land and buildings comprising the University's estate were valued as at 1 August 2014 by an external valuer, Gerald Eve LLP, a regulated firm of chartered surveyors. The valuation was prepared in accordance with the requirements of the RICS valuation – Professional Standards (January 2014 amendment), FRS 102 and the 2015 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a fair value basis, with non-specified operational properties valued on a fair value basis equating to market value on the assumption of a continuation of the existing use. The valuation is reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

During the year there were no borrowing costs capitalised in fixed assets (2021-22: £nil)

Tangible fixed assets include the following with respect to assets held under finance leases:

	Consolidated & University	
	2023	2022
	£000	£000
Net book value		
Land and buildings	4,362	4,521
Equipment	2	9
	4,364	4,530
Depreciation charge for year		
Land and buildings	161	196
Equipment	7	7
	168	203

18. INVESTMENT PROPERTIES

Consolidated	Research Park Buildings				Other buildings	Total
	Undeveloped land	Under development	Completed buildings			
	£000	£000	£000	£000		
At 1 August 2022	7,175	541	130,949	790	139,455	
Additions	-	1,014	-	-	1,014	
Transfers	-	(219)	219	-	-	
Change in market value	(3,302)	-	(12,304)	(6)	(15,612)	
At 31 July 2023	3,873	1,336	118,864	784	124,857	

University	Research Park Buildings				Other buildings	Total
	Undeveloped land	Under development	Completed buildings			
	£000	£000	£000	£000		
At 1 August 2022	7,175	541	130,949	315	138,980	
Additions	-	1,014	-	-	1,014	
Transfers	-	(219)	219	-	-	
Change in market value	(3,302)	-	(12,304)	-	(15,606)	
At 31 July 2023	3,873	1,336	118,864	315	124,388	

The Research Park completed buildings, which have a historical cost of £59,981,000 (2022: £59,762,000), were valued as at 31 July 2023 by an external valuer, Deloitte LLP. The valuation of the property was in accordance with Valuation Practice Standard 3 of the RICS Valuation – Global Standards 2017 (revised July 2017) ('The Red Book').

The valuation was prepared on the basis of fair value, defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

19. OTHER NON-CURRENT INVESTMENTS

Consolidated	Subsidiary companies	Other non current investments	Total
	£000	£000	£000
	At 1 August 2022	-	10,847
Additions	-	150	150
Change in market value	-	465	465
At 31 July 2023	-	11,462	11,462

University	Subsidiary companies	Other non current investments	Total
	£000	£000	£000
	At 1 August 2022	7,906	10,716
Additions	700	51	751
Change in market value	22	375	397
At 31 July 2023	8,628	11,142	19,770

Significant shareholdings in subsidiaries

Name	Nature of business	Class of share	% held
Blackwell Park Ltd (BPL)	Property development	Ordinary	100
Surrey Sports Park Limited (SSPL)	Sports park management	Ordinary	100
University of Surrey Seed Fund Limited	Technology investment	Ordinary	100
Innovate Surrey Ltd	Holding company	Ordinary	100
All subsidiaries are registered in England and Wales			

20. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade receivables	17,014	7,707	16,673	6,963
Amounts owed by subsidiary undertakings	-	-	9,442	9,336
Other receivables including taxation	505	942	509	350
Deferred tax (note 21)	124	111	-	-
Prepayments	5,630	6,204	5,628	5,444
Accrued income	20,628	17,082	20,624	17,834
	43,901	32,046	52,876	39,927

Deferred tax receivable relates to deferred tax credits arising in subsidiary companies. The recoverability of this balance is dependent on future trading profits of Surrey Sports Park Limited and Blackwell Park Ltd.

Amounts owed by subsidiary undertakings includes £8,750,000 that is receivable after more than one year.

21. DEFERRED TAX ASSET

	Consolidated		University	
	2023	2022	2023	2022
	£000	£000	£000	£000
The deferred tax asset comprises:				
Accelerated capital allowances	6	10	-	-
Short-term timing differences	118	101	-	-
	124	111	-	-
Deferred tax asset excluding pension:				
Balance at 1 August	111	118	-	-
Credit/(charge) to the statement of comprehensive income	13	(7)	-	-
Balance at 31 July	124	111	-	-

22. CURRENT ASSET INVESTMENTS

	Consolidated & University	
	2023	2022
	£000	£000
Short-term deposits (maturing within 1 year)	30,000	53,139
Other investments	-	40
	30,000	53,179

Short term deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than 3 months and less than 12 months maturity at inception.

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2023	2022	2023	2022
	£000	£000	£000	£000
Unsecured loans (note 25a)	6,686	5,284	4,186	2,743
Obligations under finance leases	2,042	1,513	2,042	1,513
Payments received on account	6,308	6,926	6,308	6,926
Trade creditors	4,469	5,276	4,417	5,273
Amounts owed to group undertakings	-	-	248	178
Other creditors including taxation and social security	12,484	14,970	12,295	14,513
Government deferred capital grants	4,769	4,499	4,769	4,499
Accruals	17,246	25,212	16,981	24,936
Deferred income	51,858	46,216	51,663	45,459
	105,862	109,896	102,909	106,040

Deferred income

Included within deferred income are the following items of income for which the remaining elements have no performance conditions attached but have been deferred as cash was received in advance of service delivery.

	Consolidated & University	
	2023	2022
	£000	£000
Research grants received on account	13,017	12,124
Other grant income	376	484
	13,393	12,608

The rest of deferred income will be released in the period in which the University recognises the related costs for which the income is intended to fund.

24. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated & University	
	2023	2022
	£000	£000
Unsecured loans (note 25a)	285,306	270,158
Obligations under finance leases	2,380	3,023
Government deferred capital grants	69,249	67,187
Derivatives	-	4,851
	356,935	345,219

The derivatives relate to interest rate swaps that the University has entered into in order to fix the interest rate payable on certain borrowings.

During 2022-23 a hedging gain of £356,000 (2021-22: £367,000 gain) was recognised in the statement of comprehensive income and expenditure for changes in fair value of interest rate swaps and £4,876,000 was reclassified from the cash flow hedge reserve to the statement of comprehensive income (2021-22: £5,031,000)

25. BORROWINGS

a. Unsecured loans

	Consolidated		University	
	2023	2022	2023	2022
	£000	£000	£000	£000
Unsecured loans are repayable as follows:				
Within one year or on demand	6,686	5,284	4,186	2,743
Between one and two years	4,300	2,852	4,300	2,852
Between two and five years	13,653	9,270	13,653	9,270
Over five years	267,353	258,036	267,353	258,036
	291,992	275,442	289,492	272,901
Due within one year or on demand	(6,686)	(5,284)	(4,186)	(2,743)
Due after more than one year	285,306	270,158	285,306	270,158
Unsecured loans repayable by 2052	291,992	275,442	289,492	272,901

	£000	Interest rate basis	Maturity	Borrower
Unsecured loans at 31 July 2023 were as follows:				
Banks:				
Santander	32,280	variable	2035	University
Lloyds	19,333	variable	2038	University
Private Placement:				
Pricoa	40,000	fixed	2041	University
North Western Mutual	10,000	fixed	2041	University
Legal & General	40,000	fixed	2046	University
Pricoa	55,000	fixed	2046	University
North Western Mutual	60,000	fixed	2051	University
BAE Systems Pension Fund	25,000	fixed	2052	University
Other:				
Department of Business Energy and Industrial Strategy (BEIS)	7,302	fixed	2031	University
Other	577	nil	Not fixed	University
University	289,492			
Other	2,500	fixed	2023*	BPL
Consolidated	291,992			

All loans are unsecured. The bank loan agreement and the private placement note purchase agreements include a negative pledge clause whereby the University undertakes not to grant security over its assets to third parties.

*The loan to Blackwell Park Ltd is repayable on 30 April 2024 unless otherwise agreed between the two parties.

The weighted average interest rate for 2022-23, inclusive of lender margins and swap costs, was 3.15% (2021-22: 3.22%)

25. BORROWINGS (CONT.)

b. Finance leases

The total minimum lease payments relating to finance lease obligations are as follows:

Consolidated & University	2023			2022		
	Land & buildings	Plant & equipment	Total	Land & buildings	Plant & equipment	Total
	£000	£000	£000	£000	£000	£000
Within one year	2,742	-	2,742	1,281	-	1,281
Between two and five years	2,539	-	2,539	3,636	-	3,636
Over five years	169	-	169	347	-	347
Total minimum lease payments	5,450	-	5,450	5,264	-	5,264
Less: interest payable	(1,028)	-	(1,028)	(728)	-	(728)
Net finance lease obligation	4,422	-	4,422	4,536	-	4,536

26. PROVISIONS

Consolidated	Obligation to fund deficit on USS pension	Defined benefit obligations	Pension enhancements on termination	Other	Total
	£000	£000	£000	£000	£000
At 1 August 2022	109,271	12,416	1,026	939	123,652
Utilised in year	(6,834)	(1,041)	(99)	-	(7,974)
Charged/(credited) to statement of comprehensive income	(9,072)	(11,375)	(17)	-	(20,464)
At 31 July 2023	93,365	-	910	939	95,214

University	Obligation to fund deficit on USS pension	Defined benefit obligations	Pension enhancements on termination	Other	Total
	£000	£000	£000	£000	£000
At 1 August 2022	109,271	12,416	1,026	939	123,652
Utilised in year	(6,834)	(1,041)	(99)	-	(7,974)
Charged/(credited) to statement of comprehensive income	(9,072)	(11,375)	(17)	-	(20,464)
At 31 July 2023	93,365	-	910	939	95,214

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated salary inflation and future staff levels within the USS scheme for the duration of the contractual obligation. Key assumptions are set out below and further information is provided in note 1.

Included in the Obligation to fund the USS pension deficit are deficit recovery contributions due within one year of £6,879,000 (2022: £6,525,000).

The defined benefit obligations comprise the deficits on the local government pension scheme (Surrey Pension Fund). Obligations and payments are subject to revision following each triennial valuation. The current agreed repayment plan is for the University to make monthly payments to the Surrey Pension Fund to repay the deficit in full by 31 March 2034. From 1 August 2020 to 31 March 2023 payments totalling £1,366,000 p.a. were made. From 1 April 2023, payments are made at 5.5% of pay. The total payment made in the year to 31 July 2023 was £1,041,000.

For the assumptions on the discount rate and inflation used for calculating the provision for pension enhancements on termination see note 36b.

27. ENDOWMENT RESERVE

Consolidated & University	Restricted permanent	Restricted expendable	2023 Total	2022 Total
	£000	£000	£000	£000
Balances at 1 August				
Capital	1,632	3,288	4,920	3,844
Accumulated income	376	202	578	821
	2,008	3,490	5,498	4,665
New endowments	-	404	404	1,550
Investment income	41	100	141	69
Expenditure	(46)	(400)	(446)	(369)
Decrease in market value of investments	(46)	(21)	(67)	(217)
Transfer from/(to) other reserves	280	-	280	(200)
	229	83	312	833
At 31 July	2,237	3,573	5,810	5,498
Represented by:				
Capital	1,878	3,378	5,256	4,920
Accumulated income	359	195	554	578
	2,237	3,573	5,810	5,498
Analysis by purpose:				
Scholarships and bursaries	952	1,324	2,276	1,957
Prize funds	-	511	511	503
Hardship funds	1,261	64	1,325	1,149
Educational	-	1,498	1,498	1,644
Other	24	176	200	245
	2,237	3,573	5,810	5,498
Analysis by asset:				
Investment property			315	315
Listed investments			2,305	2,338
Cash held as part of investment portfolio			320	82
Cash held at bank for endowment funds			2,870	2,763
			5,810	5,498

28. CONNECTED CHARITABLE INSTITUTIONS

A number of charitable institutions are administered by the University and have been established for its general or specific purposes. As a result, under paragraph 28 of schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. All connected institutions are included in these consolidated financial statements. The movements in the year on the total funds of connected institutions, are reported in their own accounts, were as follows:

Connected institutions with income under £100,000	At 1 August 2022	Income	Expenditure	Change in market value	At 31 July 2023
	£000	£000	£000	£000	£000
Restricted expendable endowment funds:					
Scholarship (1 fund)	590	11	(6)	(10)	585
Studentship (1 fund)	2	-	-	-	2
	592	11	(6)	(10)	587

There were no connected institutions with income over £100,000.

29. RESTRICTED RESERVES

Consolidated & University	Donations	2023 Total	2022 Total
	£000	£000	£000
At 1 August 2022	4,256	4,256	3,834
New donations	3,208	3,208	3,447
Reclassification of prior year income and expenditure	133	133	102
Expenditure	(2,616)	(2,616)	(3,327)
Transfer from endowment reserve	(280)	(280)	200
At 31 July 2023	4,701	4,701	4,256
Analysis of restricted reserves by purpose:			
Studentships		503	375
Prize funds		1,585	1,509
Hardship fund		17	33
Research support		2,374	2,214
Other		222	125
		4,701	4,256

30. CASH FLOW HEDGE RESERVE

	Consolidated & University	
	2023	2022
	£000	£000
At 1 August 2022	(5,244)	(10,275)
Hedging gain	4,876	5,031
At 31 July 2023	(368)	(5,244)

31. ANALYSIS OF CHANGES IN NET DEBT

Consolidated	At 1 August 2022	Cash flows	Non-cash changes	At 31 July 2023
	£000	£000	£000	£000
Loans due within one year (note 23)	(5,284)	3,450	(4,852)	(6,686)
Loans due after one year (note 24)	(270,158)	(20,000)	4,852	(285,306)
Finance leases (note 25b)	(4,536)	114	-	(4,422)
Financing	(279,978)	(16,436)	-	(296,414)
Cash and cash equivalents	31,742	(6,994)	-	24,748
Short term deposits (note 22)	53,139	(23,139)	-	30,000
	(195,097)	(46,569)	-	(241,666)

32. CAPITAL COMMITMENTS

	Consolidated & University	
	2023	2022
	£000	£000
Commitments contracted at 31 July	3,988	6,695

33. LEASE OBLIGATIONS

Total future minimum lease payments payable under non-cancellable operating leases are as follows:

Consolidated	2023		2022	
	Land & buildings	Plant & equipment	Land & buildings	Plant & equipment
	£000	£000	£000	£000
Expiry date:				
Within one year	57	330	51	404
Between two and five years	46	144	156	437
Over five years	-	-	-	-
	103	474	207	841

University	2023		2022	
	Land & buildings	Plant & equipment	Land & buildings	Plant & equipment
	£000	£000	£000	£000
Expiry date:				
Within one year	55	282	47	231
Between two and five years	46	144	156	135
Over five years	-	-	-	-
	101	426	203	366

33. LEASE OBLIGATIONS (CONT.)

Total future minimum lease payments receivable under non-cancellable operating leases are as follows:

Consolidated	2023	2022
	Land & buildings	Land & buildings
	£000	£000
Expiry date:		
Within one year	6,623	750
Between two and five years	16,204	11,098
Over five years	6,513	32,126
	29,340	43,974

University	2023	2022
	Land & buildings	Land & buildings
	£000	£000
Expiry date:		
Within one year	6,220	266
Between two and five years	15,510	10,452
Over five years	6,513	32,126
	28,243	42,844

34. CONTINGENT ASSETS AND LIABILITIES

There are no known contingent assets or liabilities.

35. FINANCIAL COMMITMENTS

There are no known financial commitments.

36. PENSION SCHEMES

The total pension cost for the University and its subsidiaries was:

	Consolidated		University	
	2022-23 Total	2021-22 Total	2022-23 Total	2021-22 Total
	£000	£000	£000	£000
USS	3,681	86,241	3,755	86,366
Local government pension scheme	2,152	4,293	2,121	4,215
Other pension schemes	1,369	1,638	1,206	1,046
Total pension cost	7,202	92,172	7,082	91,627

36. PENSION SCHEMES (CONT.)

a. Universities Superannuation Scheme (USS)

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 University cannot identify its share of the Retirement Income Builder section (i.e. the defined benefit section) of the scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, FRS 102 valuations of these assets and liabilities were:

	2020 valuation
	£000
Scheme assets	66,500,000
Total scheme liabilities	(80,600,000)
FRS 102 total scheme deficit	(14,100,000)
FRS 102 total funding level	83%

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the USS Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.15p.a. from 2040.
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post-retirement: 1.00% p.a.

The main demographic assumptions used relate 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:	101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements in mortality rates (2018 valuation):	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% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2023	2022
Males/females currently aged 65	24.0 / 25.6 years	23.9 / 25.5 years
Males/females currently aged 45	26.0 / 27.4 years	25.9 / 27.3 years

36. PENSION SCHEMES (CONT.)

Recovery plan

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 2023 deficit recovery liability reflects this plan. In accordance with the requirement of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit.

The University has used a financial model to estimate its liability to USS under the USS deficit recovery plan. The model was developed by the British Universities Finance Directors Group (BUFDG), with the support of the USS trustee company.

The following assumptions were used in that model.

	2023	2022
Opening discount rate	3.33%	0.89%
Closing discount rate	5.49%	3.33%
Salary inflation	3.30%	4.00%
Staff changes	0% to 3.0%	-1.5% to 1.2%

b. Surrey County Council local government pension scheme (Surrey Pension Fund)

The Surrey Pension Fund is valued every three years by professionally qualified independent actuaries using the projected unit method. In the intervening years the actuary follows the roll forward approach.

The contribution rate payable by the employer as a percentage of payroll has been 26.0% since 1 August 2020. This percentage reflects the future service contribution. The past service deficit will be met by the payment of monetary amounts. A new repayment plan commenced from August 2020. Payments made in respect of the past service deficit during the year were £1,041,000 (2021-22: £1,336,000).

Under the definitions set out in section 28 of FRS 102 "Employee benefits", the Surrey Pension Fund is a multi-employer defined benefit pension scheme. The actuary has identified the University's share of its assets and liabilities as at 31 July 2023.

A full actuarial valuation was carried out as at 31 March 2022 and updated to 31 July 2023 on an FRS 102 basis by a qualified independent actuary. The material assumptions used by the actuary were:

	2023	2022
Pension increase rate (CPI)	3.05%	9.90%
Salary increase rate	4.05%	3.65%
Discount rate	5.10%	3.50%

The CPI assumption has been updated to make allowance for inflation experience since September 2022. This adjustment has resulted in the CPI assumption being 0.20% higher at medium durations (between 17 and 23 years) compared to the assumption that would have been derived using the methodology adopted at 31 July 2022. The change in methodology reflects that the 2024 Pension Increase Order is expected to be higher than the market implied increase as a result of higher than expected inflation observed over the period from September 2022 to July 2023.

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 (0% 2021) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Allowance for future improvements for both current and future pensioners are based on the CMI 2021 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% pa.

36. PENSION SCHEMES (CONT.)

Based on these assumptions, the average future life expectancies at age 65 for males and females are summarised below:

	2023		2022	
	Males	Females	Males	Females
Current pensioners	20.7 years	24.5 years	22.1 years	24.5 years
Future pensioners (assumed age 31 March 2022 is 45 years)	21.6 years	25.6 years	23.1 years	26.2 years

Life expectancies for the prior period end are based on the Fund's VitaCurves.

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits.

The Group's estimated share of the assets in the scheme was:

	2023	2022
	£000	£000
Equities	95,651	92,060
Bonds	15,103	18,412
Property	10,068	9,820
Cash	5,034	2,455
	125,856	122,747

Recent changes in global and UK economic pressures and a tightening of monetary policy have had a significant impact on asset markets and corporate bond yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore both gross defined benefit obligations and assets have fallen.

As a result of high inflation, the actuaries have updated CPI assumptions to reflect that the 2024 Pension Increase Order is expected to be higher than the market implied increase.

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

Analysis of amounts shown in the balance sheet	Consolidated		University	
	Total	Total	Total	Total
	£000	£000	£000	£000
Fair value of employer assets	125,856	122,747	123,293	120,293
Present value of funded liabilities	(114,075)	(135,163)	(112,181)	(132,709)
Net underfunding in funded plans	11,781	(12,416)	11,112	(12,416)
Present value of unfunded liabilities	(876)	(984)	(876)	(984)
Less asset ceiling adjustment.	(11,781)	-	(11,112)	-
Net liability	(876)	(13,400)	(876)	(13,400)

Analysis of amounts recognised in the consolidated statement of comprehensive income	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Current service cost	2,154	4,457	2,121	4,215
Net interest	450	984	455	960
Past service cost (including curtailments)	41	-	41	-
	2,645	5,441	2,617	5,175
Actual return on plan assets	4,716	(1,173)	4,621	(1,150)

36. PENSION SCHEMES (CONT.)

b. Surrey County Council local government pension scheme (Surrey Pension Fund) (Cont.)

Analysis of amounts recognised in other comprehensive income

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Changes in financial assumptions	28,217	52,500	27,259	50,726
Changes in demographic assumptions	2,652	709	2,750	697
Other experience gains	(7,357)	(315)	(7,148)	(306)
Return on assets excluding amounts shown in net interest	450	(3,159)	441	(3,097)
Asset ceiling adjustment	(11,781)	-	(11,112)	-
Total measurements recognised in other comprehensive income	12,181	49,735	12,190	48,020

Changes in the present value of the defined benefit obligation

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Opening defined benefit obligation	136,147	185,667	133,693	181,731
Current service cost	2,154	4,457	2,121	4,215
Interest cost on defined benefit obligation	4,716	2,970	4,635	2,907
Contributions by members	470	474	457	462
Changes in financial assumptions	(30,869)	(53,209)	(30,009)	(51,423)
Other experience gains	6,500	315	6,304	306
Past service cost (including curtailments)	41	-	41	-
Estimated benefits paid	(4,117)	(4,434)	(4,094)	(4,412)
Unfunded benefits paid	(91)	(93)	(91)	(93)
Closing defined benefit obligation	114,951	136,147	113,057	133,693

The 31 March 2022 triennial funding valuation included an allowance for full GMP indexation. The roll forward position to 31 July 2023 therefore includes this allowance.

Changes in the fair value of employer assets

	Consolidated		University	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Opening fair value of employer assets	122,747	124,577	120,293	122,124
Interest on assets	4,266	1,986	4,180	1,947
Contributions by members	470	474	457	462
Contributions by the employer	2,897	3,303	2,860	3,269
Contributions in respect of unfunded benefits	91	93	91	93
Return on assets less interest	450	(3,159)	441	(3,097)
Estimated benefits paid	(4,117)	(4,434)	(4,094)	(4,412)
Other Experience	(857)	-	(844)	-
Unfunded benefits paid	(91)	(93)	(91)	(93)
Closing fair value of employer assets	125,856	122,747	123,293	120,293

Sensitivity analysis

Change in assumptions at 31 July 2023:	Approx % increase to defined benefit obligation	Approx monetary amount
	%	£000s
0.1% decrease in real discount rate	2%	1,821
1 year increase in member life expectancy	4%	4,490
0.1% increase in the salary increase rate	0%	110
0.1% increase in the pension increase rate (CPI)	2%	1,743

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

c. London Pensions Fund Authority local government pension scheme (LPFA Pension Fund)

On 7 August 2012 the University entered into a deficit repayment plan ('the Agreement') with the LPFA in relation to the pension liabilities of former employees of the University's predecessor University in the Fund. The Agreement stated that LPFA had the right to review and amend the annual deficit payment and/or the repayment period where it was estimated, on a cessation basis calculated by the Fund actuary, that the deficit amounted to £100,000 or less. The Agreement also stated that the LPFA had the right to terminate the agreement if this was the case and thus instruct the Fund actuary to carry out a final cessation valuation determining the final amount for the employer to pay.

A final cessation valuation was carried out as at 31 August 2019. This showed a surplus of £68,000 and, under the terms of the Agreement, the actuary confirmed that the University could exit the Fund with nothing to pay. This surplus was paid to the University in November 2020 at which point the scheme closed.

The cessation valuation did not include any allowance for unfunded benefits in respect of pension enhancements on termination. An amount of £34,000 is included in provisions at 31 July 2023 (2022: £42,000) in respect of these unfunded benefits, representing the 31 July 2019 valuation of £77,000 less payments made since totalling £43,000 (see note 26).

37. RELATED PARTY TRANSACTIONS

All transactions involving entities in which a member of the Council or the Executive Board may have an interest, including those identified below, are conducted in accordance with the University's financial regulations and normal procurement procedures. The University has taken advantage of the exemption under FRS 102 not to disclose transactions with subsidiaries that are wholly owned. The table below shows transactions with related parties not covered by the exemption.

Related parties include Council and Executive Board members and entities over which the Council and Executive Board members have significant influence.

2022-23	Recognised income	Recognised expenditure	Balance due to/(from) the University
	£000	£000	£000
University of Surrey Students' Union	267	1,356	78

2021-22	Recognised income	Recognised expenditure	Balance due to/(from) the University
	£000	£000	£000
Committee of University Chairs	-	2	-
University of Surrey Students' Union	197	1,285	10

38. FINANCIAL INSTRUMENTS

Carrying amount of financial instruments

The carrying amounts of the financial instruments include:

	2023	2022
	£000	£000
Assets measured at fair value through the statement of comprehensive income	149,707	148,320
Liabilities measured at fair value through the statement of comprehensive income	-	(4,851)

Assets / liabilities

The fair value of the financial assets measured at fair value through the statement of comprehensive income is determined by reference to their quoted bid price at the balance sheet date.

During the year income arising from assets measured at fair value of £7,309,000 (2021-22: £8,014,000) and net losses on changes in fair value of £15,541,000 (2021-22: £9,933,000 gains) were recognised in the statement of comprehensive income.

The University uses interest rate swaps as cash flow hedges against the risk of fluctuations in cash flows arising from interest rate changes on certain borrowings. These swaps, included in assets (2022: liabilities) above, are as follows:

Bank	Interest rate %	Maturity	Interest payment frequency	Fair value	
				2023	2022
				£000	£000
Lloyds	4.33	2035	Quarterly	(324)	4,851
				(324)	4,851

The fair value of interest rate swaps, recorded in assets (2022: liabilities), is based on broker quotes using forecast projections of SONIA. Those quotes are tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

During the year, the change in the fair value of the interest rate swap gave rise to a £356,000 charge to interest payable (2021-22: £367,000) and £4,819,000 credit to comprehensive income (2021-22: £5,031,000).

39. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

40. US SUPPLEMENTARY SCHEDULE

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

All figures are on a consolidated basis.

Primary reserve ratio

Page			2022-23	2021-22
			£000	£000
Expendable Net Assets				
44	Balance sheet – Unrestricted reserves	Net assets without donor restrictions	458,199	464,276
44	Balance sheet – Restricted reserves	Net assets with donor restrictions	10,511	9,754
77	Notes to the Financial Statements – 37 Related Party Transactions	Secured and Unsecured related party receivable	78	10
77	Notes to the Financial Statements – 37 Related Party Transactions	Unsecured related party receivable	(78)	(10)
60 & 62	Notes to the Financial Statements – 17 Tangible Fixed Assets total less Leased assets, 18 Investment properties	Property, plant and equipment, net (includes Construction in progress)	890,264	908,094
60 & 62	Notes to the Financial Statements – 17 Tangible Fixed Assets total less Leased assets, 18 Investment properties, less construction-in-progress, less post-implementation additions below	Property, plant and equipment – pre-implementation	(747,989)	(785,322)
-	Notes to the Financial Statements – Balance Sheet – Property, plant and equipment – post-implementation with outstanding debt for original purchase	Property, plant and equipment – post-implementation with outstanding debt for original purchase	(5,663)	-
81	See table at end of note	Property, plant and equipment – post-implementation without outstanding debt for original purchase	(115,100)	(102,110)
60	Notes to the Financial Statements – 17 Tangible Fixed Assets	Construction in progress	(21,512)	(20,662)
60	Notes to the Financial Statements – 17 Tangible Fixed Assets	Lease right-of-use asset, net	4,364	4,530
60	Notes to the Financial Statements – 17 Tangible Fixed Assets	Lease right-of-use asset pre-implementation	(4,364)	(4,530)
-	Notes to the Financial Statements – Balance Sheet – Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation	-	-
-	Balance Sheet – Goodwill	Intangible assets	-	-
44	Balance sheet – Intangible Assets	Intangible assets	(14,682)	(5,519)
44	Balance Sheet – Provisions	Post-employment and pension liabilities	94,275	122,713

40. US SUPPLEMENTARY SCHEDULE (CONT.)

Page	2022-23		2021-22	
	£000	£000	£000	£000
Expendable Net Assets				
66	Notes to the Financial Statements – 25 Borrowings	291,992	Long-term debt – for long-term purposes	275,442
66	Notes to the Financial Statements – 25 Borrowings	152,857	Long-term debt – for long-term purposes pre-implementation	153,824
-	Balance Sheet – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	139,135	Long-term debt – for long-term purposes post-implementation	-
-	Balance Sheet – 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	-
67	Notes to the Financial Statements – 25 Borrowings	4,422	Lease right-of-use asset liability	4,536
67	Notes to the Financial Statements – 25 Borrowings	4,422	Pre-implementation right-of-use leases	4,536
-	Balance Sheet – Lease right-of-use asset liability post-implementation	-	Post-implementation right-of-use leases	-
-	Balance Sheet – Annuities	-	Annuities with donor restrictions	-
-	Balance Sheet – Term endowments	-	Term endowments with donor restrictions	-
-	Balance Sheet – Life Income Funds	-	Life income funds with donor restrictions	-
69	Notes to the Financial Statements – 27 Endowment Reserve	(2,237)	Net assets with donor restrictions: restricted in perpetuity	(2,008)

Page	2022-23		2021-22	
	£000	£000	£000	£000
Total Expenses and Losses				
42	Statement of Comprehensive Income – Expenditure	323,315	Total expenses without donor restrictions – taken directly from Statement of Comprehensive Income	376,912
42	Statement of Comprehensive Income – Investment income, Gain/loss on investments, Actuarial gain in respect of pension schemes, Change in fair value of hedging instruments	(17,410)	Non-Operating and Net Investment (loss)	(79,695)
42	Statement of Comprehensive Income – Investment income, Gain/loss on investments	(353)	Net investment losses	(24,929)
-	Statement of Comprehensive Income – Pension related changes other than periodic pension	-	Pension-related changes other than net periodic costs	-

40. US SUPPLEMENTARY SCHEDULE (CONT.)

Page	2022-23		2021-22	
	£000	£000	£000	£000
Modified Net Assets				
44	Balance Sheet – Unrestricted reserves	458,199	Net assets without donor restrictions	464,276
44	Balance Sheet – Restricted reserves	10,511	Net assets with donor restrictions	9,754
-	Balance Sheet – Goodwill	-	Intangible assets	-
77	Notes to the Financial Statements – 37 Related Party Transactions	78	Secured and Unsecured related party receivable	10
77	Notes to the Financial Statements – 37 Related Party Transactions	78	Unsecured related party receivable	10

Page	2022-23		2021-22	
	£000	£000	£000	£000
Modified Assets				
44	Balance Sheet – Non-current assets + current assets	1,026,721	Total assets	1,052,797
60	Notes to the Financial Statements – 17 Tangible Fixed Assets	(4,364)	Lease right-of-use asset pre-implementation	(4,530)
67	Notes to the Financial Statements – 25 Borrowings	4,422	Pre-implementation right-of-use leases	4,536
-	Balance Sheet – Goodwill	-	Intangible assets	-
77	Notes to the Financial Statements – 37 Related Party Transactions	78	Secured and Unsecured related party receivable	10
77	Notes to the Financial Statements – 37 Related Party Transactions	(78)	Unsecured related party receivable	(10)

Page	2022-23		2021-22	
	£000	£000	£000	£000
Net Income Ratio				
44	Balance Sheet – Change in unrestricted reserves	(6,077)	Change in Net Assets Without Donor Restrictions	(6,109)
42	Statement of Comprehensive Income – Total income less Investment income, Loss on disposal of fixed assets	300,460	Total Revenue and Gains	292,525

Analysis of Fixed Asset Additions	Freehold and leasehold land and buildings	Equipment	Investment property	Total	Construction in progress
	£000	£000	£000	£000	£000
Net Book Value					
Assets acquired pre 1 August 2019	623,035	9,515	119,803	752,353	(11,632)
Assets acquired post 1 August 2019	92,717	22,992	5,054	120,763	33,144
	715,752	32,507	124,857	873,116	21,512



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