



University of
Strathclyde
Glasgow



Annual Report and Financial Statements

YEAR ENDED 31 JULY 2022

The place of useful learning



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Principal's Report

As a leading international technological university, the University of Strathclyde continues to apply its values, distinctiveness and ethos as 'a place of useful learning' to contribute towards tackling the grand challenges of our times. In pursuing our socially-progressive and ambitious strategic plan, Vision 2025, we continue to put our people at the heart of everything we do, recognising that our staff are the key to our success. I am delighted to share with you our financial statements and progress for 2022.

The environment in which Strathclyde is operating continues to present significant challenges – as well as opportunities. The United Kingdom is still in the process of recovering from the social and economic effects of the COVID-19 pandemic, whilst at the same time experiencing difficult economic conditions, with a substantial increase in the cost of living, rising inflation and interest rates, and the threat of recession.

However, we also see many reasons for optimism; with COVID-19 restrictions lifted the University's operations and activities have largely returned to normal, with agile working fully embedded across the institution and all students back on campus for in-person teaching for the 2022/23 academic year.

I am grateful for the hard work, planning and commitment of staff who facilitated this transition and immensely proud of how colleagues have helped to steer Strathclyde through these last few challenging years, whilst continuing to advance our objectives. The resilience, adaptability and 'can-do' attitude of our staff and students have been both impressive and highly effective.

Over the 2021/22 academic year, we have welcomed more than 10,000 new students to Strathclyde, including 730 Master's students in our January intake. While the impact of the COVID-19 pandemic was still felt in several key markets, notably East Asia, the University continued to attract large volumes of international applications from South Asia, West Africa and the Middle East.

For both January and September 2022, this resulted in our largest applicant pool on record. Applications and registrations from India have exceeded previous performance norms with over 1,000 registrations across academic year 2021/22.

Looking forward, this growth is continuing into academic year 2022/23. Over 35,000 overseas applications were submitted for September 2022 while close to 10,000 applications have been submitted for January 2023, an increase of more than 200% on the same point last year.

A core element of our home recruitment continues to focus on welcoming students from the 20% most-challenged communities in Scotland. This is in line with Scottish Government targets and central to our belief that anyone who can benefit from higher education should be able to do so, regardless of their personal circumstances.



Given the challenges of these past few years, it was pleasing to see our results in the National Student Survey 2022 scoring well above our benchmark, with 82% of our final-year undergraduate students expressing overall satisfaction with the quality of their course, compared to the UK average of 76%. This puts us in the upper quartile in the UK for overall satisfaction and in line with the key performance indicator we set ourselves in our Strategic Plan.

Our education, research, knowledge exchange and innovation activities have continued apace.

At the start of the year, we collected our third Queen's Anniversary Prize for Further and Higher Education; the highest national honour for higher education institutions. The award was in recognition of our excellence in Advanced Manufacturing and it drew on the breadth and scope of our research activity and our impact – supporting manufacturers across the aerospace, automotive, maritime, energy, photonics and pharmaceuticals sectors.

The Research Excellence Framework 2021 results, published earlier this year, showed a growing proportion of our research is of the highest quality and intensity, and we were judged in Times Higher Education's analysis of the results as having the second-highest impact quality profile in Scotland.

Almost 90% of our overall research quality profile was rated 'world-leading' or 'internationally excellent', compared to the sector average of 84%, and we achieved an above-average rating for our research environment, with 96.2% rated as 'world-leading' or 'internationally-excellent'. This reflects our investment in our staff, our facilities and our estate.

Our two Innovation Districts continue to grow and thrive. At the Advanced Manufacturing Innovation District Scotland (AMIDS) in Inchinnan, construction is nearing completion on the National Manufacturing Institute Scotland building, while the Medicines Manufacturing Innovation Centre – led by our partner, CPI – is now completed and occupied and set to become a national exemplar for Industry 4.0, supporting companies large and small to innovate and grow global markets.

In the Glasgow City Innovation District (GCID), planning on the new Charles Huang Advanced Technology & Innovation Centre is progressing, with the concept designs for a 20,000 sq.m Passivhaus standard collaborative research facility shared for public consultation. The construction project is being supported through a significant part of the extremely generous donation of £50 million made last September by alumnus Dr Charles Huang, through his charitable Foundation.

The donation from Dr Huang is also supporting the establishment of our Institute for International Business, a Global Leaders Scholarship Programme, and Entrepreneurship Awards – all in the name of the late Professor Stephen Young, Charles's PhD supervisor and mentor.

In Autumn 2021, we opened our £60 million Learning & Teaching Building which has become a thriving hub for our students, while work is shortly beginning on our Rottenrow Gardens development, as part of our Heart of the Campus transformation and our investment in our campus that will reach £1 billion by 2025.

Our partnerships with industry, academia and government continue to grow – including a new research & development programme with Boeing, strategic partnerships with NHS Lanarkshire and NHS Golden Jubilee, and the launch of our inaugural TechFest event with support from the Scottish Government's Ecosystem Fund.

We continue to focus on achieving our ambitious targets for sustainability – a 70% reduction in our greenhouse gas emissions by 2025 and Net Zero by 2040 or earlier – building on the legacy of COP26 in Glasgow.

Through the work of our Centre for Sustainable Development and within all Faculties, we prioritise climate awareness and sustainable development in our education offering and our research activities. We remain committed to reducing our own impact through increasing energy efficiency and by addressing the complex challenges of behaviour change, climate justice and a just and equitable transition. This includes working in partnership with organisations across the city to develop GCID as a Carbon Neutral Innovation District – a project now included in the city and region's £30 billion Greenprint Investment prospectus and through which Strathclyde was a named winner in the Collaboration in Net Zero category at the Centre for Engineering Education and Development's Industry Awards.

We are developing our Digital Strategy and exploring how we might use technology to deliver a sustained and strategic change to the way the University operates, driven by our people and our strategic vision for 2025 and beyond.

Our focus on our students and staff over the last year has continued to feature front and centre of our strategic thinking and decision-making.

We've made new appointments to our Executive Team – with a new University Secretary, University Compliance Officer, Chief Commercial Officer, and Chief Digital & Information Officer joining us in the last Financial Year – and through our Strathclyde Global Talent Programme recruitment campaign, we have appointed 20 new professors and 20 Chancellor's Fellows from across the globe.

We have built upon the commitments we made in our People Strategy and our Strathclyde Pledge to reduce the number of staff on fixed-term contracts, moving around 100 colleagues onto open-ended contracts in the last year, and we've extended our flexible working policy as an entitlement to all staff from day one of their employment.

Our work to advance gender equality has also continued to progress, with the Department of Civil and Environmental Engineering securing Gold Athena Swan status, the Department of Pure and Applied Chemistry's Silver award, and the School of Social Work & Social Policy's Bronze award bringing to 17 the number of Departmental Awards, in addition to our Institutional and Faculty level awards.

We have expanded our efforts to tackle gender-based violence and inappropriate behaviours through our Safe360° approach, having introduced active bystander training with the Executive Team leading by example by completing this training. We've launched the Strathclyde SOS app connecting users to on-campus Security teams.

Additionally, we have been pleased to support our staff through the cost of living crisis by making pro-rated non-consolidated payments ranging from £400 to £700 and paying the increased Voluntary Living Wage rate of £10.90/hour two months earlier than required. Together with the national pay award, the increase in the Voluntary Living Wage rate equated to a 10.1% increase in the hourly rate for those on the lowest pay scales.

The support we give to our technical staff, as a signatory to The Technician Commitment, has also been recognised with an award to mark our progress in promoting visibility, recognition, career development and sustainability for technicians.

Health and wellbeing continues to be a priority under our People Strategy, with the continuation of Meeting-Free Fridays, the recruitment of a Workplace Health and Wellbeing Manager completed, and more opportunities created for staff to look after their physical and mental wellbeing. Agile working will be a permanent part of the University going forward.

Other progressive initiatives include the carers' network, family friendly research leave and menopause policy.

All of these policies and practices undoubtedly contributed to Strathclyde being named Scotland's Best Large Employer at the S1jobs Recruitment Awards in May 2022.

The Leadership Team has begun the planning and consultation process for the next phase of Strathclyde's journey, mapping out our direction to 2030 to capitalise on our institutional momentum, distinctiveness and successes as a leading international technological university.

At the centre of our planning for 2030, as is the case for our current Strategic Plan, our values – People-Oriented, Innovative, Collaborative, Ambitious and Bold – continue to shape our thinking and decision-making.

I would like to thank all of our staff and students for their efforts and commitment as we look forward to the year ahead with optimism and confidence.

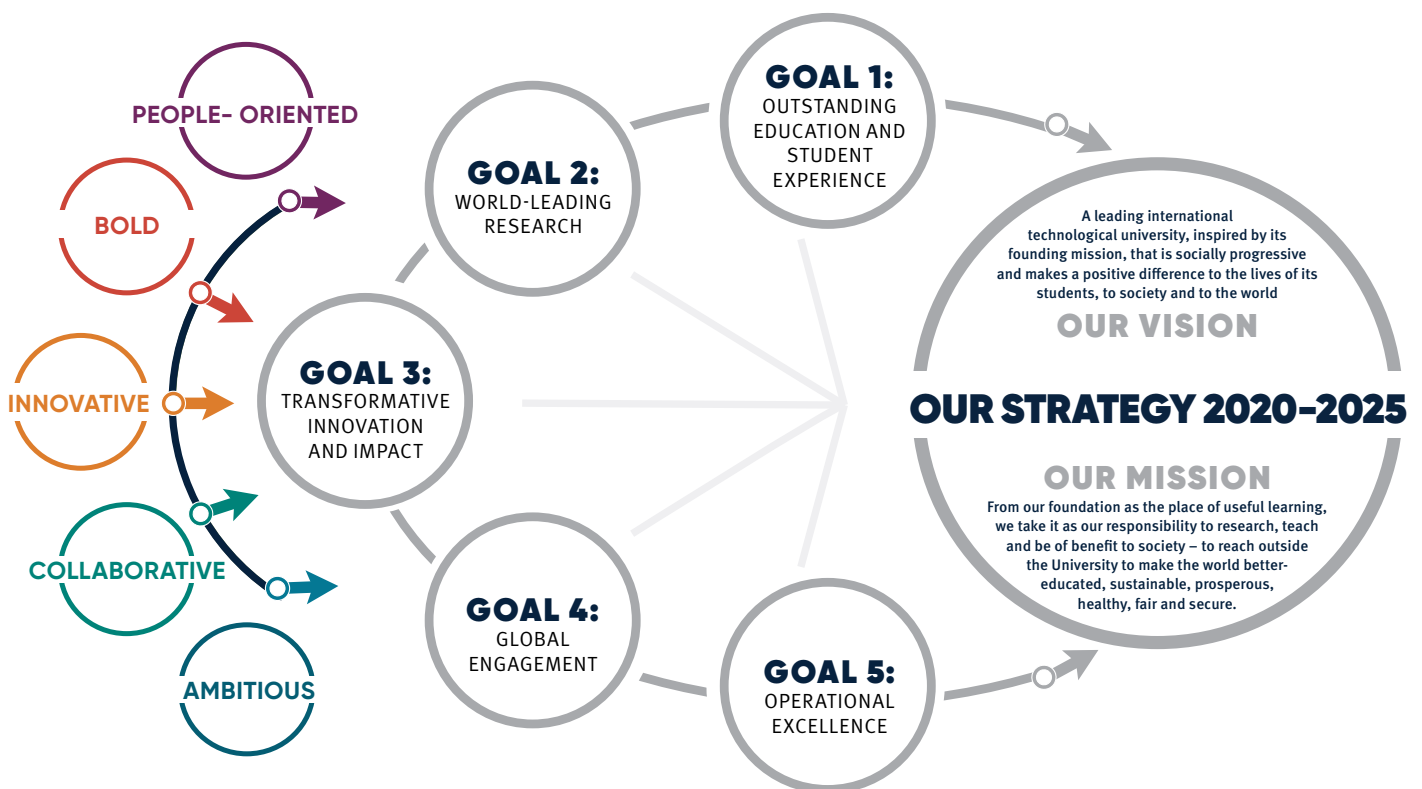
Professor Sir Jim McDonald
Principal and Vice-Chancellor
1 December 2022

Strategic Report

VISION AND MISSION

Our five-year Strategic Plan, Vision 2025, builds on the University's collective achievements over recent years in realising our vision of a socially progressive, leading international technological university. Approaching the halfway point of our five-year Strategic Plan, covering the period 2020 – 2025, we continue to use our distinctive position as a leading international technological university to be innovative in delivering our ambitions – questioning, challenging and developing our approaches, operations and processes to ensure that we are effective in all that we do. Coupled with our relentless commitment to pursuing a globally socially progressive vision, these two overarching characteristics define the authentic passion we have for making definite, high value, contributions to 'useful learning' in the 21st century.

In pursuit of our vision, the three key Strategic Goals through which our ambitions are being delivered are: i) Outstanding education and student experience ii) World-leading research and iii) Transformative innovation and impact. Our Cross-cutting Goals provide critical context: iv) Global engagement and v) Operational excellence.



Within Vision 2025, we refined and refocused our 16 key performance indicators (KPIs) to build on the significant positive progress made over the period of the previous strategy. The majority of our performance indicators were extended to 2025, with further stretch included in targets and some additional enhancements introduced to the set of 16 KPIs. Our KPIs continue to provide a robust and focused framework to measure and demonstrate our overall success, underpinned by delivery against a wide range of supporting strategies and across the University, and informed by data and additional metrics. The information on performance measures provided below should be considered in the context of Vision 2025.

Alongside [Vision 2025](#), this is the third year in which we continue to respond and adapt to the challenges posed by the COVID-19 pandemic. The health, safety and wellbeing of our students, staff and their families remains at the forefront of our decision-making. As we progress through the 2022-2023 Academic Year and as a primarily campus-based University, we have welcomed the return to face-to-face teaching and to connecting and collaborating with students and colleagues in our city centre campus and our centres of innovation.

Our focus continues to be on achieving our 2025 goals, though we are also looking and planning further ahead, with work already underway on developing our 2030 strategy. Our mission as a socially progressive, leading international technological university has set us apart from others in the sector, and by 2030 we will have grown our influence, reach and position by deploying our Strathclyde distinctiveness across all of our activities. We will be consulting with colleagues from across the University to seek input and to develop our plans. Their contributions are invaluable, because it is our people that lie at the heart of our strategy and our mission to make a positive difference to the lives of our students, to society, and to the world.

NAVIGATING SOCIETAL CHALLENGES

The University's position as a socially progressive, leading international technological university - on an upward performance trajectory, underpinned by a balanced portfolio of activity and robust financial management – has enabled Strathclyde to respond pro-actively to the evolving challenges in the external environment, including the pandemic, changes to the UK's relationship with Europe, and the cost of living crisis. These challenges affect the organisation as a whole, as well as having impacts on our staff and students.

The University's [Values](#) provide a clear framework for decision-making which has, and continues to have, students and staff at its core. There has been a continuing focus on safety and wellbeing in both the student experience and that of colleagues. As we navigate through the 2022-2023 academic year, the quality of our provision, the student learner journey and student experience remain at the forefront of our planning, decision making and commitment, while prioritising the essential health and wellbeing issues for our staff and students. We will continue to implement practical and impactful measures for our staff and students in line with our values and our socially progressive ethos. Examples in recent months have included supporting staff and students to return to campus and with the challenges posed by the cost of living crisis through the provision of warm spaces, subsidised catering and hardship funding for our students and a cost of living payment to staff.

NAVIGATING SOCIETAL CHALLENGES CONTINUED

Our ability to remain flexible and agile is as important as ever in both how we enable learning and work, and provide wider support. Careful consideration of the external context will continue to be critical in exploring the optimal outcome for the University. We will continue with our proactive engagement with industry partners, business and the UK and Scottish Governments to propose positive responses to local, national and international challenges, including economic and social recovery from the pandemic, student accommodation supply issues, ongoing uncertainty around research funding, and the cost of living crisis.

We remain in a position of strength as we navigate these challenges. Vision 2025 provides a robust and clear framework within which we can respond and adapt to these challenges and this is further bolstered by the University's Corporate Risk Register.

OUTSTANDING EDUCATION AND STUDENT EXPERIENCE

Strategic context

The environment for student recruitment is highly competitive, due to a combination of divergence in UK higher education policy and funding, some constraints on travel, immigration, and the growth of national and international rankings. Strathclyde has a distinctive offering, and we ensure a positive learner journey for all by focusing on successful transitions across all levels of education; as a socially progressive university we are committed to providing access to people from the widest possible range of backgrounds, to improving student retention and ensuring onward success. Our strategic ambitions focus on growing our postgraduate cohorts, further diversifying our student population and creating flexible pathways, including work-based learning, so that individuals from a variety of backgrounds can benefit from the distinctive student experience at Strathclyde.

The delivery of an outstanding student experience, good retention rates and positive graduate outcomes are essential characteristics for a successful and attractive university. In our most recent Enhancement Led Institutional Review (ELIR) by the Quality Assurance Agency Scotland in 2019, the University was awarded the highest possible outcome and received seven commendations. This confirmed that Strathclyde had effective arrangements for managing academic standards and the student learning experience. Such reviews take place every five years, and planning is underway for the next assessment which will take place under the new SFC Quality Framework that is under development.

Vision 2025 KPIs

Achieve an annual intake of 1,300 Scottish domiciled undergraduates from SIMD0-40 entrants by 2025

Maintain undergraduate retention rates from year 1 to year 2 of over 93% in each year

Progress/activity

The University exceeded its 2020 target for the recruitment of Scottish-domiciled undergraduates from SIMD 0-40 areas three years early and we have continued to build on that success. We remain the Scottish research-intensive university with the largest number of entrants from the 40% most deprived areas in Scotland. In 2021-22, Strathclyde admitted 1,280 SIMD 0-40 entrants, which exceeded the 2021-22 milestone of 1,235 and almost reached the 2025 target.

Whilst our student population continues to change we have built on our high retention rate. For 2021-22, the undergraduate retention rate from year 1 to year 2 was 92.8%, in line with our milestone of 93%. Monitoring continually takes place to ensure that we can identify and respond to any retention issues at each stage of the student lifecycle.

OUTSTANDING EDUCATION AND STUDENT EXPERIENCE CONTINUED

Vision 2025 KPIs	Progress/activity
<p>Achieve National Student Survey satisfaction scores in the upper quartile for Overall Satisfaction and the upper or second quartile for at least five out of eight question sections in each year: this KPI will evolve over the period of the Strategy</p>	<p>Strathclyde's National Student Survey 2022 Overall Satisfaction score for all students is 82.0%. Strathclyde's 2022 score of 82.0% is within the upper quartile and six out of eight question sections are in the upper or second quartile.</p>
<p>Achieve Graduate Outcomes figures for the percentage of UK full time, first degree leavers in highly skilled employment or further study in the upper quartile of UK HE institutions in each year</p>	<p>This KPI initially focused on performance against the externally-derived HESA benchmark. However, in May 2021 HESA announced that work on benchmarks would cease. Following analysis of options for the milestone and final target, the University will be looking to Graduate Outcomes figures for the percentage of UK full time, first degree leavers in highly skilled employment or further study in the upper quartile of UK HE institutions. In 2022, based on the latest available data from 2019-20, 79.3% of UK full time first degree leavers were in highly skilled employment/further study with Strathclyde in the upper quartile, ranked 27th from 153 institutions.</p>
<p>Increase our postgraduate taught (PGT) population to 5,000 FTE by 2025</p>	<p>The postgraduate taught population was 4,545 FTE in 2021. This represents a considerable increase on the baseline figure of 3,567 FTE and demonstrates positive progress towards achievement of the final target of 5,000 in Vision 2025. It is also ahead of the 2021-22 milestone of 4,203.</p>
	<p>Although there was an impact on international PGT recruitment as a result of the COVID-19 pandemic, we have exceeded our target for this year, as numbers have continued to recover.</p>

Risks

It is critical that we maintain and continue to develop a high quality and cost-effective academic portfolio and distinctive student experience that is attractive to future students, funders and key external stakeholders. To do so will attract applicants, enhance student satisfaction and increase opportunities for collaborative work with external partners. This in turn will increase revenue streams, positive student experience feedback, graduates' chances of securing graduate-level employment and the University's reputation. To fail to do so will have adverse consequences across all these areas. The University continues to work to mitigate risks to growth in student numbers, particularly in response to a turbulent external environment. Activities this year have included significant efforts to identify and secure student accommodation following shortages that have arisen from changes to the rental market since the pandemic.



WORLD-LEADING RESEARCH

Strategic context

The University's ambition to increase its research quality and intensity is integral to its reputation as a leading international technological university. With ambitious targets in this area we have made significant progress over recent years in what is an increasingly competitive and challenging funding environment.

Our distinctive mission and our focus on partnership with industry and international partners have played a significant part in our recent success. Focus on research excellence and impact has been critical during 2021 and 2022. We celebrated the results of the Research Excellence Framework 2021 which were published in April 2022 -

almost 90% of research produced by the University of Strathclyde was rated 'world-leading' or 'internationally-excellent'.

The strong performance in REF 2021 relative to other institutions is reflected in the Times Higher Education's (THE) REF ranking tables based on Grade Point Average. The University was ranked fourth in Scotland and joint 33rd in the UK, an increase of four places since 2014. In a reflection of Strathclyde as 'the place of useful learning', the University's impact and research environment profiles were recognised as particularly strong, with both being above average for the sector.

Vision 2025 KPIs	Progress/activity
Increase our total competitively won research income to £125 million by 2025	Almost 90% of research produced by the University of Strathclyde was rated ‘world-leading’ or ‘internationally-excellent’ in the Research Excellence Framework (REF) 2021. This builds on the University’s success in the 2014 Research Excellence Framework exercise and ongoing high-quality research outputs with impact. Research income in 2022 totals £108.3 million, representing a year-on-year increase of £20.3 million (23.1%).
Over 20% of our published research outputs in the top 10% of their field worldwide for citations by 2025	The University KPI focuses on research output quality and reports on the proportion of publications that belong to the top 10% most frequently cited in the world - PP(top10%). Strathclyde produces around 2,000 outputs per annum so each output contributes around 0.05% to the University’s PP(top10%) score. Our target for this measure is to have over 20% of our published research outputs in the top 10% of their field for worldwide citations and, in 2021-22, 14.7% of our published research outputs were in the top 10% of their field for worldwide citations.
Increase our postgraduate research (PGR) population to 2,000 FTE by 2025	Aligned to our growth in research income and industry-sponsored activity, we have experienced significant growth in our postgraduate research student population over the past decade, contributing to our research intensification agenda. This KPI was re-based for the 2025 Strategy, with new milestones set towards the 2,000 FTE target by 2025. Growing intakes further, to ensure continued population growth, became more challenging from 2017; through significant focus and activity our overall population in 2022 is 1,260 FTE, which is below the milestone we had set for this year. We are pursuing a wide range of opportunities for further growth.

Risks

Whilst the University has had considerable success and the pipeline of income from research grants already won is strong, further growth in this area will undoubtedly require continued focus, particularly in the context of the UK’s exit from the EU. Continuing our historically strong performance in securing EU framework programme funds in the short to medium term will continue to be a key focus against the current uncertainty of continued participation in Horizon Europe, whilst diversifying our income streams and further capitalising on opportunities arising through the UK Government’s place-based funding (such as the Innovation Accelerator) and UK Catapult Centres.

Further development and expansion of our relationships with business and industry, and outwith the EU, will become increasingly important for the support of postgraduate research students as well as research income growth.

In light of this, we are continuing to drive towards stretch KPI targets focusing both on research income and PGR numbers which have been extended in our Vision 2025 Strategy. REF 2014 results brought financial benefit flowing from the Scottish Funding Council (SFC) via the University’s Research Excellence Grant allocations. Our excellent performance in REF 2021 resulted in further increases in REG allocations, though the uplift was impacted by changes to the funding methodology determined by SFC.

TRANSFORMATIVE INNOVATION AND IMPACT

Strategic context

The growth of our distinctive Strathclyde innovation ecosystem, built around partnership and collaboration, is key to our overall strategy. Knowledge exchange and innovation are central to the University's mission to create useful learning of benefit to society and which can contribute to economic, social and cultural wellbeing. In a competitive global environment, our unique collaborative approach brings together competing companies and supply chain partners to address industry challenges and contribute to the wider economy.

Vision 2025 KPIs	Progress/activity
<p>Increase our total income from conferences, training, consultancy, Knowledge Exchange Grants and other Knowledge Exchange income to £30 million by 2025</p>	<p>We are continuing to make positive progress towards our milestone of achieving income of at least £30 million per annum by 2025, despite the impact of the pandemic on these income streams. Income from conferences, training, consultancy, Knowledge Exchange Grants and other Knowledge Exchange income totalled £26.3 million in 2021-2022, exceeding the milestone figure of £25.1 million.</p>
<p>Increase the breadth and depth of our key strategic relationships</p>	<p>Strategic relationships form a core part of the University's Vision 2025 with a particular focus on our world leading innovation districts and relationships. Our high-quality strategic partnerships extend to more than 40 organisations, across the NHS and private industry. To deliver a step change in our industry engagement and to contribute more deeply to economic and societal outcomes, we need to respond to the market trend where many large research-intensive companies and organisations are consolidating their investments and focusing on developing a core set of strategic, longer-term partnerships with a select group of universities.</p>
<p>Increase our total industry research income to £40 million by 2025</p>	<p>We are working towards our 2025 milestone of achieving total industry research income of £40 million per annum. However, significant growth will be required to meet this final target in part due to the many pressures impacting local and global industry partners' financial circumstances. Industry research income in 2021-22 was £22.7 million, which although behind the milestone we had set for 2021-22, was the first time the university exceeded £20 million of income from industry research. We are in the UK top 20 for the proportion of research income from industry research and 5th in the UK for the proportion of total income from industry research.</p>

Risks

With companies continuing to face global competition and increasing options in terms of universities they partner with for research and development and CPD support, this remains a highly competitive area. Continuing to deliver and develop our innovative and highly successful industry cluster centre model – and apply this in new ways in other fields (e.g. public policy), such that we are in a position to secure longer-term contracts with multiple partners – will be critical to the development of relationships with a range of companies, supply chains, government and others.

GLOBAL ENGAGEMENT

Strategic context

Being international is central to our identity as a socially progressive, leading international technological university. We are committed to strengthening our reputation in this regard with our international outlook permeating everything we do.

This is reflected in the increasingly international and collaborative nature of our research, scholarship, knowledge exchange and innovation, but also in our drive to deliver a teaching and learning experience which equips our graduates with the necessary attributes to flourish in the global workplace. Through our strategic partnerships with selected global universities we are delivering an increasing number of activities in support of internationalisation, including joint PhDs, exchange programmes and staff secondments.

Our focus on the United Nations Sustainable Development Goals as part of our vision as a socially-progressive university goes much further and deeper than Climate Action – our cross-University approach is enabling increased understanding and better supporting the delivery of impact. The University is a signatory of the SDG Accord, and has established a Centre for Sustainable Development. We remain committed to delivering and contributing towards the SDGs by means of inspiring, reporting and learning from each other.

Vision 2025 KPIs	Progress/activity
Increase our international student population to 4,500 FTE by 2025	<p>We are making positive progress towards our target of having an international student population of 4,500 FTE by 2025. Whilst the market is highly competitive and although recruitment of international students in this strategic plan cycle was impacted by the COVID-19 pandemic, we have adapted our approach and are seeing positive progress.</p> <p>In 2022 there were 3,920 FTE non-EU students registered at Strathclyde, marking a significant increase on the previous year and exceeding the 2021-22 milestone.</p>
Sustain or exceed the proportion of international staff at or above 36% each year	<p>Just as our student population becomes more internationally diverse, so too does our staff body with 37% being international compared to 31% in 2012. This KPI relates to all academic professional staff with a non-UK nationality.</p>

Risks

Challenges in the external environment, notably the COVID-19 pandemic continues to impact on mobility and the economy. In addition, the attractiveness of the UK and its institutions as partners for European Universities has been affected by the UK's exit from the EU and, in particular, the uncertainty around participation in Horizon Europe and withdrawal from the Erasmus Scheme. Related to both the pandemic and Brexit, universities have experienced short-term adverse impacts on staff recruitment and retention, student enrolments, student satisfaction, graduate employment and reputation, with related financial consequences. To address these issues, we continue to ensure that our curricula remain globally attractive and infused with useful learning, and that our graduates are equipped for work in the global labour market. We continue to work through CESAER, the European association for Science and Technology universities, to build partnerships and maintain key links with these institutions.

Increasing global competition for research and development funding, the significant investments growing economies are making in their higher education sectors, the rise of teaching in English across the world, the growth of digital offerings in English, the changing mobility of international students and ongoing changes with the immigration and visa regime all represent significant risks to this strategic theme. The University's reputation and maintaining its relationships with leading universities will be critical in mitigating risk in this environment. Alongside this, we will continue to increase our international reach through further developing our digital provision.

OPERATIONAL EXCELLENCE

Strategic context

Ensuring that we operate in the most effective and efficient way is vital to maximising the impact of the funding we receive. Efficiency and effectiveness represent a key area of focus for our funders with year-on-year efficiency gains specified in our teaching funding from the SFC and efficiency returns required by the Scottish Government. In this context, maximising the efficiency of the investments in our estate, our people and our systems is critical in order to create sufficient headroom for continued growth and investment.

Vision 2025 KPIs	Progress/activity
Achieve a year-on-year reduction in the gender pay gap	<p>As a socially progressive institution, we have acted over the years to reduce the gender pay gap in line with our commitment to pay equality and we are committed to pay equality regardless of race or disability.</p> <p>Steady progress is being made and 2021-22 year-end data shows a gender pay gap of 17.3% down from 17.7% a year earlier. Our most recent Gender Pay and Equal Pay Gap report provides an update on progress and an overview of the initiatives that we have implemented since 2019.</p>
Meet or exceed planned annual net cashflow from operating activities (this figure is recalculated annually)	<p>Net cashflow from operating activities in 2021/22 was £39.2 million, exceeding the original 2021/22 £10.3 million target.</p> <p>Whilst £22.1 million of the net cashflow from operating activities is due to the impact of the Charles Huang donation on deferred income, underlying net operating cashflow from operating activities at £17.1 million also exceeded the 2021/22 target.</p>
Achieve a year-on-year reduction in greenhouse gas emissions leading to 70% reduction by 2025, 80% by 2030 and net zero by 2040 at the latest.	<p>Emissions for 2021-22 totalled just over 27,000 tCO₂e. This equates to a 28% reduction on 2018/19 baseline emissions and marks considerable progress towards the Vision 2025 target of a 70% reduction. We had aimed to achieve year-on-year reductions, however emissions have increased slightly compared to last year, when there was reduced use of the campus and travel during the COVID-19 pandemic.</p> <p>In order to achieve the overall reduction, we have a clear vision to create Climate Neutral Districts at all of our operating assets. We have planned an ambitious programme of large-scale decarbonisation projects. Some of these are already underway including the construction of NMIS (the University's first operational carbon neutral building); taking a lead role in the Climate Neutral Glasgow City Innovation District and with more projects planned. On all such projects we work closely with local authorities and other stakeholders to maximise synergies and the overall environmental benefits.</p>

Risks

Failure to improve effectiveness and efficiency will mean that we are not fully able to realise our strategic growth and investment plans. Failure to operate as effectively and efficiently as our competitors will lead to a relative competitive disadvantage and compromise our ability to demonstrate value for money, to generate sufficient funds for future investment and to secure third-party funding. Increased global focus on climate action and carbon reduction are driving greater scrutiny and urgency around institutional and individual actions and choices and we are committed to innovating in this important area, both through our operations and through our research and learning provision.

People strategy

The University's People Strategy places staff at the heart of our plans, recognising that their collective talents, efforts and commitment will deliver our vision for the future.

Strathclyde People 2025 gives a baseline commitment to our staff – 'The Strathclyde Pledge', which confirms what every staff member can expect to receive in the workplace. Our Pledge is that every individual staff member at Strathclyde will have:

- A stable contract
- Fair & equal pay
- A safe & secure working environment
- An opinion that matters

More information on how the University will achieve the Pledge and measure progress is available on [The Strathclyde Pledge webpage](#).

Disability policy

The University is committed to promoting opportunities for staff and students with disabilities. This covers recruitment, appraisal and training opportunities, support, awareness training for staff, implementation, monitoring and a complaints procedure.

The University's Disability & Wellbeing Service has a team of advisers who work to improve access and inclusion of students and staff with disabilities.



Equality and diversity and inclusion policy

The University of Strathclyde is committed to achieving and promoting equality of opportunity in its learning, teaching, research and working environments, and to ensuring these environments support positive relations between people, and a culture of respect. As a provider of employment and education, we value the diversity of our staff and students and are committed to encouraging everyone to realise their full potential.

The University has an ongoing programme of expenditure, activity and policy to further these aims and to ensure it meets the requirements of the Public Sector Equality Duty and the Equality Act 2010. The Access, Equality and Inclusion Service at the University leads on activities to promote equality of opportunities for staff and students with protected characteristics as defined by the Equality Act 2010.

The equality, diversity and inclusion policy outlines the University's commitment and approach towards promoting equal opportunities for staff and students with protected characteristics, including disabled people and those with care experience, and we regularly publish [reports](#) on progress.

FINANCIAL REVIEW

	2022	2022	2022	2021	2021	2021
	Operating	Other	Total	Operating	Other	Total
	activities	significant		activities	significant	
	£M	items	£M	£M	items	£M
		£M			£M	
Summary Income and Expenditure						
Income (excluding capital grants)	370.6	-	370.6	328.5	0.1	328.6
Capital grant income	17.2	-	17.2	18.8	-	18.8
Total Income	387.8	-	387.8	347.3	0.1	347.4
Expenditure (including depreciation)	(395.0)	(125.4)	(520.4)	(359.3)	2.3	(357.0)
Deficit before other gains and losses	(7.2)	(125.4)	(132.6)	(12.0)	2.4	(9.6)
Gain on investments	-	1.4	1.4	-	7.2	7.2
Deficit for the year	(7.2)	(124.0)	(131.2)	(12.0)	9.6	(2.4)
Cash generated from operations			39.2			27.0
Cash and borrowings						
Cash and cash equivalents			184.1			148.9
Loans			(124.1)			(124.9)
			60.0			24.0
Total assets less current liabilities			529.7			530.2
Total reserves			219.1			342.6



Overview

With the impacts arising from the coronavirus pandemic easing during the course of the academic year, our efforts in research, education and innovation have resulted in the University generating its highest ever total income from operating activities - income excluding one off items and capital grants, has risen by £42.1 million to £370.6 million, a year-on-year increase of 12.8%. Capital grant income has decreased from £18.8 million to £17.2 million. Total income increased by 11.6% from £347.3 million to £387.8 million.

FRS 102 financial reporting requirements can result in greater volatility in financial outturns, most notably as a result of:

- The recognition of capital grants in income when the University is entitled to the funds as performance-related conditions are met. Previously such grants were deferred and then released over the life of the underlying asset.
- The need to make provision for the estimated cost of the deficit recovery plan for the Universities Superannuation Scheme (USS) with year-on-year changes to the University's liability arising from changes in discount rates and other actuarial assumptions. A new schedule of contributions was agreed following the 2020 valuation, which has contributed to the £125.0 million increase in the provision in 2022 (2021: £4.0 million decrease).

In addition to showing the overall financial performance for the University, the above table highlights the impact of a number of significant items included in the deficit for the year that are not influenced by day-to-day operations and the impact of capital grant income on the deficit for the year. The University generated a deficit, before significant items not influenced by day-to-day operations, of £7.2 million (2021: £12.0 million).

FINANCIAL REVIEW CONTINUED

Capital grant income

Capital grant income has decreased from £18.8 million to £17.2 million this year. Capital grants are recognised in full once performance conditions are met, resulting in variability in capital grant income year-on-year, as major projects are completed.

Research capital grants have increased by £2.7 million, offset by decreases in SFC grants (£1.2 million) and other capital grants (£3.1 million), with further explanation provided below.

Other significant items

Significant items included in the deficit for the year that are not influenced by day-to-day operations include:

USS pension deficit provision adjustments The University's commitment to fund pension deficit recovery contributions are reflected in the Financial Statements as a liability. This liability varies from year to year due to changes in the projected pensionable payroll but can also change significantly when there is a change in the level of recovery contributions.

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires deficit payments of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 then 6.3% over the period 1 April 2024 to 31 March 2038. As a consequence, the deficit provision increased significantly in 2022 from £64.1 million to £189.1 million. Details of this increase are included in Note 18.

The impact on salary costs in 2022 was a charge of £124.4 million.

Restructuring costs During the year, the University incurred £0.3 million (2021: £1.0 million) of one-off costs on restructuring a number of its Departments and Schools. These costs are reflected within salary costs.

Project costs In 2022, the University incurred £0.7 million (2021: £0.3 million) of costs on the feasibility stage of a key strategic project. These costs have been expensed as the University progresses funding opportunities.

Gains and losses on investments Unrealised gains and losses on the University's investments are reflected within the Statement of Comprehensive Income and Expenditure. Gains in 2022 totalled £1.4 million (2021: £7.2 million). Whilst disposals from the University's spin-out portfolio in 2022 generated gains totalling £2.0 million, this was partly offset by decreases in the value of the University's endowment and fixed asset investments as a result of market volatility following the Russian invasion of Ukraine. Gains in 2021 were attributable to financial markets recovering after the COVID-19 pandemic as a result of the vaccine breakthrough and roll-out.

FINANCIAL REVIEW CONTINUED

Other factors impacting Total Comprehensive Income

Actuarial gain in respect of the pension scheme

The Total Comprehensive Income and Expenditure for the year on page 40 is after reflecting an actuarial gain of £7.7 million (2021: gain of £26.0 million) in respect of the Strathclyde Pension Fund. Details of this gain are outlined in Note 22.

Balance Sheet overview

Investment in estate

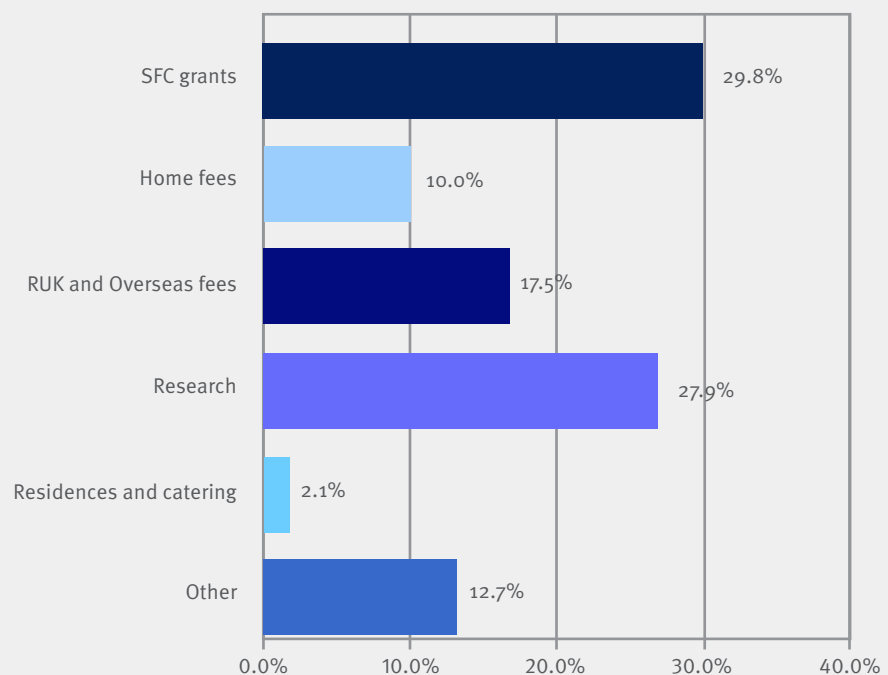
Investment in the University estate in 2022 totalled £38.4 million. Further details are provided in ‘Investments in Infrastructure’ below. Notwithstanding significant capital investment in the past decade, the University’s cash less borrowings totalled £60.0 million at the year end.

Total assets

The University’s Balance Sheet remains strong with total assets less current liabilities of £529.7 million (2021: £530.2 million). The increase in the USS pension provision (£125.0 million) has, however, contributed to a decrease in total reserves from £342.6 million to £219.1 million. With cash balances of £184.1 million (2021: £148.9 million), the University remains well placed in terms of financial health to continue its planned programme of investments in pursuit of its strategic goals.

Income

Chart showing composition of total income of £387.8 million.



FINANCIAL REVIEW CONTINUED

Income continued

Income, excluding one off items and capital grants, has risen by £42.1 million to £370.6 million, a year-on-year increase of 12.8%. Capital grant income decreased from £18.8 million to £17.2 million this year. Key movements in income include:

**SFC Grants up
£1.4 million (1.2%) to
£115.7 million**

Income from SFC grants increased by £1.4 million to £115.7 million in 2022. Recurrent grants for teaching, research and innovation increased by £4.5 million, partly due to additional student places in respect of the Scottish Qualifications Agency (SQA) results and Graduate apprenticeships (previously funded by Skills Development Scotland).

Some £4.7 million (2021: £8.6 million) of SFC grant income was additional COVID-support funding provided by SFC, which was very welcome at a time when the pandemic presented unprecedented challenges to the University sector.

Other strategic funding increased by £0.8 million to £7.5 million.

**Tuition fee income up
£14.9 million (14.4%) to
£118.2 million**

In 2022, tuition fee income began to recover from the uncertainty and international travel restrictions faced in 2021 due to the COVID-19 pandemic. Income from credit bearing courses has increased by £14.5 million (15.7%). Increases in income from overseas students £15.9 million (40.5%) and RUK students £1.1 million were offset by decreases in fees from Scottish (£1.2 million, 3.2%) and EU students (£1.3 million, 24.5%).

The largest variances in credit bearing fee income relate to postgraduate students with an increase in overseas fee income (£15.1 million) being offset by a decrease in Scotland and EU income (£3.3 million).

**Research income up
£20.3 million (23.1%) to
£108.3 million**

The University's strategic focus on a high-quality broad-based research portfolio clustered around key themes and underpinned by high-quality infrastructure has led to another strong year for new research awards in 2022 which totalled £74.0 million.

Research income has grown by £20.3 million (22.3%) to £108.3 million. Underlying research income increased from £78.8 million to £96.4 million (22.3%). Research capital grant income increased from £9.2 million to £11.9 million.

**Other income up
£4.1 million (10.7%) to
£42.5 million**

The lifting of COVID-19 restrictions during the year led to a partial recovery towards pre-pandemic levels of income from residences, catering and conferences (£4.1 million) and Strathclyde Sport (£0.7 million). There were also increases in accommodation and rental income (£1.3 million) and other services rendered income (£0.5 million). These were offset by reductions in a number of categories of other income, most notably capital grant income (£3.1 million).

FINANCIAL REVIEW CONTINUED

Expenditure

Expenditure before one-off items has risen by £35.7 million to £395.0 million, an increase of 9.9%. Key movements include:

Underlying salary costs up £15.6 million (7.2%) to £231.6 million

Underlying salary costs have increased by £15.6 million to £231.6 million, representing 58.6% (2021: 60.1%) of total underlying expenditure. Increases in salaries are primarily attributable to salary inflation together with higher expenditure on staff funded by research and knowledge exchange contracts, growth in research centres and investment in other strategic staffing appointments.

Salary costs have also been impacted by increases in National Insurance and pension costs, which have increased at a higher rate than the 5.1% increase in underlying wages and salaries.

National Insurance rose by £1.4 million to £17.7 million (8.6%) with the 1.25% increase in Employers National Insurance from 1 April 2022 resulting in an additional £0.6 million of costs. The current service cost in respect of the Strathclyde Pension Fund increased from £8.5 million to £12.4 million. Employer's contributions to USS rose from 21.1% to 21.4% from 1 October 2021, which follows the increase from 19.5% to 21.1% from 1 October 2020. These changes have contributed to USS contributions increasing from £27.5 million to £29.5 million (7.3%).

Other operating expenses up £17.0 million (16.3%) to £121.1 million

Other operating expenses before one-off items have increased from £104.1 million to £121.1 million (16.3%). This included higher expenditure on research grants and contracts (£7.6 million), utilities (£3.7 million), commercial activities (£1.7 million) and student recruitment (£1.6 million).

Utility costs have been significantly impacted by increases in the unit rates, particularly for gas, unit costs of carbon credits and higher consumption as buildings have re-opened as our on-campus presence has increased during the year.

Depreciation and amortisation up £3.3 million (8.9%) to £40.3 million

The increase in depreciation and amortisation costs from £37.0 million to £40.3 million reflects rises in equipment depreciation (£2.9 million) and amortisation (£0.5 million), notably due to investment in the year in research equipment (£8.0 million) and information systems (£3.5 million).

FINANCIAL REVIEW CONTINUED

Investments in infrastructure

In the past decade, we have made significant investments in transforming our estate. This has included new buildings such as the Centre for Sports Health and Wellbeing, the Inovo building, the Technology and Innovation Centre, the HIVES extension to the Advanced Forming Research Centre, the Power Networks Demonstration Centre (PNDC), the John Anderson extension, and the National Manufacturing Institute for Scotland (NMIS). These have all enhanced the size and quality of the estate and provided modern fit-for-purpose teaching and research accommodation.

We have also invested in the installation of a state-of-the-art district energy system, significant refurbishment and transformation of existing buildings on campus and major refurbishment projects such as the Learning and Teaching Building, the Wolfson Building, Lord Hope, Curran and Business School redevelopments to facilitate greater collaboration and enhance the student experience.

The major projects completed and ongoing during the year are detailed below. Other projects under development during 2022 are an expansion of facilities for PNDC, to accommodate the Driving the Electric Revolution and Whole Energy System Accelerator programmes and the Heart of the Campus project, which will transform Rottenrow Gardens at the centre of our campus. Progress has also been made in developing a programme of projects for the University's Journey to Net Zero and the Climate Neutral Campus.

Our ability to deliver our ambitious Capital Investment Plan is contingent on our continued academic excellence and operational performance and the achievement of improvements in cash generated from operations.



FINANCIAL REVIEW CONTINUED

Investments in infrastructure continued

Capital investment in investment properties, land and buildings in 2022 totalled £38.4 million – major projects included:

National Manufacturing Institute for Scotland (NMIS)

The National Manufacturing Institute for Scotland will be an industry-led international centre of manufacturing expertise where research, industry and the public sector work together to transform skills, productivity and innovation to attract investment and make Scotland a global leader in advanced manufacturing.

It will increase productivity by reducing barriers to innovation, stimulate investment and increase manufacturing competitiveness, catalyse job creation and strengthen supply chain links, inspire and attract talent and equip current and future workforces with the skills they and businesses need. NMIS will work with manufacturing businesses of all sizes and multiple sectors, providing benefits across the whole of Scotland. The services and support that NMIS will provide will be shaped by industry and will include elements such as a skills academy; Digital Factory 2050, and collaborative R&D space.

NMIS is a £65 million investment in Scotland's manufacturing future, supported by the Scottish Government and located on a 130-acre site on Abbotsinch Road, close to Glasgow International Airport. The site is owned by Renfrewshire Council and the underpinning infrastructure is being delivered through Renfrewshire's Glasgow Airport Investment Area project, funded through the Glasgow City Region City Deal.

The site is at the heart of the Advanced Manufacturing Innovation District Scotland, encompassing existing manufacturing sites and facilities nearby to create an internationally recognised centre for innovation, research and advanced manufacturing.

Planning permission for the development of the state-of-the-art facility was granted in March 2020. Construction works started on site in October 2020 and the building is scheduled to open in the final quarter of 2022. Capital additions during 2022 totalled £30.5 million.

Royal College Building Infrastructure Projects

The University continued with its programme of upgrading projects to improve Teaching and Academic accommodation and infrastructure in the Royal College Building. These included reconfiguration of laboratory space to enable more effective use of space, the completion of a Robotically Enabled Sensing Hub and enhancements to infrastructure. Capital additions during 2022 totalled £3.2 million.

Curran Building Infrastructure Projects

An ongoing programme of works in the Curran Building, including roof replacement, façade repairs and window replacement, continued during the year. These will improve the thermal efficiency of the building and the student and staff experience. Capital additions during 2022 totalled £2.7 million.

FINANCIAL REVIEW CONTINUED

Net funds and cash flow

At 31 July 2022 net funds totalled £60.0 million (2021: £24.0 million). In addition to generating £39.2 million of cash from operations, expenditure on tangible and intangible assets (net of capital grants received and disposal proceeds) totalled £5.3 million. The £39.2 million of cash from operations includes £22.1 million due to the impact of the Charles Huang donation on deferred income.

Further details on cash flow movements are given in the Statement of Cash Flows.

Treasury Management

The University had a £90.0 million loan from the European Investment Bank (EIB) which has provided funding for a range of capital developments including the Technology and Innovation Centre and the Centre for Sports, Health and Wellbeing. The balance outstanding at 31 July 2022 was £66.7 million.

In the last four financial years, the University has made a number of successful applications to the Scottish Funding Council University Financial Transactions Programme and been awarded a total of £59.6 million of unsecured loan funding for strategic estates developments. These loans have contributed to the funding of the flagship Learning and Teaching building and the Wolfson Biomedical development which were completed in 2021 together with supporting a number of other projects key to enhancing the student experience and the sustainability of the campus. New loans received during the year totalled £5.9 million (2021: £19.1 million) and the balance outstanding at 31 July 2022 was £56.4 million.

The University actively manages its cash balances in accordance with the Treasury Management Code of Practice approved by Court. Credit ratings of approved counter-parties and deposit limits are reviewed regularly. Funds are deposited in a variety of Treasury accounts, ranging from overnight to six month deposits.



FINANCIAL REVIEW CONTINUED

Payment of Creditors

The University aims to pay all of its suppliers promptly and its financial systems and processes are configured to facilitate this. The University's current terms of payment are 30 days from the date of the invoice providing that all trading terms and conditions have been fulfilled. Specific terms and conditions can be agreed for certain suppliers if required.

At the year end, the University had trade creditors outstanding of £7.4 million. Given that the University paid a total of £164.9 million to trade creditors during the year, the amount outstanding at the year end represents 16 days (2021: 17 days). During the year, the University paid £136 (one hundred and thirty six pounds) (2021: £Nil) in relation to the Late Payment of Commercial Debts (Interest) Act, 1998.

Looking to the Future

The University, and broader society, has experienced a number of unprecedented challenges over the course of the last two years. The University's resilience has resulted in a robust financial performance during the period.

While the further easing of COVID-19 restrictions during the latter part of the Academic Year were welcome, the inflationary pressures in the United Kingdom which have been further exacerbated by the war in Ukraine, may lead to future financial headwinds for the University and are providing a broader societal issue through the cost of living crisis. The University will focus on the wellbeing of staff and students through the course of this crisis, while ensuring focus is maintained on delivery of Vision 2025.

Led by our Values, and subject to affordability, we will continue to focus on a first class experience for our students and capitalise on opportunities as they arise.

G Hastings
Treasurer
1 December 2022

S Wallace
Chief Financial Officer
1 December 2022

Statement of Corporate Governance and Internal Control

INTRODUCTION

The University's corporate governance arrangements are informed by best practice and by the Scottish Code of Good Higher Education Governance. In 2021/22, the University complied with all provisions of the Scottish Code of Good Higher Education Governance (henceforth 'the Code').

University governance and Court

The University of Strathclyde was established by Royal Charter in 1964. This document sets out the powers and functions of the University and makes specific provision for two major bodies within the University's governance structure: Court and Senate.

Under the terms of the University Charter and Statutes, Court is the Supreme Governing Body of the University and is responsible for overseeing the management and administration of the whole of the revenue and property of the University as well as academic-related matters, which are primarily devolved to Senate and its attendant committees and structures. Court exercises general control over the University and all its affairs, purposes and functions, taking all final decisions on matters of fundamental concern to the University.

During 2021/22, Court was composed of twenty-five members drawn from the University's external and internal communities, the majority of whom were co-opted lay members (i.e. members appointed by the Court itself who are neither staff nor students of the University). As of 2020/21, the composition of Court is compliant with the Higher Education Governance (Scotland) Act 2016 (henceforth 'the Act'). Overall, the membership of Court includes both academic and professional services staff (including directly elected members, Senate members and members appointed by recognised trade unions), two members appointed by the Students' Association, a member of Glasgow City Council, the Principal and the Vice-Principal, in addition to co-opted

lay members and the Convener of Court (who constitutes the Senior Lay Member, in terms of the Act).

In addition to the members of Court and the University Secretary, members of the University Executive Team were invited to attend meetings during 2021/22, to facilitate accurate and efficient communication. The Head of Governance & Public Policy, who acts as Clerk to Court, is also in attendance at all meetings.

An induction session for new members of Court was held in September 2021 and other training and development opportunities were made available to all Court members as appropriate, although training opportunities continued to be more limited than usual in this academic year as a result of the COVID-19 pandemic.

Court and its members are committed to upholding the Nine Principles of Public Life in Scotland. Court has adopted a Code of Conduct for its members which is set out in the Handbook for Members of Court. The University maintains a Register of Interests of Court members and relevant senior officers, which is publicly available for inspection on the University's website.

Court met on six occasions during 2021/22, five of these being within the regular programme of meetings and one being an additional meeting to approve the arrangements for acceptance of the £50 million donation by alumnus Dr Charles Huang, through his charitable Foundation. A stakeholder meeting, of the kind set out in paragraph 43 of the Code,



is to be held in December 2022. The first two meetings of the academic year were held online, in line with the wider national response to the COVID-19 pandemic. This did not materially affect Court's ability to fulfil its role. The remaining four Court meetings were held on campus, with remote access made available to any members unable to attend in person. Between meetings, the Convener, Vice-Convener and Senior Deputy Convener received regular briefings from the University's senior management and all Court members were kept informed by electronic means of any significant issues affecting the University. Court members also now receive the University's weekly staff bulletin and the Principal's messages to staff, which have been issued weekly since the beginning of national measures to control COVID-19.

Court has overall responsibility for approving the University's Strategic Plan and monitoring its delivery. It was actively engaged in the development of the University's current Strategic Plan, which was adopted by Court early in 2020 and covers the period 2020-2025. The University has a range of financial and non-financial Key Performance Indicators related to its strategic objectives. Performance information is provided regularly to Court. A detailed schedule is in place to ensure that the main strands of University strategy are reviewed annually and in a consistent manner. In particular, there is at least one annual strategic meeting which is used to assess organisational performance against the strategy: in 2021/22, Court held such strategic meetings in November and May.

Statement of compliance with the Scottish Code of Good Higher Education Governance

In the opinion of Court, the University of Strathclyde complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance during 2021/22.

During 2021/22, preparations were made for an externally facilitated review of Court's effectiveness, as required by the Code, the last such review having been held in 2017. The final report from this review was received by Court in October 2022.

As reported in the Statement of Corporate Governance and Internal Control for 2020/21, the term of office of the current Convener of Court, Dame Sue Bruce, was extended in that year until 31 July 2023. Court has since resolved to re-appoint the Convener for a further two years, continuing her occupancy of the role up to the maximum nine years allowed by the current University Statutes and the Code of Governance.

Paragraph 19 of the Code allows for exceptions to the normal nine-year upper limit on the terms of office of lay members of Court, provided these are explained. The University Court has two cases of exceptional time served on Court, beyond nine years. As reported in the University's annual statement of compliance for 2018/19, Mr Ronnie Cleland was re-appointed during 2018/19 to complete his terms of office as a lay member of Court, having served for five years as Vice-Convener of Court, in line with the University Ordinances under which Mr Cleland was appointed (which were revised during 2019/20). This enabled retention of key skills that were not represented elsewhere in the Court membership. Mr Cleland's term of office came to an end on 31 July 2022.

In March 2022, Court took the decision to extend the term of office of the current Treasurer, as a member of Court and as Treasurer, by one year, up to 31 July 2023, in order to preserve stability of financial leadership at a time of wider uncertainty, to maintain crucial skills within Court and to manage succession to the next Treasurer.

Delegation of authority

It is not practical for Court to make every decision that is required within the University and it has therefore agreed to delegate authority for certain decisions and certain areas of responsibility to appropriate individuals and committees, which are accountable to the University Court for exercising this authority. Court retains ultimate accountability and corporate responsibility for any decisions made on its behalf.

With certain exceptions defined under the Charter, Court may delegate any of its functions. The range of authority delegated by Court to its committees, the University Senate, and the University's management, is detailed within the Court's Schedule of Delegated Authority, which is published on the University website.

Academic matters are fully delegated to the Senate, with Court receiving reports from Senate following its meetings. The responsibility for oversight and regulation of the University's academic provision is therefore vested in the Senate, subject to Court's overall authority, and the Principal, as Chair of Senate, has responsibility for the delivery of education and the student experience across the University. Outside of Senate's responsibilities, much of Court's detailed work is initially handled by standing committees of Court. Senate, likewise, has a number of standing committees that carry out detailed work in relevant areas and report to Senate. In addition, the University has a range of Strategic and Compliance Committees, which oversee strategic delivery in key areas of activity and report to Court, Senate and/or the Executive Team, as required. These include an Estates Committee and a Staff Committee, both of which include Court members within their membership. See below for more details on both Court Committees and Strategic and Compliance Committees.

Committee Structure

The University's high-level committee structure provides clarity around the decision-making process and ensures the appropriate flow of information to Court. All of these committees are formally constituted, with terms of reference approved by Court, and report formally to Senate and/or Court. The Committees of Court and those strategic committees that report to Court include lay members of Court in their membership.

Standing Committees of Court

Court Business Group	The Court Business Group's role is to review the substantive business coming forward to Court in order to ensure that Court receives the information it needs to take clear, effective decisions. It also considers strategic and financial matters on behalf of Court and can approve certain decisions within specified financial thresholds.
Court Membership Group	The Court Membership Group's role is to consider and make recommendations to Court on the appointment of co-opted members of Court, as vacancies arise. It performs the role of a nominations committee, in terms of the Scottish Code of Good Higher Education Governance.
Remuneration Committee	<p>The Remuneration Committee advises Court and oversees the preparation of policies in respect of remuneration and conditions of service (including severance arrangements) for the University's senior management, including the Principal, and keeps these under review. It meets at least once annually.</p> <p>Appointments to the Remuneration Committee are made on the basis of particular skills and experience. The terms of reference do not preclude the appointment of non-lay members of Court. The Principal is not a member of the Remuneration Committee but attends meetings at the invitation of the Chair in order to inform discussions on the remuneration and conditions of service of other senior officers. The Principal does not attend when his or her own remuneration and/or conditions of service are considered or determined.</p>
Audit and Risk Committee	The Audit & Risk Committee's role is to review the effectiveness of the University's corporate governance arrangements, financial systems, internal control environment and risk management arrangements and provide appropriate assurance to Court on these areas.
Enterprise and Investment Committee	The Enterprise & Investment Committee's role is to review commercial investment proposals and make recommendations on investments in companies with appropriate connections to the University (for example, created by the University's staff and students), as well as license deals and other commercial joint ventures.
Statutory Advisory Committee on Safety and Occupational Health	The Statutory Advisory Committee on Safety and Occupational Health's role is to monitor and report to Court on the delivery of the University's Occupational Health, Safety and Wellbeing Strategy.

Committee Structure continued

Strategic and Compliance Committees

Estates Committee The Estates Committee is responsible for strategic oversight of the University estates strategy and ensuring that it is consistent with the overall University strategy. It provides appropriate assurance to Court and the Executive Team on these matters. Its membership includes members of Court.

Staff Committee The Staff Committee is responsible for the strategic oversight of strategy and policy in relation to staffing matters and for monitoring compliance with all relevant legislation. It provides appropriate assurance to Court and the Executive Team on these matters. Its membership includes members of Court.

Information Strategy Committee The Information Strategy Committee is responsible for all matters of corporate information strategy and for the strategic deployment of all information resources. It provides appropriate assurance to the Executive Team on these matters.

Research and Knowledge Exchange Committee The Research and Knowledge Exchange Committee is responsible for oversight of strategy and policy in the area of research, knowledge exchange, and innovation. It provides appropriate assurance to Senate and the Executive Team on these matters.

Education Strategy Committee The Education Strategy Committee is responsible for developing and monitoring the University's strategy for learning, teaching and assessment and the enhancement of the Student Experience. It provides appropriate assurance to Senate and the Executive Team on these matters.

Quality Assurance Committee The Quality Assurance Committee is responsible for the quality assurance of the University's academic provision and of the academic standards of its awards. It provides appropriate assurance to Senate, through the Education Strategy Committee.

Executive Team

The Executive Team is chaired by the Principal and acts as a forum for discussion and decision-making on major initiatives and issues for the University. Where appropriate, it makes recommendations to Senate and Court for approval. Membership includes the major budget holders within the University and key senior staff who advise the Principal on senior management decisions, particularly on the allocation of resource to Faculties and Professional Services. Its members are responsible and accountable for all components of the University's budget, both income and expenditure. As such, it plays an important part in the internal governance and academic operations of the University, and brings together the academic, financial, and human resource aspects of planning. It is responsible for managing the University's performance and for assisting the Principal in the delivery of the University's Strategy.

The Executive Team exercised direct oversight of the University's response to the COVID-19 crisis. When operating under Protection Level 4, approval by the Executive Team was required for any essential on-campus teaching or research activity and for any overseas student placements that were permitted by exception.

Risk management

The University views risk management as integral to the successful execution of its Strategic Plan. There is an established business process for identifying, evaluating and managing the University's significant risks, which complies with the Financial Reporting Council's "Internal Control: Guidance for Directors" (formerly the Turnbull Committee Guidance) as far as it is applicable to higher education institutions. Risk registers are produced at Department and Directorate level and these are regularly reviewed and managed by the appropriate areas with regular reports being made from one level to the next in the committee structure.

At each stage the identified risks are evaluated and distilled, leading to the production of the Corporate Risk Register, incorporating the University's top risks, which is reviewed and managed by the Executive Team. The information is also used to inform the strategic planning process. A Risk Group, chaired by the University Compliance Officer, is responsible for supporting and advising the Executive Team and, through it, the Audit & Risk Committee and Court on the implementation and monitoring of the risk framework.

The Audit & Risk Committee's role in this area is one of a high-level review of the arrangements for internal control, providing assurance to Court. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporate Risk Register was reviewed by Court at its October 2021 and June 2022 meetings.

Risks relating to the Covid-19 pandemic and the UK's withdrawal from the EU featured prominently in the Corporate Risk Register, reflected in regular monitoring at the highest levels of University management and proportionate measures taken in response to external developments in these areas. The University's working group on Brexit impacts ceased to meet regularly in April 2022, having delivered a final report to the Executive Team, but remains available to tackle any significant issues in the future.

Statement of internal control

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

Court keeps issues of control and risk under review and receives relevant reports from both the Executive Team and the Audit & Risk Committee. This includes reviewing quarterly Business Reports, which provide information on financial performance, receiving mid-year and annual progress reports on performance against the University's Key Performance Indicators, and reviewing mitigating actions and the selection of top risks within the Corporate Risk Register.

The University also issues a Key Controls Checklist to all departments on an annual basis, on the basis of which Statements of Assurance are provided, via Senior Officers, to the Principal, Audit & Risk Committee and University Treasurer to confirm compliance with key University policies and procedures.

The University recognises the importance of ensuring that robust controls continue to be in place despite altered working practices as a result of the Covid-19 pandemic. In line with prior year, review of the completed Key Controls Checklists noted a number of minor alterations to embedded key control practices. These included: the completion of risk assessments prior to on-campus working; the purchase of additional equipment to ensure effective home-working; and health and safety inspections being undertaken by staff present within offices / laboratories rather than by dedicated staff. The altered working practices were considered reasonable given the hybrid working arrangements over the course of the past year.

The 2021/22 Internal Audit Plan has been delivered according to schedule, and a report was presented to the Audit & Risk Committee in November 2022, enabling the unqualified Annual Internal Audit Opinion to be issued.

Statement of internal control continued

Key compliance requirements continued to be addressed, through robust processes and oversight including:

- Court, Senate, Executive Team and committees of Senate and Court continuing to function and operate to reporting cycles;
- monitoring of compliance with the requirements of the Higher Education Governance (Scotland) Act 2016 and the revised Scottish Code of Good HE Governance (2017);
- compliance with the latest UK and Scottish Government Acts and guidelines and guidance from Health Protection Scotland and the University's Insurers in relation to COVID-19;
- compliance with data protection legislation (GDPR) was assured through guidelines, online training, a network of departmental Data Protection Contacts, and a requirement for departments to complete an annual data protection audit checklist;
- maintenance of robust, centrally co-ordinated visa procedures, in line with UKVI guidance, protecting the University's ability to recruit international students and staff;
- Executive Team and Senate oversight to ensure assessment, examinations and Boards of Examiners could progress within University Ordinances & Regulations, assuring governance and equity for all learners, aligned to external quality assurance expectations (QAA guidance);
- fit-for-purpose physical and digital infrastructure: continued support for home working, facilitated by the Zoom online conferencing tool integrated with MyPlace virtual learning environment and continued rollout of Microsoft Cloud tools, including Teams; online learning resources for staff, standard monitoring process and helpdesk procedures;
- detailed guidance, FAQs and communications to students and staff delivered via website and email throughout the pandemic;
- close working with industry partners, including Microsoft alerts on cyber-crime across HE.

The Audit and Risk Committee, on behalf of Court, has reviewed the adequacy and effectiveness of the University's system of internal control and risk management and is satisfied with the University's arrangements in that regard.

Going concern

The University's activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described in the Strategic Report as are the University's Treasury Management policies. Emerging and principal risks and uncertainties facing the University are described on pages 4 to 12 and have been considered in the University's going concern assessment outlined here.

At 31 July 2022, the University held gross cash of £184.1 million (gross cash of £148.9 million at 31 July 2021), while net current assets were £12.8 million. At 31 October 2022 the University held £217.7 million of gross cash.

The only external borrowings of the University at 31 July 2022 were debt with a balance of £124.1 million, comprising £66.7 million of covenanted debt with the EIB, £56.4 million with the SFC through their Financial Transactions and Carbon Reduction programmes and the balance of £1.0 million funding for various energy efficiency and renewable energy projects funded by Salix Finance Ltd. Between 1 August and 31 October 2022, £1.9 million had been repaid to EIB and £0.5 million had been repaid to SFC in accordance with loan agreements. A further £15.0 million of borrowings will be repayable during the going concern period, which runs from the date of approval of these financial statements to 31 July 2024. Only the EIB borrowings are subject to covenant terms. The University was fully compliant with those covenant terms applicable during the year to 31 July 2022.

Going concern continued

The University's going concern assessment included consideration of:

- the current and developing environment in which the University operates;
- the University's liquidity through the assessment period to 31 July 2024 – demonstrated through a detailed monthly cash flow forecast throughout the assessment period;
- key assumptions made by management around the future financial performance of the University, in particular:
 - assumptions around future student intake, in particular overseas students, for both 2022/23 and the following academic year;
 - assumptions around inflation and interest rate increases;
 - assumptions around debt recovery; and
 - assumptions around other key cashflows over the review period.
- Evidence of compliance with loan covenants at 31 July 2022 and forecast compliance with loan covenants through the going concern period.

The University's latest financial forecasts for 2022/23 and 2023/24, 'the Base Case Forecast', formed the basis of the going concern assessment which was subject to scrutiny and approval by the Audit and Risk Committee and Court.

The Base Case Forecast shows that the University will maintain significant forecast cash reserves and will be able to adhere to the covenants for the period from approval of these financial statements to 31 July 2024 with minimum liquidity of £141.4 million.

In addition, the University has also modelled a severe but plausible downside scenario based on further increases in salary inflation and energy costs and the possibility of an economic downturn with related impacts on tuition fees and recovery of debts. In this scenario, the University forecasts sufficient liquidity to settle all contractual liabilities, while maintaining significant liquidity throughout the going concern assessment period to 31 July 2024. Minimum liquidity headroom throughout being £112.9 million at 31 July 2024.

Having taken these factors into account, Court considers that the University has adequate resources to continue in operation from the approval of these financial statements until at least 31 July 2024 and for this reason the going concern basis continues to be adopted when preparing the financial statements.

Conclusion

Based on the above noted process, Court is of the view that there were adequate and effective internal controls in place and that there was an adequate and effective process for identifying, evaluating and managing the University's significant risks during the year ended 31 July 2022 and up to the date of signing the Annual Report and Financial Statements.

G Hastings

Treasurer

1 December 2022



Statement of Primary Responsibilities of the University Court

General

Under the terms of the University Charter, Court is the Governing Body of the University and is responsible for overseeing the management and administration of the whole of the revenue and property of the University. Court exercises general control over the University and all its affairs, purposes and functions, taking all final decisions on matters of fundamental concern to the University. Court is responsible for safeguarding the University's good name and values.

Court's Primary Responsibilities are detailed as follows:

Staff and students

- To be the employing authority for all staff within the University and to make such provision as it thinks fit for their general welfare;
- To appoint the Principal and Vice-Chancellor of the University, including the terms and conditions of such appointment, and to put in place suitable arrangements for the monitoring of his/her performance – both the appointment and monitoring of performance of the Principal shall include consultation with all members of Court;
- To appoint the University Secretary and to ensure that he or she has separate lines of accountability for the provision of services to the Court, for the administration of the University and for the fulfilment of managerial responsibilities within the institution;
- To ensure the quality of educational provision within the University;
- To make such provision as it thinks fit following consultation with the Senate, for the general welfare of its students;

Financial responsibilities

- To ensure the solvency of the University and to safeguard its assets;
- To act as trustee for any property, legacy endowment, bequest or gift in support of the work and welfare of the institution;
- To approve the University's annual financial statements;
- To ensure that proper books of accounts are kept in accordance with all relevant regulations and codes of conduct;
- To ensure the proper use of public funds awarded to the University and to ensure that the terms of the Financial Memorandum with the Funding Council are observed;
- To approve the main annual budgets within the University;
- To ensure appropriate arrangements for the economic, efficient and effective management of the University's resources and expenditure;

Strategic responsibilities

- To approve the mission statement of the University and all its strategic plans including its aims for the teaching and research of the institution and identifying the financial, physical and staff requirements required to achieve these, and for ensuring that these meet the interests of stakeholders;
- To approve a financial strategy for the University, as well as long-term business plans;
- To approve an estates strategy for the management, development and maintenance of the University land and buildings in support of institutional objectives;
- To approve a human resource strategy and to ensure that appropriate development and reward arrangements are in place for the employees and that these are appropriate to the needs of the institution;
- To provide leadership in equality and diversity across all protected characteristics, assuming responsibility for the University's strategy and policy on equality and diversity;

Controls

- To ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name;
- To ensure compliance with the University's Charter, Statutes, Ordinances and Regulations, as well as all UK and European legislation where applicable;
- To be responsible for the form, custody and use of the University's Common Seal;
- To make clear and to review regularly the executive authority and other powers delegated to the Convener of Court, the Principal and Vice-Chancellor, to other senior officers and to all bodies of the University including the Senate and committees of Court;

- To ensure that systems are in place for the assessment and management of risk, to regularly review such matters and to conduct an annual assessment;
- To establish and monitor effective systems of internal control and accountability throughout the University;
- To ensure that appropriate arrangements are in place for external and internal audit;
- To ensure that appropriate arrangements are in place for the proper management of health and safety in respect of students, staff and other persons on University premises or affected by University operations;

Monitoring performance and effectiveness

- To monitor the University's performance against its strategic plan and key performance indicators, and to benchmark the University's performance against other comparable institutions;
- To monitor and review the performance and effectiveness of the Court itself and other University committees;
- To ensure, through the appointment of lay members in accordance with the University Statutes, a balance of skills and expertise amongst the membership of Court, such as is required to meet its primary responsibilities;
- To ensure that the proceedings of Court are conducted in accordance with best practice in higher education corporate governance and with the Nine Principles of Public Life in Scotland (which incorporate the original seven "Nolan Principles" drawn up by the Committee on Standards in Public Life);
- To ensure that procedures are in place within the University for dealing with complaints, internal grievances, conflicts of interest and public interest disclosure.

Independent Auditor's Report to the Court of the University of Strathclyde

Opinion

We have audited the financial statements of the University of Strathclyde (the University) for the year ended 31 July 2022 which comprise the Statement of Principal Accounting Policies, Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the University's state of affairs as at 31 July 2022 and of the income and expenditure, recognised gains and losses, and of the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for the period to 31 July 2024.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of the University Court

As explained more fully in the Statement of Primary Responsibilities of the University Court set out on pages 34 and 35, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Court is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Court either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and determined that the most significant are FRS 102 and Statement of Recommended Practice for Further and Higher Education;
- We understood how the University is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the Court minutes and papers provided to the Audit and Risk Committee, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up;
- We have considered the culture of honesty and ethical behaviour of management and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We also considered the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of stakeholders as to the University's performance and profitability).
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; review of Court minutes to identify any non-compliance with laws and regulations, and inspection of any correspondence between the University and Scottish Funding Council.

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

Use of our report

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

Ernst & Young LLP, Statutory Auditor

Glasgow

5 December 2022

Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2022

	Note	2022 £M	2021 £M
Income			
Funding Council grants	2	115.7	114.3
Tuition fees and education contracts	3	118.2	103.3
Research grants and contracts	4	108.3	88.0
Other income	5	42.5	38.4
Investment income	6	0.9	1.4
Donations and endowments	7	2.2	2.0
Total income		387.8	347.4
Expenditure			
Staff costs	8	231.9	217.0
Staff costs: movement on USS provision	8	124.4	(3.6)
Other operating expenses	10	121.8	104.4
Depreciation and amortisation	10	40.3	37.0
Interest and other finance costs	9	2.0	2.2
Total expenditure	10	520.4	357.0
Deficit before other gains and losses		(132.6)	(9.6)
Gain on investments	11	1.4	7.2
Deficit for the year		(131.2)	(2.4)
Other comprehensive income			
Actuarial gain in respect of pension scheme	22	7.7	26.0
Total comprehensive income and expenditure for the year		(123.5)	23.6
Represented by:			
Endowment comprehensive income for the year		(0.4)	5.8
Unrestricted comprehensive income and expenditure for the year		(123.1)	17.8
		(123.5)	23.6

All income and expenditure of the University relates to continuing operations.
The accompanying notes and policies on pages 46 to 88 form part of these financial statements.

Statement of Changes in Reserves

for the year ended 31 July 2022

	Income and Expenditure Reserve		
	Endowment £M	Unrestricted £M	Total £M
Balance at 1 August 2020	36.3	282.7	319.0
Surplus/(deficit) from the income and expenditure statement	5.8	(8.2)	(2.4)
Other comprehensive income	-	26.0	26.0
Total comprehensive income for the year	5.8	17.8	23.6
Balance at 31 July 2021	42.1	300.5	342.6
Deficit from the income and expenditure statement	(0.4)	(130.8)	(131.2)
Other comprehensive income	-	7.7	7.7
Total comprehensive income for the year	(0.4)	(123.1)	(123.5)
Balance at 31 July 2022	41.7	177.4	219.1

Balance Sheet

as at 31 July 2022

	Note	2022 £M	2021 £M
Non-current assets			
Intangible assets	12	7.5	5.4
Tangible assets	13	454.7	438.3
Investments	14	54.7	55.2
		516.9	498.9
Current assets			
Surplus assets for disposal		0.4	0.4
Stock		0.4	0.3
Debtors: - amounts falling due within one year	15	47.0	42.5
- amounts falling due after more than one year	15	4.0	13.0
Cash and cash equivalents	21	184.1	148.9
		235.9	205.1
Creditors: amounts falling due within one year	16	(223.1)	(173.8)
Net current assets		12.8	31.3
Total assets less current liabilities		529.7	530.2
Creditors: amounts falling due after more than one year	17	(116.7)	(118.2)
Pension provisions	18	(193.5)	(69.0)
Other provisions	18	(0.4)	(0.4)
Total net assets		219.1	342.6

Balance Sheet

as at 31 July 2022 continued

	Note	2022 £M	2021 £M
Represented by:			
Restricted reserves			
Income and Expenditure reserve – endowments	19	41.7	42.1
Unrestricted reserves			
Income and Expenditure reserve – unrestricted		177.4	300.5
Total reserves		219.1	342.6

The accompanying notes and policies on pages 46 to 88 form part of these financial statements.

The financial statements were approved by the University Court on 1 December 2022, and signed on its behalf by:

Professor Sir J McDonald
Principal and Vice-Chancellor

G Hastings
Treasurer

S Wallace
Chief Financial Officer

Statement of Cash Flows

for the year ended 31 July 2022

	2022 £M	2021 £M
Net cash inflow from operating activities		
Deficit for the year	(131.2)	(2.4)
Adjustment for non-cash items		
Depreciation	38.8	36.0
Amortisation	1.5	1.0
Gain on investments	(1.4)	(7.2)
Increase in stock	(0.1)	-
(Increase)/decrease in debtors	(2.8)	2.5
Increase in creditors	19.6	16.1
Increase/(decrease) in pension provision	131.5	(0.9)
Adjustment for investing or financing activities		
Investment income	(1.5)	(1.4)
Interest payable	2.0	2.2
New endowments	-	(0.1)
Capital grant income	(17.2)	(18.8)
Net cash inflow from operating activities	39.2	27.0
Cash flows from investing activities		
Proceeds from sale of tangible assets	6.0	6.0
Proceeds from sale of non-current asset investments	13.2	9.6
Capital grant receipts	59.2	35.6
Investment income	1.5	1.4
Payments to acquire tangible assets	(67.0)	(58.0)
Payments to acquire intangible assets	(3.5)	(1.9)
New non-current investments	(11.3)	(9.7)
	(1.9)	(17.0)

Statement of Cash Flows

for the year ended 31 July 2022 continued

	Note	2022 £M	2021 £M
Cash flows from financing activities			
Interest paid		(1.3)	(1.4)
Endowment cash received		-	0.1
New unsecured loans		5.9	19.1
Repayments of amounts borrowed		(6.7)	(6.5)
		(2.1)	11.3
Increase in cash and cash equivalents	21	35.2	21.3
Cash and cash equivalents at 1 August	21	148.9	127.6
Cash and cash equivalents at 31 July	21	184.1	148.9

Notes to the Financial Statements

1. Principal Accounting Policies

Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 SORP), in accordance with applicable Accounting Standards and in accordance with the Accounts Direction issued by the Scottish Funding Council.

Basis of preparation (including going concern assessment)

These financial statements are prepared under the historical cost convention modified by the revaluation of land, investment properties and certain fixed asset investments.

The University's activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described in the Strategic Report as are the University's Treasury Management policies. Emerging and principal risks and uncertainties facing the University are described on pages 4 to 12 and have been considered in the University's going concern assessment outlined here.

At 31 July 2022, the University held gross cash of £184.1 million (gross cash of £148.9 million at 31 July 2021), while net current assets were £12.8 million. At 31 October 2022 the University held £217.7 million of gross cash.

The only external borrowings of the University at 31 July 2022 were debt with a balance of £124.1 million, comprising £66.7 million of covenanted debt with the EIB, £56.4 million with the SFC through their Financial Transactions and Carbon Reduction programmes and the balance of £1.0 million funding for various energy efficiency and renewable energy projects funded by Salix Finance Ltd. Between 1 August and 31 October 2022, £1.9 million had been repaid to EIB and £0.5 million had been repaid to SFC in accordance with loan agreements. A further £15.0 million of borrowings will be repayable during the going concern period, which runs from the date of approval of these financial statements to 31 July 2024. Only the EIB borrowings are subject to covenant terms. The University was fully compliant with those covenant terms applicable during the year to 31 July 2022.

The University's going concern assessment included consideration of:

- the current and developing environment in which the University operates;
- the University's liquidity through the assessment period to 31 July 2024 – demonstrated through a detailed monthly cash flow forecast throughout the assessment period;
- key assumptions made by management around the future financial performance of the University, in particular:
 - assumptions around future student intake, in particular overseas students, for both 2022/23 and the following academic year;
 - assumptions around inflation and interest rate increases;
 - assumptions around debt recovery; and
 - assumptions around other key cashflows over the review period.
- Evidence of compliance with loan covenants at 31 July 2022 and forecast compliance with loan covenants through the going concern period.

1. Principal Accounting Policies continued

Basis of preparation (including going concern assessment) continued

The University's latest financial forecasts for 2022/23 and 2023/24, 'the Base Case Forecast', formed the basis of the going concern assessment which was subject to scrutiny and approval by the Audit and Risk Committee and Court.

The Base Case Forecast shows that the University will maintain significant forecast cash reserves and will be able to adhere to the covenants for the period from approval of these financial statements to 31 July 2024 with minimum liquidity of £141.4 million.

In addition, the University has also modelled a severe but plausible downside scenario based on further increases in salary inflation and energy costs and the possibility of an economic downturn with related impacts on tuition fees and recovery of debts. In this scenario, the University forecasts sufficient liquidity to settle all contractual liabilities, while maintaining significant liquidity throughout the going concern assessment period to 31 July 2024. Minimum liquidity headroom throughout being £112.9 million at 31 July 2024.

Having taken these factors into account, Court considers that the University has adequate resources to continue in operation from the approval of these financial statements until at least 31 July 2024 and for this reason the going concern basis continues to be adopted when preparing the financial statements.

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

The financial statements do not include those of the Students' Association because the University does not control its activities or hold dominant influence over policy decisions.

Income recognition

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 customer.

Tuition fees and education contracts

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

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

Grant funding

Grant funding including funding council block grant, research grants from government sources and grants (including research grants) from non-government sources are recognised as 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 on the Balance Sheet and released to income when the conditions are met.

1. Principal Accounting Policies continued

Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within 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.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

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

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

- Restricted donations – the donor has specified that the donation must be used for a particular objective.
- Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- 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.
- 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

Capital grants are recognised in income when the University is entitled to the funds and all performance-related conditions have been met.

Accounting for retirement benefits

The University participates in the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS). USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The SPF and STSS are defined benefit schemes.

The assets of USS and STSS are held in separate trustee administered funds. Because of the mutual nature of the schemes, the schemes' assets are not attributed to individual institutions and scheme-wide contribution rates are set. The University is, therefore, exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', the University therefore accounts for these schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme.

Since the University has entered into an agreement with USS (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of Comprehensive Income and Expenditure.

1. Principal Accounting Policies continued

Accounting for retirement benefits continued

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

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.

Operating leases

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

Foreign currencies

Transactions denominated in foreign currencies are translated to sterling at the rate of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all the resulting exchange differences being taken to the Statement of Comprehensive Income and Expenditure in the year in which they arise.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to sterling using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

Intangible assets

Software which is not integral to the operation of any hardware with which it has been purchased is recorded as an intangible asset and is amortised over five to ten years representing the remaining economic useful life of the assets.

Research and development costs are written off to the Statement of Comprehensive Income and Expenditure as incurred.

Tangible fixed assets

Tangible fixed assets, excluding investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to the previous SORP in 2015 are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

1. Principal Accounting Policies continued

Investment properties

Investment properties are 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. Investment properties are not depreciated but are revalued or reviewed annually according to market conditions at 31 July each year.

Land and buildings

Land which is held freehold is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of up to 50 years. Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. Alterations and additions to buildings are depreciated over the expected useful life of the work carried out.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. The buildings are not depreciated until they are brought into use.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University.

Equipment

Equipment, including personal computers and software, costing less than £10,000 per individual item or group of related items, is recognised as expenditure in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its expected useful economic life, as follows:

General equipment - 5 years

Equipment acquired for specific research projects - 2 years

Where equipment is part of a capital project, it may be depreciated over periods of between five and ten years.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Heritage assets

Works of art and items of historical interest are not recognised, since reliable cost information is not available for items acquired many years ago and significant costs are involved in arriving at valuations.

Surplus assets for disposal

Surplus assets for disposal are land and buildings which are no longer in use by the University and which the University is committed to sell and not replace. These assets are valued at the lower of carrying amount and net realisable value.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously assessed standard of performance is recognised in the Statement of Comprehensive Income and Expenditure in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

1. Principal Accounting Policies continued

Investments

All investments are initially recognised at cost and subsequently measured at fair value at each Balance Sheet date. Where fair value cannot be reliably measured or investments are not publicly traded (spin-out companies), they are measured at cost less impairment.

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

Stock

Stocks for maintenance, catering and central stationery are valued at the lower of cost and selling price less costs to sell.

Departmental stocks are charged to the Statement of Comprehensive Income and Expenditure in the year of purchase.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the University has a present, legal, or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the Financial Statements.

Cash and cash equivalents

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

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

Taxation status

The University has charitable status and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC015263). The University is an exempt charity within the meaning of Part 1, Chapter 2, Section 7 of the Charities and Trustee Investment (Scotland) Act 2005, and is considered to pass the tests set out in Paragraph 1 of Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes.

1. Principal Accounting Policies continued

Taxation status continued

Accordingly, the University is exempt from taxation in respect of income or capital gains received within categories covered by Section 287 of the Corporation Tax Act 2009 and Sections 471 and 478 – 488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Taxes Act 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 receives no similar exemption in respect of Value Added Tax.

Reserves

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

Accounting estimates and judgements

In the application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and estimates that management have made in the process of applying the University's accounting policies and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical accounting estimates

- Pensions liabilities – Assumptions used in the calculation of the USS deficit and the SPF pension provisions represent a source of significant estimation. The key assumptions made in deriving these figures are explained in detail in Notes 18 and 22.
- Fixed assets lives and impairment – Management determines the most appropriate useful life of assets, over which period the value of an asset is depreciated. Management assesses whether any indicators of impairment are present for any of the University's assets and the likelihood of proposed capital projects proceeding beyond the feasibility stage.
- Accrued annual leave – The liability for annual leave to which an employee is entitled but has not taken by 31 July is calculated based on annual leave and payroll records.
- Recoverability of debtors – A provision for doubtful debts is based on Management's estimate of the expected recoverability of debt. The provision takes account of the category of debt outstanding, the age of outstanding balances and likelihood of recovery based on current discussions with the customer.

Significant judgements

- Revenue recognition – As outlined in the income recognition accounting policy above, certain grants and donations are recognised as income when the University is entitled to the income and performance conditions have been met. Management applies judgement in deferring income received for conditions not yet satisfied and accruing income due but not yet received.
- Multi-employer pension schemes. The University considers the Universities Superannuation Scheme (USS) and the Scottish Teachers' Superannuation Scheme (STSS) to be multi-employer schemes, as defined by FRS 102, and accounts for these schemes as if they were wholly defined contribution schemes.

Legal form

The University is a body corporate established in Scotland by Royal Charter in 1962.

2. Funding Council grants

	2022 £M	2021 £M
Recurrent grants		
General Fund – Teaching	71.5	67.6
General Fund – Research and Innovation	25.6	25.0
Capital grants	4.3	4.1
Total recurrent grants	101.4	96.7
Additional COVID-19 funding		
Revenue grants	4.7	7.2
Capital grants	-	1.4
Total additional COVID-19 funding	4.7	8.6
Other specific grants		
Strategic funding	7.5	6.7
Ring-fenced grants funded by Scottish Government	2.1	2.3
Total specific grants	9.6	9.0
	115.7	114.3

Income from capital grants includes £0.2 million in respect of capital grants released from deferred income in 2022 (2021: £Nil).

Included within deferred income are the following grants that have been received but which had not been recognised in income at 31 July as performance conditions had not yet been met:

	2022 £M	2021 £M
Capital grants	0.4	0.2
Additional COVID-19 funding	-	4.7
Strategic funding	4.1	4.2

3. Tuition fees and education contracts

	2022 £M	2021 £M
Scotland home domicile fees	36.0	37.2
EU domicile fees	4.0	5.3
RUK domicile fees	8.0	6.9
Non-EU domicile fees	58.6	42.7
Non-credit bearing course fees	4.1	3.0
Education contracts	1.0	1.4
Other contracts	6.5	6.8
	118.2	103.3

4. Research grants and contracts

	2022 £M	2021 £M
UK Research and Innovation	26.2	20.6
UK based charities	5.9	5.6
European Commission	6.7	6.2
Other grants and contracts	57.6	46.4
Capital grants	11.9	9.2
	108.3	88.0

Income from capital grants includes £3.0 million in respect of capital grants released from deferred income in 2022 (2021: £Nil).

Included within deferred income are the following grants that have been received but which had not been recognised in income at 31 July as performance conditions had not yet been met:

	2022 £M	2021 £M
Capital grants - government	10.3	10.1
Capital grants - other	-	0.1
Revenue grants - government	15.3	18.6
Other revenue grants and non-exchange transactions	13.8	13.4

5. Other income

	2022 £M	2021 £M
Residences and catering	8.2	4.1
Other services rendered	22.2	21.7
Capital grants	1.0	4.1
Other revenue grants	0.2	0.7
Royalty income	1.2	1.0
Accommodation charges and rental income	3.1	1.8
Other income	6.6	5.0
	42.5	38.4

Income from capital grants includes £0.2 million in respect of capital grants released from deferred income in 2022 (2021: £1.6 million).

Included within deferred income are the following grants that have not been recognised in income at 31 July as performance conditions had not yet been met:

	2022 £M	2021 £M
Capital grants - government	57.7	23.0
Capital grants - other	0.3	0.2

Other revenue grants includes £29,000 (2021: £734,000) in respect of grants received through the Coronavirus Job Retention Scheme. The total number of staff on furlough for any period of time during 2022 was 71 (2021: 208).

6. Investment income

	2022 £M	2021 £M
Investment income on endowments	0.7	0.6
Other investment income	0.2	0.7
Interest receivable	-	0.1
	0.9	1.4

7. Donations and endowments

	2022 £M	2021 £M
New endowments	-	0.1
Donations with restrictions	1.0	0.5
Unrestricted donations	1.2	1.4
	2.2	2.0

8. Staff costs

	Note	2022 £M	2021 £M
Wages and salaries		172.2	164.5
Social security costs		17.7	16.3
Other pension costs	22	42.0	36.2
		231.9	217.0
Movement on USS provision	18	124.4	(3.6)
		356.3	213.4
		2022 Number	2021 Number
Average staff numbers by major category			
Academic		1,367	1,322
Professional Services		1,610	1,605
Research		555	535
Operational		709	674
		4,241	4,136
		2022 £000	2021 £000
Total remuneration of the Principal and Vice-Chancellor including pension contributions was:			
Remuneration		321	316
		321	316
Other payments in lieu of employer's pension contribution		68	60
		389	376

8. Staff costs continued

The University's contributions to the Universities Superannuation Scheme in respect of the Principal's pension are paid at the same rates as for other staff. The Principal has ceased to pay pension contributions into the Universities Superannuation Scheme and the University's contributions to the pension scheme were paid to the Principal as salary on an equivalent basis.

The Principal's remuneration (excluding other payments in lieu of employer's pension contributions) is 8.56 times the median pay of University employees (2021: 8.56), where the median pay is based on the annualised full-time equivalent remuneration of all staff at the reporting date. In accordance with the CUC Remuneration Code, this pay ratio calculation follows the UCEA methodology, with total pay including the remuneration of the Principal, as noted above, but excludes payments in lieu of employer's pension contributions and other benefits.

The median pay does not include agency and temporary staff employed by the University in the period, based on management's assessment that the adjustment to the disclosure would be immaterial to the overall calculation and is too onerous to create. It should be noted that, as a People Oriented organisation, all of the University's operational support staff, including catering and cleaning staff, are employees of Strathclyde. The University's deliberate and value-led decision to maintain in-house services results in the median pay ratio being higher than would be the case in other organisations where such key services are outsourced.

The number of staff, including senior post holders other than the Principal, who received emoluments in excess of £100,000, excluding employer's pension contributions, are set out in the following table. The figures shown in the ranges below include payments in lieu of pension contributions for individuals who have opted out of the Universities Superannuation Scheme.

8. Staff costs continued

	2022			2021		
	Senior	Other	Total	Senior	Other	Total
£100,001 - £110,000	1	23	24	2	19	21
£110,001 - £120,000	6	19	25	2	18	20
£120,001 - £130,000	1	7	8	1	4	5
£130,001 - £140,000	1	4	5	2	6	8
£140,001 - £150,000	-	5	5	-	3	3
£150,001 - £160,000	3	1	4	2	-	2
£160,001 - £170,000	1	4	5	2	1	3
£170,001 - £180,000	1	1	2	1	1	2
£190,001 - £200,000	-	-	-	-	1	1
£200,001 - £210,000	-	1	1	-	1	1
£220,001 - £230,000	-	-	-	-	1	1
£250,001 - £260,000	-	1	1	1	-	1
£260,001 - £270,000	1	-	1	-	-	-
	15	66	81	13	55	68

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	2022 £M	2021 £M
Key management personnel compensation	2.7	2.5
	2022 Number	2021 Number
Number of posts included in key management personnel	16	14

Key management personnel compensation includes remuneration and all employee benefits including employer pension contributions.

Key management personnel are defined as members of the Executive Team. Membership comprises: the Principal and Vice-Chancellor, the Vice-Principal, the Executive Deans, the Associate Principals, the Chief Financial Officer, the Chief Commercial Officer, the University Secretary & Compliance Officer (until 31 March 2022), the University Secretary (from 6 June 2022) the University Compliance Officer (from 1 April 2022), the Chief People Officer (Director of Human Resources between 1 September 2020 and 1 March 2022), the Director of Strategic Planning and the Chief Digital and Information Officer (from 5 July 2021).

8. Staff costs continued

Payments in respect of compensation for loss of office are provided in the financial statements in the year of termination of office. The aggregate compensation for loss of office of staff whose earnings are more than £100,000 per annum or where the costs of all elements of a proposed arrangement amount to more than £100,000 was:

	2022 £000	2021 £000
Compensation paid	-	-

	2022 Number	2021 Number
Number of payments	-	-

9. Interest and other finance costs

	2022 £M	2021 £M
Loan interest	1.4	1.4
Net charge on pension scheme	-	0.3
Finance charge of USS pension deficit	0.6	0.5
	2.0	2.2

10. Analysis of expenditure by activity

	Staff costs £M	Other operating expenses £M	Interest and other finance costs £M	Total 2022 £M	Total 2021 £M
Academic departments	121.0	13.2	-	134.2	127.0
Academic support services	14.3	9.3	-	23.6	23.1
Research grants and contracts	34.5	29.4	-	63.9	51.7
Administration and central services	26.6	9.3	-	35.9	32.0
General educational expenditure	0.8	20.8	-	21.6	20.0
Residences and catering	4.1	2.8	-	6.9	6.0
Premises	11.8	24.9	-	36.7	33.0
Other income generating activities	9.6	9.5	-	19.1	18.7
Movement on pension provision	124.4	-	-	124.4	(3.6)
Other expenses	9.2	2.6	2.0	13.8	12.1
	356.3	121.8	2.0	480.1	320.0

Depreciation	38.8	36.0
Amortisation	1.5	1.0

Total per income and expenditure account **520.4** **357.0**

Other operating expenses include the following External auditor's remuneration:

	2022 £000	2021 £000
Audit services	107	99
Non-audit services: Audit related assurance services	20	26

11. Other gains and losses

	2022 £M	2021 £M
Gain on investments	1.4	7.2

12. Intangible assets

	£M
Cost	
At 1 August 2021	8.3
Additions	3.6
Disposals	(0.8)
At 31 July 2022	11.1
Amortisation	
At 1 August 2021	2.9
Amortisation charge	1.5
Disposals	(0.8)
At 31 July 2022	3.6
Net book value at 31 July 2022	7.5
Net book value at 31 July 2021	5.4

13. Tangible assets

	Investment properties £M	Land and Buildings			Equipment £M	Total £M
		Freehold £M	Long leasehold £M	Assets under construction £M		
Cost						
At 1 August 2021	9.4	625.9	15.5	22.2	75.0	748.0
Additions	-	7.2	0.1	31.1	16.8	55.2
Disposals	-	-	-	-	(5.3)	(5.3)
At 31 July 2022	9.4	633.1	15.6	53.3	86.5	797.9
Depreciation						
At 1 August 2021	-	253.6	13.3	-	42.8	309.7
Charge for year	-	21.1	0.7	-	17.0	38.8
Disposals	-	-	-	-	(5.3)	(5.3)
At 31 July 2022	-	274.7	14.0	-	54.5	343.2
Net book value at 31 July 2022	9.4	358.4	1.6	53.3	32.0	454.7
Net book value at 31 July 2021	9.4	372.3	2.2	22.2	32.2	438.3

13. Tangible fixed assets continued

At 31 July 2022, freehold land and buildings included £30.4 million (2021: £30.4 million) in respect of freehold land which is not depreciated.

Buildings with a net book value of £390.1 million and cost of £647.1 million have been funded in part or in whole from public funds. Should these particular buildings be sold, the University would have to surrender the relevant proceeds or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

The investment properties were revalued on the basis of market value at 31 July 2022 by an external valuer, Savills UK Limited, in accordance with Royal Institution of Chartered Surveyors' (RICS) professional standards. The valuer has estimated the fair value of the property on the basis of a number of assumptions regarding the condition of the property and an equivalent yield of 7.97% (2021: 7.98%).

The historic cost of investment properties held at fair value is as follows:

	2022 £M	2021 £M
At 1 August	9.6	9.6
At 31 July	9.6	9.6

Heritage assets are not recognised in the financial statements. The University's heritage assets comprise over 1,000 works of art, around 400 historical scientific instruments, some 35 special collections of rare printed and manuscript materials, historical archives (including the University's own archives and some 30 other archive collections), and silverware and other ceremonial items. The ages of the items range from the 15th century to the present day.

The artwork collection is mainly displayed in University buildings across the campus, while the historical scientific instrument collection is available for viewing by appointment. The book/manuscript collections and archives are used for consultation purposes. The ceremonial assets are used for occasions such as graduations. No material acquisitions occurred in the period, and there were no disposals.

14. Fixed asset investments

	2022 £M	2021 £M
At 1 August	55.2	48.0
Additions	9.7	11.5
Disposals	(10.5)	(11.0)
(Decrease)/increase in market value of investments	(1.2)	6.9
Increase/(decrease) in cash balances	1.5	(0.2)
At 31 July	54.7	55.2
Represented by:		
Fixed interest investments (listed)	6.2	10.2
Equities (listed)	39.3	37.5
Cash at bank	4.2	2.7
Spin-out company investments	5.0	4.8
	54.7	55.2

Investments are stated at market value apart from investments in projects emanating from the University's research activities which are considered to merit commercial development (spin out company investments). Such investments are stated at the lower of cost and net realisable value.

The University's subsidiary undertakings are:

	%		Main	Year
	Holding		activity	end
Strathclyde University Incubator Limited	100	Incubator for technology-based business		31/07/22
University of Strathclyde Properties Limited	100		Dormant	31/07/22
Haleno Limited	100		Dormant	31/07/22
SGBS Limited	100		Dormant	31/07/22

The financial statements of these subsidiary undertakings have not been consolidated with those of the University on the basis that the amounts involved are not material.

15. Debtors

	2022 £M	2021 £M
Amounts falling due within one year:		
Debtors	16.5	12.5
Prepayments and accrued income	30.5	30.0
	47.0	42.5
Amounts falling due after more than one year:		
Prepayments and accrued income	4.0	13.0
	51.0	55.5



16. Creditors: amounts falling due within one year

	2022 £M	2021 £M
Unsecured loans	7.4	6.7
Creditors	26.1	24.5
Social security and other taxation payable	4.8	4.5
Accruals	20.5	21.7
Deferred income	164.3	116.4
	223.1	173.8

Deferred income

Included within deferred income are the following items of income which have been deferred until specific performance conditions have been met:

	2022 £M	2021 £M
Donations	25.4	2.7
Research grants received on account	34.0	45.3
Grant income	72.7	42.3
Other income	32.2	26.1
	164.3	116.4

17. Creditors: amounts falling due after more than one year

	2022 £M	2021 £M
Analysis of unsecured loans		
Due within one year or on demand	7.4	6.7
Due between one and two years	8.7	7.4
Due between two and five years	29.0	28.1
Due in five years or more	79.0	82.7
	124.1	124.9
Due within one year or on demand	(7.4)	(6.7)
Due after more than one year	116.7	118.2

At 31 July 2022, balances outstanding on unsecured loans repayable by instalments were:

	Interest details	Repayable	£M
European Investment Bank			
Floating (4 year)	0.682% above SONIA based reference rate*	2017-2035	13.5
Fixed (20 year)	2.552% fixed until 5 March 2035	2018-2035	23.4
Fixed (10 year)	2.319% fixed until 5 March 2025	2018-2035	14.9
Floating (4 year)	0.837% above SONIA based reference rate*	2018-2035	14.9
* The loan agreement with the European Investment Bank was amended in December 2021 as part of the market wide transition of loans from LIBOR to SONIA (Sterling Overnight Index Average) ahead of the phasing out of LIBOR on 31 December 2021.			
Scottish Funding Council			
Financial Transactions	0.25% fixed	2024-2029	10.0
Financial Transactions	0.25% fixed	2020-2029	0.8
Financial Transactions	0.25% fixed	2020-2030	2.0
Financial Transactions	0.25% fixed	2020-2035	0.8
Financial Transactions	0.25% fixed	2020-2030	7.7
Financial Transactions	0.25% fixed	2022-2042	9.8
Financial Transactions	0.25% fixed	2023-2041	6.0
Financial Transactions	0.25% fixed	2023-2031	2.8
Financial Transactions	0.25% fixed	2023-2031	0.3
Financial Transactions	0.25% fixed	2023-2041	10.0
Financial Transactions	0.25% fixed	2022-2042	5.9
Carbon Reduction	Interest free	2018-2025	0.3

The University has interest free loans totalling £1.0 million (2021: £1.0 million) from Salix Finance Ltd which are partially repayable in five years or more. The dates and quantum of repayments are wholly dependent upon the timing of expenditure and savings related to various energy efficiency and renewable energy projects funded by these loans, which require matched funding by the University.

18. Provisions for liabilities

	Obligation to fund deficit on USS pension £M	Pension enhancements £M	Total pension provisions £M	Other provisions £M	Total £M
At 1 August 2021	64.1	4.9	69.0	0.4	69.4
Utilised in year	-	(0.5)	(0.5)	-	(0.5)
Additions in year	125.0	-	125.0	-	125.0
At 31 July 2022	189.1	4.4	193.5	0.4	193.9

Obligation to fund deficit on USS pension

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in Note 22.

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires deficit payments of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 then 6.3% over the period 1 April 2024 to 31 March 2038. The 2022 deficit recovery liability reflects this plan.

The major assumptions used to calculate the obligation are:

	2022	2021
Discount rate	3.33%	0.89%
Salary growth (average inflationary and staff changes over the remainder of the recovery plan)	6.40%	5.30%

18. Provisions for liabilities continued

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision at 31 July 2022 are set out below:

Change in assumptions	Approximate impact
0.5% p.a. decrease in discount rate	£8.5 million increase
0.5% p.a. increase in discount rate	£7.9 million decrease
0.5% p.a. increase in salary inflation over duration	£8.2 million increase
0.5% p.a. increase in salary inflation year 1 only	£0.9 million increase
0.5% increase in staff changes over duration	£8.3 million increase
0.5% increase in staff changes year 1 only	£0.9 million increase

Pension enhancements

The University has an obligation in respect of former employees who have retired and for whom an enhanced pension has been provided. Some £4.4 million (2021: £4.9 million) of liability continues throughout the retirement period and is assessed by independent actuarial valuation. The principal assumptions are a discount rate of 3.4% (2021: 1.6%) and pension increases of 2.9% (2021: 2.6%).

19. Endowments

	Unrestricted permanent £M	Restricted permanent £M	Total permanent £M	Restricted expendable £M	2022 total £M	2021 total £M
At 1 August						
Capital	7.3	30.0	37.3	-	37.3	31.7
Accumulated income	-	3.6	3.6	1.2	4.8	4.6
	7.3	33.6	40.9	1.2	42.1	36.3
New endowments	-	-	-	-	-	0.1
Investment income	0.1	0.6	0.7	-	0.7	0.6
Expenditure	(0.1)	(0.5)	(0.6)	-	(0.6)	(0.4)
	-	0.1	0.1	-	0.1	0.2
(Decrease)/increase in market value of investments	-	(0.5)	(0.5)	-	(0.5)	5.5
At 31 July	7.3	33.2	40.5	1.2	41.7	42.1
Represented by:						
Capital	7.3	29.5	36.8	-	36.8	37.3
Accumulated income	-	3.7	3.7	1.2	4.9	4.8
	7.3	33.2	40.5	1.2	41.7	42.1
Analysis by type of purpose						
	Unrestricted permanent £M	Restricted permanent £M	Total permanent £M	Restricted expendable £M	2022 total £M	2021 total £M
Scholarship	2.4	11.2	13.6	0.2	13.8	13.7
Chair	-	2.0	2.0	-	2.0	2.2
Entrepreneurship	-	7.1	7.1	0.4	7.5	7.7
Lectureships	-	1.4	1.4	0.3	1.7	1.6
Prizes	-	1.7	1.7	-	1.7	1.7
Research support	-	8.0	8.0	0.2	8.2	8.2
General	4.9	1.8	6.7	0.1	6.8	7.0
	7.3	33.2	40.5	1.2	41.7	42.1

19. Endowments continued

Major Endowments

Restricted permanent endowments include four major individual funds:

- T B Hunter Charitable Trust – Endowed to support the ongoing development of entrepreneurship education.
- Sir David S Anderson Trust – Bequest to be used in the field of Science and Engineering by inviting distinguished persons from institutions in Europe or America to visit the University to take an active part in teaching and/or research or to send University staff abroad to acquire knowledge which might not be available in this country.
- Glaxo – Endowed to provide monies to establish two ‘Jack Research Fellowships’ for advanced study in any field of science related to the discovery of new drugs.
- Robertson Trust – Endowed to provide for a Chair of Bioprocessing Technology.

The movements of these funds for the year were as follows:

	T B Hunter Charitable Trust £M	Sir David S Anderson Trust £M	Glaxo £M	Robertson Trust £M
At 1 August 2021	7.1	2.1	2.5	2.2
Investment income	0.2	-	-	-
Expenditure	(0.2)	-	-	-
Increase in market value of investments	(0.2)	-	(0.1)	(0.2)

At 31 July 2022	6.9	2.1	2.4	2.0
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	2022 £M	2021 £M
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Analysis by asset:

Current and non-current asset investments	33.2	34.7
Cash and cash equivalents	8.5	7.4

	41.7	42.1
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Cash and cash equivalents comprise:

Cash held at Investment Manager	3.1	2.1
Cash held at University	5.4	5.3

	8.5	7.4
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20. Capital commitments

	2022 £M	2021 £M
Commitments contracted at 31 July	4.2	28.2

Of the above commitments £3.3 million (2021: £24.8 million) will be funded from external sources.

21. Reconciliation of net funds

	£M
Net funds at 1 August 2021	24.0
Movement in cash and cash equivalents	35.2
New unsecured loans	(5.9)
Repayments of amounts borrowed	6.7
Net funds at 31 July 2022	60.0

	At 1 August 2021 £M	Cash flow £M	Non-cash changes £M	At 31 July 2022 £M
Cash and cash equivalents	148.9	35.2	-	184.1
Loans due within one year	(6.7)	6.7	(7.4)	(7.4)
Loans due after more than one year	(118.2)	(5.9)	7.4	(116.7)
	24.0	36.0	-	60.0

22. Pension schemes

The University participates in three defined benefit schemes: the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS).

	Note	2022 £M	2021 £M
USS		29.4	27.5
SPF		12.5	8.6
STSS		0.1	0.1
	8	42.0	36.2

With the exception of SPF the University has, as permitted by FRS 102, accounted for these schemes as though they were defined contribution schemes and the costs recognised within the University's Statement of Comprehensive Income and Expenditure is equal to the contributions payable to the schemes in the year.

	2022 £M	2021 £M
Outstanding contributions at 31 July were:		
USS	2.5	2.4
SPF	0.4	0.3
	2.9	2.7

22. Pension schemes continued

Universities Superannuation Scheme

The employer contributions charged to the Statement of Comprehensive Income and Expenditure were £29.4 million (2021: £27.5 million).

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

Since the University is unable to identify its share of the USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion, indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the [Statement of Funding Principles](#).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% p.a. reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.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 assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

22. Pension schemes continued

The current life expectancies on retirement at age 65 are:

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

Details of the University's contractual obligation to make deficit payments in accordance with the deficit recovery plan are set out in Note 18.

Strathclyde Pension Fund

The University participates in the Strathclyde Pension Fund (SPF), a local government pension scheme, which provides benefits based on final pensionable salary for employees of local government and some other institutions including the University. The University believes that sufficiently robust information is available to enable each institution's share of the underlying assets and liabilities of the scheme to be identified on a consistent and reasonable basis and the scheme is accounted for as if it were a defined benefit scheme.

SPF is an externally funded, multi-employer, defined benefits scheme. The last full valuation was carried out at 31 March 2020 by a qualified independent actuary. The results below are based on rolling forward the previous valuation results to 31 July 2022.

22. Pension schemes continued

The major assumptions used by the actuary at the beginning and end of the financial year were as follows:

	2022	2021
Rate of increase of salaries (see Note a)	3.50%*	3.50%**
Rate of increase in pensions in payment (see Note b)	9.90%	2.80%
Discount rate	3.45%	1.55%

(a) * The salary increase assumption is 4.1% for the year to 31 July 2023, 3.7% for the year to 31 July 2024, 2.7% for the year to 31 July 2025 and 3.5% thereafter.

** The salary increase assumption is 2.2% per annum to 31 July 2023, 2.7% for the year to 31 July 2024 and 3.5% thereafter.

(b) The year end liability is calculated to include an estimated uprating of current and deferred pension benefits in relation to the 2023 pension increase order for the scheme. This is based on RPI and CPI rates at 31 July 2022, equating to 9.90%. The actual increase will be agreed in March 2023 and may be subject to change on finalisation. Any changes from the assumed rate will be accounted for as actuarial adjustments in future years.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The assumptions noted above relate to expectations across the duration of the scheme and therefore are based on longer-term estimations.

The current mortality assumptions include a sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are as follows:

	2022	2021
Current Pensioners		
Males	19.6 years	19.8 years
Females	22.4 years	22.6 years
Future Pensioners		
Males	21.2 years	21.2 years
Females	24.7 years	24.7 years

The fair values of the University's share of the assets and liabilities in the scheme were measured in accordance with the requirements of Section 28 of FRS 102 'Employee benefits' and the expected rates of return were as follows.

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes.

22. Pension schemes continued

	2022 £M	2021 £M	2020 £M
Equities	163.7	179.0	143.7
Bonds	73.6	65.1	57.0
Property	30.0	24.4	25.1
Cash	5.5	2.7	2.3
	272.8	271.2	228.1
Weighted average expected rate of return	3.45%	1.55%	1.40%
		2022 £M	2021 £M
Analysis of the amount shown in the Balance Sheet for SPF defined benefit obligation			
Scheme assets		272.8	271.2
Less share of assets not recognised under FRS 102		(69.6)	(18.3)
Scheme liabilities		(203.2)	(252.9)
Surplus in the scheme – defined benefit obligations		-	-
Analysis of the amount included in operating expenditure			
Current service cost		12.4	8.6
Past service cost (including curtailments)		0.1	-
		12.5	8.6
Analysis of the amount charged to interest payable			
Interest cost		4.0	3.5
Expected return on assets		(4.0)	(3.2)
Net charge to interest and other finance costs		-	0.3

22. Pension schemes continued

	2022 £M	2021 £M
Analysis of Other Comprehensive Income for SPF pensions		
Actual return less expected return on scheme assets	(1.5)	41.8
Gains on scheme liabilities	60.2	2.5
less movement in actuarial gain not recognised under FRS 102	(51.0)	(18.3)
Total gain recognised via Statement of Comprehensive Income and Expenditure during year	7.7	26.0

	2022	2021
History of experience gains and losses		
Difference between the expected and actual returns on assets (£M)	(1.5)	41.8
Percentage of scheme assets	(0.5)%	15.4%
Gains on scheme liabilities (£M)	60.2	2.5
Percentage of scheme liabilities	29.6%	1.0%
Total amount recognised in Other Comprehensive Income (£M)	7.7	26.0
Percentage of scheme liabilities	3.8%	10.3%

The contribution rate payable by the University was 22.1% of pensionable salary (2021: 29.5% until 31 March 2021 and 22.1% thereafter).

22. Pension schemes continued

	2022 £M	2021 £M
Movements in present value of defined benefit obligations		
Present value of obligations at 1 August	252.9	249.8
Current service cost (net of member contributions)	12.4	8.6
Past service cost (including curtailments)	0.1	-
Interest cost	4.0	3.4
Actuarial gains	(60.2)	(2.5)
Contributions by members	1.2	0.9
Estimated unfunded benefits paid	(0.1)	(0.1)
Benefits paid	(7.1)	(7.2)
At 31 July	203.2	252.9
	2022 £M	2021 £M
Movements in fair value of plan assets		
At 1 August	271.2	228.1
Expected return on plan assets	4.0	3.2
Actuarial (losses)/gains	(1.2)	41.8
Contributions by the employer	4.7	4.4
Contributions in respect of unfunded benefits	0.1	0.1
Contributions by members	1.2	0.9
Unfunded benefits paid	(0.1)	(0.1)
Benefits paid	(7.1)	(7.2)
At 31 July	272.8	271.2

The above movements in plan assets and liabilities result in a net asset of £69.6 million at 31 July 2022 (2021: £18.3 million). In 2021, as outlined in the accounting policies, where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The University assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surpluses in both 2022 and 2021 were not recognised in line with the requirements of FRS 102.

22. Pension schemes continued

Scottish Teachers' Superannuation Scheme

The University participates in the Scottish Teachers' Superannuation Scheme (STSS). The scheme is an unfunded statutory public service pensions scheme with benefits underwritten by the UK Government.

The scheme is financed by payments from employers and those current employees who are members of the scheme. The contributions paid into the scheme fall into general government revenues. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. The results of the valuation were used to set employer contribution rates.

The level of contribution paid by employing institutions was 23.0% of members' salaries (2021: 23.0%). This rate will remain in force until 1 April 2024.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

23. Financial instruments

	Note	2022 £M	2021 £M
Financial assets			
Measured at fair value through income and expenditure:			
Investments (fixed investments listed)	14	6.2	10.2
Investments (equities listed)	14	39.3	37.5
Investments (cash)	14	4.2	2.7
Measured at cost less impairment:			
Spin-out company investments	14	5.0	4.8
Measured at undiscounted amount receivable:			
Trade and other debtors	15	51.0	55.5
Financial liabilities			
Measured at undiscounted amount payable:			
Loans payable falling due within one year	16	7.4	6.7
Loans payable falling due after more than one year	17	116.7	118.2
Trade and other creditors	16	215.7	167.1

24. Related party transactions

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

The University makes certain payments on behalf of and is reimbursed for certain costs by the Students' Association (USSA). The University does not exercise day to day control over the activities of USSA. In 2022, the University:

- contributed £2.6 million as a grant towards its activities (2021: £1.7 million plus provision of rent free accommodation).
- received £0.8 million of rental income from USSA.

The balance due by the University to USSA at 31 July was £35,000 (2021: £4,000).

In line with the Committee of University Chairs' guidance, all members of Court are required to complete a register of interests to record any areas of potential conflict with the interests of the University. A register of interests is maintained for members of Court and reviewed by management in advance of preparing the financial statements for the year. Management identified no related party transactions that it considered necessary to disclose here through its review.

Membership of spin-out companies and other associated companies was reviewed and there is no significant University representation in these companies. No material payments have been made to these companies.

25. HE bursaries and other student support funds

	2022 HE Childcare £M	2022 HE Discretionary £M	2022 COVID-19 Discretionary £M	2022 total £M	2021 total £M
Allocation received in the year	0.5	0.9	1.5	2.9	3.3
Expenditure	(0.4)	(0.9)	(1.3)	(2.6)	(3.3)
Virements	(0.1)	0.1	-	-	-
Balance carried forward	-	0.1	0.2	0.3	-
Repayable as clawback	-	0.1	0.2	0.3	-

These grants are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

26. Facility time publication

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers, including the University, to collate and publish a range of data on the amount and cost of Trade Union facility time within their organisation on an annual basis. The University's return for the period 1 April 2021 - 31 March 2022, which contains details of numbers of employees who were relevant union officials, the percentage of their working hours spent on facility time, percentage of paybill spent on facility time and paid trade union activities, is available on the [facility time publication](#) webpage.

27. US Department of Education Financial Responsibility Supplementary Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University of Strathclyde 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 modified by the revaluation of land, investment properties and certain fixed asset investments.
- 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.

In the tables below, the primary statements are referenced using the following abbreviations:

- Statement of Comprehensive Income and Expenditure - SOCI
- Balance Sheet - BS

Primary Reserve Ratio

Page	Note	Financial Statements Description	Supplementary Schedule Description	2022 Total £M	2022 Total £M	2021 Total £M	2021 Total £M
43		BS – Income and Expenditure reserve - unrestricted	Net assets without donor restrictions		177.4		300.5
43		BS – Income and Expenditure reserve - endowments	Net assets with donor restrictions		41.7		42.1
	N/a		Secured and Unsecured related party receivable	-		-	
	N/a		Unsecured related party receivable		-		-
42		BS – Intangible assets and Tangible assets	Property, plant and equipment, net (includes Construction in progress)	462.2		443.7	

27. US Department of Education Financial Responsibility Supplementary Schedule continued

Primary Reserve Ratio continued

Page	Note	Financial Statements Description	Supplementary Schedule Description	2022 Total £M	2022 Total £M	2021 Total £M	2021 Total £M
42		BS – Intangible assets and Tangible assets less Assets under construction per Note 13	Property, plant and equipment – pre-implementation		408.9		421.5
		N/a	Property, plant and equipment – post implementation with outstanding debt for original purchase		-		-
		N/a	Property, plant and equipment – post implementation without outstanding debt for original purchase		-		-
63	13	Assets under construction	Construction in process		53.3		22.2
			Lease right-of-use asset, net	-		-	
		N/a	Lease right-of-use pre-implementation		-		-
		N/a	Lease right-of-use post implementation		-		-
		BS – Goodwill – n/a	Intangible assets		-		-
42		BS – Pension provisions and other provisions	Post-employment and pension liabilities		193.9		69.4
68	17	Unsecured loans	Long-term debt – for long term purposes	124.1		124.9	
68	17	Unsecured loans	Long-term debt – for long term purposes pre-implementation		124.1		124.9
		N/a	Long-term debt – for long term purposes post-implementation		-		-
		N/a	Line of Credit for Construction in process		-		-
		N/a	Lease right-of-use asset liability	-		-	

27. US Department of Education Financial Responsibility Supplementary Schedule continued

Primary Reserve Ratio continued				2022	2022	2021	2021
Page	Note	Financial Statements Description	Supplementary Schedule Description	Total £M	Total £M	Total £M	Total £M
		N/a	Pre-implementation right-of-use leases		-		-
		N/a	Post-implementation right-of-use leases		-		-
		N/a	Annuities with donor restrictions		-		-
		N/a	Term endowments with donor restrictions		-		-
		N/a	Life income funds with donor restrictions		-		-
71	19	Total permanent endowments	Net assets with donor restrictions: restricted in perpetuity		40.5		40.9
Total Expenses and Losses							
40		SOCI – Total expenditure less expenditure on permanent endowments (note 19)	Total expenses without donor restrictions – taken directly from Statement of Activities		519.8		356.6
		SOCI – Actuarial gain in respect of pension scheme	Non-Operating and Net Investment (loss)		(7.7)		(26.0)
		N/a	Net Investment losses		-		-
		N/a	Pension-related changes other than net periodic costs		-		-

27. US Department of Education Financial Responsibility Supplementary Schedule continued

Equity Ratio				2022	2022	2021	2021
Page	Note	Financial Statements Description	Supplementary Schedule Description	Total £M	Total £M	Total £M	Total £M
				Modified Net Assets			
43		BS – Income and Expenditure reserve - unrestricted	Net assets without donor restrictions		177.4		300.5
43		BS – Income and Expenditure reserve - endowments	Net assets with donor restrictions		41.7		42.1
		BS – Goodwill – n/a	Intangible assets		-		-
	N/a		Secured and Unsecured related party receivable	-		-	
	N/a		Unsecured related party receivable		-		-
				Modified Net Assets			
42		BS – Total assets less current liabilities plus Creditors: amounts falling due within one year	Total assets		752.8		704.0
	N/a		Lease right-of-use pre-implementation		-		-
	N/a		Pre-implementation right-of-use leases		-		-
		BS – Goodwill – n/a	Intangible assets		-		-
	N/a		Secured and Unsecured related party receivable	-		-	
	N/a		Unsecured related party receivable		-		-

27. US Department of Education Financial Responsibility Supplementary Schedule continued

Net Income Ratio				2022	2022	2021	2021
Page	Note	Financial Statements Description	Supplementary Schedule Description	Total £M	Total £M	Total £M	Total £M
40		SOCI – Unrestricted comprehensive income and expenditure for the year	Change in net assets without donor restrictions		(123.1)		17.8
40		SOCI – Total income less <ul style="list-style-type: none"> • Investment income on endowments (Note 6) • New endowments (Note 7) 	Total revenues and gains		387.1		346.7



Court Membership 2021/22

Convener of Court

Dame S Bruce

Ex Officio

Principal and Vice-Chancellor
Professor Sir J McDonald

Vice-Principal Professor S MacGregor

Glasgow City Council

Councillor R Kelly

Senate

Mrs L Brownlow
Prof J Sefcik

President of the Students Association plus another Member of the Student Executive

Mr B Rapson

Ms K Bannatyne

Co-opted by Court (Lay Members)

Ms N Bakshi
Ms V Beckett (Deputy Convener, Estates)

Dame S Bruce (Convener of Court)
Mr R Cleland (Senior Deputy Convener of Court and
Deputy Convener, Staff)
Mr M Campbell
Ms A Culpin
Mrs P Galloway (Vice Convener of Court)

Ms G Hastings (Treasurer)

Mr S Ingledew
Ms M Jacobi
Ms S Kelly
Mr M Roughead
Ms B Wyllie
Mr P Young

Professional Services Staff

Ms E Blaxter

Academic Professional Staff

Prof J Delafield-Butt

Appointed by Trade Unions

Mr A Eccles
Mr W McLachlan

The following individuals were appointed as members of Court on 1 August 2022. They were not members of Court during the financial year to 31 July 2022 but were members of Court on the day the Financial Statements were approved Councillor R Bell, Mr A Morrow, Mr L McDermott, Ms F Salzen.

Note: further information on Court members, including attendance rates and a register of interests, is available on the [Court webpage](#).

Membership of Principal Committees of Court

Convener of Court Membership Group and Court Business Group,
Member of Remuneration Committee

Member of Estates Committee, Staff Committee, Court Membership Group,
Court Business Group, Enterprise & Investment Committee

Convener of Estates Committee,
Member of Court Membership Group and Court Business Group

Member of Court Membership Group
Member of Court Business Group

Member of Court Business Group, Estates Committee and
Court Membership Group

Member of Estates Committee
Member of Court Business Group, Court Membership Group and Estates
Committee
See above
Member of Staff Committee, Court Business Group, Court Membership Group
and Convener of Remuneration Committee
Member of Audit and Risk Committee, Remuneration Committee
Member of Court Membership Group, Audit and Risk Committee
Member of Court Business Group, Court Membership Group and Convener of
Audit and Risk Committee
Member of Court Business Group, Court Membership Group, Enterprise &
Investment Committee, Estates Committee and Remuneration Committee
Member of Staff Committee

Member of Enterprise and Investment Committee
Member of Enterprise and Investment Committee and Staff Committee
Member of Audit and Risk Committee
Member of Statutory Advisory Committee on Safety and Occupational Health

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