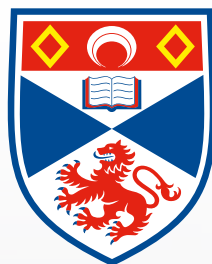


# Reports and Financial Statements of the University Court

*for the year to 31 July 2022*



University of  
St Andrews

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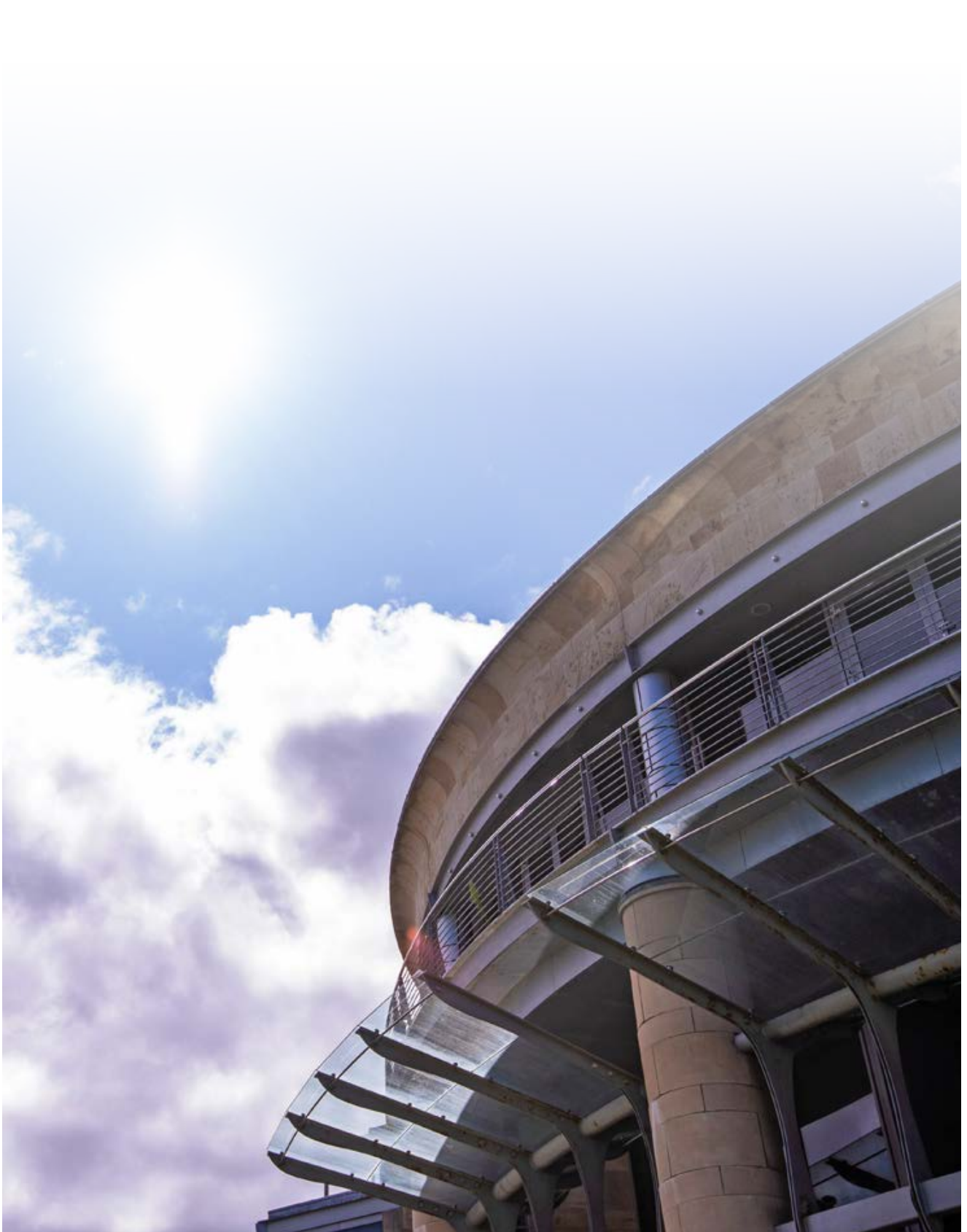
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# Strategic Report



## Vision

*Our fundamental goal is to attract the best staff and nurture the most promising students from around the world.*

### Strategy at a glance

Our five-year [Strategy](#) sets out how we will act on our core qualities and key ambitions to grow in size, scale, and impact, and to consolidate our strengths and look for new opportunities. We will do this in ways which respect and support our people, our values, and our environment. This Strategy expresses our ambitions across four distinct but equally important themes: **World-leading St Andrews**, **Diverse St Andrews**, **Global St Andrews**, and **Entrepreneurial St Andrews**, underpinned by a recognition of our Social Responsibility.

The challenges that arose from the Covid-19 pandemic cannot be under-stated, with significant impacts not just on individual members of staff and the student body of the University, but also fundamentally on our approaches, and ability, to fulfil our research and teaching to the standards we are globally recognised for. It also provided the single largest challenge to our Strategy. In very simple terms, would our Strategy still remain relevant as we sought to consolidate and then emerge from the pandemic? We are very clear in recognising the Strategy, our values and determination, have steered us through the last two years of uncertainty, and will continue to deliver a clear direction in looking forwards. We will not rest on our laurels; our job is not done, and we will not sit back and relax after navigating the challenges we have faced.

### World-leading St Andrews will:

- Be innovative in our approach to supporting teaching, research, outreach, and impact
- Promote areas of world-leading research that provide international leadership, engage with big societal questions, have the highest level of integrity, and the potential to resonate externally
- Intersect with Global St Andrews and Entrepreneurial St Andrews to bring through new areas for research and teaching where they demonstrate the capacity to add value at an outstanding level
- Promote working across disciplines and interdisciplinarity in our priority areas
- Invest in degree-level teaching so that it retains its high quality and is centred on research-led content, a positive learning environment, and direct engagement with our students
- Look ahead to deliver teaching that also responds to changed needs in life-long learning, professional education, skills, social responsibility, and environmental sustainability

### Diverse St Andrews will:

- Enable the University of St Andrews to be identified in the next decade as an institution that is inclusive, inspirational, and incentivised to go on being so
- Embed the structures that let students and staff develop their potential, in energising rather than bureaucratic ways
- Work strategically to remove the gender pay gap
- Improve provision for disabled staff and students and involve all staff and students in so doing
- Give focus to intersectionality and the promotion of a strongly diverse community
- Develop a reward structure that values sustained commitment to diversity, inclusivity, fairness, and social responsibility

### Global St Andrews will:

- Develop the scale, quality, and value of the University's international networks
- Provide coordinated support and frameworks for staff leading on collaboration, international research, and curriculum development
- Enhance our academic activities and recruitment in existing markets such as Europe and North America, and in emerging markets such as China and India
- Provide an incubator for emerging initiatives that respond to global trends
- Provide a welcoming gateway for the world to come to St Andrews
- Enable further access to opportunities globally for students and staff

### Entrepreneurial St Andrews will:

- Develop an entrepreneurial culture which attracts others to seek the development of solutions with the University
- Create support structures that enable effective engagement between researchers, industry, business, policy makers, students, alumni, and investors, and develop and support our enterprise education portfolio
- Enable start-ups to become active and sustainable enterprises
- Establish investment vehicles and opportunities for supporting sustainable innovation
- Develop a rounded strategy for the exploitation of intellectual property

- Ensure that entrepreneurial engagement is University-wide, with a clear place for the Arts, Humanities, and Social Sciences
- Develop a horizon-scanning environment to engage with leaders from industry

### University Social Responsibility

In implementing our strategic plan, we will act ethically, transparently, sustainably, and for the wider public benefit at all times. This broad commitment to social responsibility and sustainability will shape our policies, practices, and respect for our environment. We will involve our students, staff, trade unions, alumni, partners, suppliers, and our wider communities in developing and delivering the actions and strategies required to embed this in our day-to-day activities.

We believe that social responsibility is a deep-woven thread which already runs through much of what we do, but we acknowledge that this is the first time in six centuries that the University of St Andrews will visibly place social responsibility at the heart of its strategic plan.

### Realising the Vision

We will always stay true to our values and the Homeric motto that expresses our determination to move forward with purpose, integrity, and success: Ever to Excel.

### Preparation of the financial statements

The financial statements for the year to 31 July 2022 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (SORP 2019) and the Scottish Funding Council's (SFC) annual Accounts Direction.

As noted in the Statement of Principal Accounting Policies on page 48, the financial statements have been prepared on a historical cost basis as modified to include investments and financial instruments at their market value.

### Foreword

The 2021/22 academic year was one of the most remarkable years for the University, being ranked number one in the United Kingdom in [The Times and Sunday Times Good University Guide 2022](#). It is the first time in the near 30-year history of the Guide, or any UK ranking for that matter, that any university has been placed above those of Oxford and Cambridge. This demonstrates that we have the most gifted and committed staff, the highest quality of teaching, world-leading research, and are attracting the very brightest students who then achieve their potential. The fact that the staff and students of a small, Scottish institution have been able to break through a hitherto impenetrable ceiling will, hopefully, inspire others. For St Andrews to achieve this in one of the most challenging and difficult

years of any in our history, in the midst of a global pandemic, is significant.

The academic year saw a transition back to in-person teaching slowly in line with Scottish Government guidelines. This was not just a simple return to in-person teaching but an enhancement to our learning and teaching by embedding and building on the inclusive digital skills, methodologies, and resources that we have acquired over the last two years. Using those digital teaching techniques which we have proven capable of delivering better outcomes, for students and staff.

Covid no longer dominates the headlines and the University has slowly transitioned to a position close to business as usual, whilst maintaining a watching brief on remaining areas of uncertainty. Risks from the pandemic have not disappeared entirely, our reach is global and our global community is still being affected by the pandemic. Vaccination progress has been slow in many areas of the world with China recently re-imposing intermittent large-scale lockdowns. In the last twelve months we have seen Russia invade Ukraine, also creating tensions across other areas of Eastern Europe, whilst there are increasing tensions over the independence status of Taiwan, impacting on Global supply chain pressures and creating unprecedented increases in energy prices to unaffordable heights across the global economy. The outlook for overall inflation is volatile with the UK facing the serious risk of another recession.

It has been apparent over the last year that we are in an inherently unstable period with a variety of economic and geo-political threats against which we must adjust and adapt to, to reposition ourselves in the best way to meet these uncertainties head on, using our size and associated agility to benefit us. Financial risks such as energy costs, construction inflation, food prices and general inflation are ever increasing and will continue to dominate our agenda in the year ahead.

Having signed off a Financial Plan for the three-year period for 2022/23 through to 2024/25, with assumptions around inflationary pressures, the financial picture already looked challenging but achievable. Having moved into a stable recurring surplus position post pandemic, this has now been significantly impacted by these unprecedented increases in inflationary pressures. The inability of the University to influence the core drivers of inflation, certainly in the short term, mean the impact cannot be easily managed. However, continuing high student retention numbers and strong application numbers across all cohorts of students provide confidence in our continued attractiveness to the student market, which is key as we look to expand our reach into the digital sphere.

Having taken strong and decisive steps to ensure the University is on a solid financial footing, we will continue to invest in excellent staff, research, teaching technologies and the student experience to ensure we remain true to our exceptionally high standards.

## Results for the year

### Overview

As we move out of the pandemic and into a period of inflation, our financial performance for 2021/22 has been strong. Our headline financial performance for the year was better than expected, with the University's total income growing by 8% to £313.7m (2020/21: £290.4m) resulting in total comprehensive income of £4.1m. It should be noted this surplus is principally of a non-recurring nature in advance of expected significant inflationary pressure as we head towards the next academic year.

FRS102 continues to bring greater volatility to the reported financial position as a result of non-cash items, such as actuarial movements on pension liabilities and investment gains/losses, being included in our reported financial performance. As a result, the emphasis for financial management is placed on the underlying results that exclude these. Removing significant one-off transactions relating to capital projects, principally relating to the Tay Cities Deal, together with new endowment funds for investment, this results in an underlying operating surplus of £22.0m (below), which

was considerably better than the planned surplus of £2.1m for the year.

Contributing to this positive surplus were a number of items, most of which were of a non-recurring nature. Additional tuition fee income of £5.4m for the year, generated as a result of higher than planned student numbers mainly in overseas undergraduates; higher other income of £4.1m mainly as a result of increased residency fees due to higher than planned occupancy rates along with a stronger financial performance than planned during the summer months when The Open was held in St Andrews again; £0.8m additional Scottish Funding Council (SFC) income recognising the final balance of restarting research funding from 2020/21; and Tay City Deal income of £7.4m, all contributed to the strong financial performance. Research also performed well with income £9.0m ahead of expectation, mainly for equipment to support specific energy focused research. Further contributing to the surplus was a £4.5m underspend in other operating expenditure as a result of slower than planned spending at the start of the year, across the University, particularly around travel and in person events, as we came out of Covid restrictions.

### Reconciliation to underlying surplus/(deficit)

	Note	Consolidated Period Ended 31 July 2022 £000	Consolidated Period Ended 31 July 2021 £000
<b>Total Comprehensive Income for the year</b>	SOCI	4,126	67,304
Less material non-recurring items:			
i) Impact of pension costs	(a)	(57,935)	(5,105)
ii) Capital donations	4	9,733	12,857
iii) BMS fire (net)	4 & 9	-	15,764
iv) New endowments	23	1,332	2,231
v) Other (losses)/gains	SOCI	(4,137)	19,095
vi) Actuarial gain	SOCI	33,101	7,732
<b>Underlying surplus for the year</b>		<b>22,032</b>	<b>14,730</b>
<b>a) Impact of pension costs:</b>			
i) USS Pension provision	7	(53,115)	(915)
ii) USS Pension net finance costs	8	(294)	(239)
iii) S&LAS net pension charge	(b)	(3,400)	(2,837)
iv) S&LAS Pension net finance costs	8	(1,126)	(1,114)
<b>Pension (loss)/gain</b>		<b>(57,935)</b>	<b>(5,105)</b>
<b>b) S&amp;LAS pension costs charged to statement of consolidated income:</b>			
i) Total operating charge	32	(8,323)	(7,482)
ii) Employer contributions	32	4,923	4,645
		<b>(3,400)</b>	<b>(2,837)</b>

In 2021/22 we continued to receive a small amount of Covid-19 sustainability funding which included £2.2m of SFC funding to support capital and research projects, £0.9m UKRI Covid-19 Grant Extension Allocation funding for research and £0.2m UKRI Doctoral Training Grant extensions. We also received a further £0.05m (2020/21: £2.0m) from the UK Government's Coronavirus Job Retention Scheme (CJRS) which ended on 30 September 2021.

The University continues to have a £25.0m Revolving Credit Facility (RCF) which remains fully available. This is currently due to expire in July 2024. The RCF protected the University's cash and liquidity position from Covid-19 induced volatility or other future black swan events in the future and has become a strategic part of the Universities treasury management plan.

The Financial Plan for 2021/22, benefitted from growth in student numbers and delivery of substantial savings in the prior year, which enabled planned investments to support delivery of the University Strategy. A strong, predominately non-recurring financial performance in year has helped generate valuable cash reserves in advance of expected significant inflationary pressure as we head towards the next academic year.

The 2022/23 Financial Plan presents a challenging picture looking forward, having moved into a stable recurring surplus position post pandemic, only for this to be impacted due to the unprecedented increases in inflationary pressures. The financial benefits from the growth in student numbers and delivery of substantial savings in response to the impact of Covid have been swallowed up by inflation, with no support from the UK or Scottish Governments and a reduced Research Excellent Grant following the latest Research Excellent Framework (REF) results, despite improvements in the quality and number of our outputs. The inability of the University to influence the core drivers of inflation, certainly in the short term, mean the impact cannot be easily managed. Our continuous high student retention and strong application numbers provides confidence in our continued attractiveness, this supports our confidence in delivering the current financial plan with a small deficit in 2022/23 before moving into a small surplus across the following two years.

As part of the Financial Plan, we will look to grow income outside of the core St Andrews based student body as we continue to consolidate the long-term financial sustainability of the University. We anticipate new net income growth of £1.9m by 2024/25 as we continue to develop and roll-out those digital teaching techniques which have proven capable of delivering better outcomes for students and staff, expanding into digital education involving Post Graduate Taught courses online. We will also look to develop non-core education looking beyond the traditional student markets. Specific inflation pressures have been identified, with notable increases

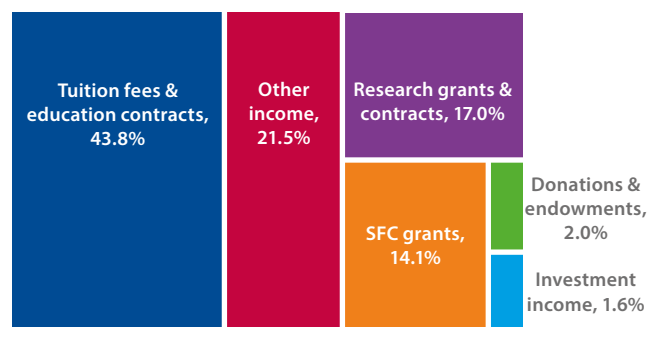
being forecast across IT, Residential Services, the Library and the Estate. Our investment in the biomass plant and solar farm at Eden Campus will go some way to protecting ourselves from increasing energy costs as we generate both heat and power. A provision has been built into the Financial Plan for some increased costs, alongside strategic investments, although specific allocation of some funding has yet to be agreed.

In February the USS Joint Negotiating Committee (JNC) formally agreed to implement a package of reforms to conclude the 2020 valuation of the USS Pension scheme. The pension increase agreed has been built into the life of the Financial Plan. Scheme contributions now total 31.4% (employers 21.6% employees 9.8%). Employer funding now sits at 68.8% of pension contributions.

## Income

Total income increased by 8% to £313.7m.

### Sources of income



Refer to Consolidated statement of comprehensive income, page 55

Tuition fee income rose by 12.7% to £137.4m (2020/21: £121.9m), reflecting growth in overseas undergraduates. Application levels from high quality overseas students remains strong noting, however, the competition to attract these students remains very high. In response to this, the University's strategy is to maintain its excellent standards and reputation for world leading research-led teaching whilst looking to diversify and grow its market.

Funding body grants totalled £44.2m (2020/21: £48.2m), a decrease of £3.9m year on year due to a reduction in supplemental Covid-19 funding, as we emerge from the pandemic and return to normal activities. The Covid-19 support, which has been very welcomed, equated to £2.2m (2020/21: £8.5m) and supported restarting research, general research (including a furlough top up for research) and capital. Excluding this, the underlying recurring SFC grant of £42.0m, reflects a small increase of £2.3m from the prior year predominantly relating to increased student numbers in postgraduate research, a small general uplift in teaching grant, additional funding for Scottish Qualifications Authority (SQA) places together with income for specific

purposes like saltire scholarships, disabled student funding and counselling. This underlying relatively static grant settlement represents a significant constraint of the current Scottish Government funding regime, with no recognition of yearly and cumulative inflationary pressures. This failure to keep track with inflation increases reliance on income growth from other sources and is identified as one of the key risks for the University. It is noted that the Scottish Government, via the Scottish Funding Council, now only make a contribution towards the costs of educating home based students.

Research income has increased by 22% to £53.3m (2020/21: £43.7m) which is mainly attributable to new business from Government with research councils and UK industry also ahead of budget. New research contracts such as our large Hydrogen Train and Bus demonstrator awards of £8.3m, funding towards LOCATE, a facility that will further develop hydrogen technology for heavy duty vehicles, two Eden Campus based projects funded by Scottish Enterprise relating to low carbon and manufacturing and two new Scottish Natural Heritage awards within Biology, contribute to this higher activity. Research awards performed close to plan for the year, with gains in Government, offsetting research council awards which were £1.4m behind plan. We are seeing a high number of no cost extensions in research council related projects, resulting in delayed spend and, therefore, associated income recognition, as a result of Covid-19 ramifications. Looking at the three-year average, research awards stood at £49m which is 11% higher, with growth in UK Government and UK Industry. However, research applications stood at £160m, which is 9% below the prior 3-year average, with reductions in UKRI and Charitable Bodies, likely due to the internal and external impacts of the pandemic and uncertainty around funders budgets. This is partially offset by increased business with UK Government, UK Industry funders and European Union. Research contributed £12m towards our overheads in 2021/22, which was £2.4m higher than planned.

Other income increased by 2.0% to £67.6m (2020/21: £66.3m), however included within these results are two significant capital focussed receipts. During the year £7.4m (2020/21: £11.8m) was received in relation to the Tay Cities Deal for capital development works at our Eden Campus site and a further £1.8m donation was received this year from the American Foundation for the development of the New College. Excluding this along with the BMS fire settlement of £16.2m in 2020/21 (2021/22: Nil), underlying other income has increased year on year by £21.8m, back to pre-pandemic levels, and reflects a return to normal business activity following Covid-19. This year saw the return of students to campus with student accommodation being fully utilised for the year. As a result, student residency income, coupled with strong occupancy levels, contributed £13.7m to the year-

on-year increase. Strong summer activity and use of our estate, partly due to The Open Golf Championships being hosted in St Andrews, contributed a further £5.7m. We also received an additional £1.1m relating to an externally funded project for Biology, offset by costs, coupled with increases in sports memberships, academic conferences, income generated by our subsidiaries and the external use of lab equipment within schools contributing to the remaining increases. This year we also received £0.05m (2020/21: £2.0m) income from the UK Government's Coronavirus Job Retention Scheme (CJRS) which ended on 30 September 2021. Capital donations, excluding Tay Cities Deal, of £2.3m were received, with £1.8m towards the New College project, £0.2m towards the Laidlaw Music Centre and £0.2m towards the Younger Hall refurbishment.

Investment income, derived mainly from the University's endowment fund, helps to support scholarships across the University, along with widening access initiatives and providing help with accommodation and other living costs through student bursaries. This income increased by £1.1m to a total of £5.0m (2020/21: £3.9m) because of a larger transfer of capital appreciation to 'top-up' available revenue balances following high growth in endowment values in the prior year.

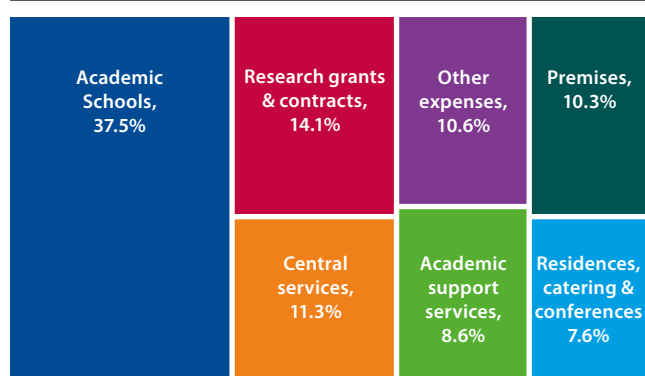
Income from donations and other grant income fell slightly by £0.3m to a total of £6.2m (2020/21: £6.5m). Of this, £1.3m was for new permanent endowments with £4.9m being expendable donations. Expendable donations are mainly given towards scholarships, but this year we received a donation of £0.5m towards Bell Edwards Geographic Data Institute for Geography, £0.4m towards funding an annual prize for poetry in English as well as capital costs associated with energy and sustainability in Chemistry from the Broom Legacy. We have also received £0.2m towards the St Andrews Prize for the Environment which supports a major international initiative led by the University of St Andrews that recognises and supports innovative and inspirational responses to environmental challenges, including the climate crisis and £0.2m towards a hardship fund supporting staff and students affected by the invasion of Ukraine.

## Expenditure

Total expenditure increased by £88.6m (35.4%) to £338.4m in the year. This is predominantly due to pension accounting adjustments relating to our USS and S&LAS pension schemes, as shown in the staff costs reconciliation table below. Excluding these pension movements, underlying expenditure has increased by £35.6m to £281.3m (2020/21: £245.7m). Growth in spend is due to a £6.2m increase in staff costs and £29.4m increase in other operating expenditure as we return to normal activity post pandemic.



## Analysis of total expenditure by activity



Refer to Note 9, Analysis of expenditure by activity, page 70

## Reconciliation to underlying staff costs

	Note	31 July 2022 £000	31 July 2021 £000
<b>Total staff costs</b>	(7)	209,192	150,197
Pension adjustments:			
– USS pension adjustment	(7)	(53,115)	(915)
– S&LAS net pension charge	(b)	(3,400)	(2,837)
		(56,515)	(3,752)
<b>Underlying staff costs</b>		<b>152,677</b>	<b>146,445</b>

Staffing levels are reviewed by the Workforce Planning Group to ensure the quality and level of our teaching and research remains consistent, and our professional services are efficient and effective, within the tight financial constraints that the University operates. Additional investment in staff was made to help support Academic schools deliver teaching and support services for a higher number of students than planned, together with additional staff delivering key transformational change projects. Vacant posts continue to be higher than average as some professional areas of the University struggle to fill positions in the current challenging recruitment market.

The large increase in USS pension liability reflects the conclusion of the 2020 valuation with up to date assumptions as at 31 July 2022 (note 31).

Other expenditure has increased by £29.0m (37.1%) to £107.0m from last year's figure of £78.0m. This is a result of increased spend across all areas as we return to normal activity post pandemic. Included within this increase is £5.0m that relates to increased research activity, offset by associated income. Although other operating expenditure increased considerably year on year, overall it was lower than budgeted, due to slow spending at the start of the financial year as we continued to come out of Covid restrictions. This was

largely noticeable for spend on travel and in-person events, with Admissions and Development mostly affected. During the year we received a non-recurring rate rebate of £1.1m and additional VAT recovery of £0.8m further contributing to the lower than expected spend levels. There were some areas of additional spend, this related to higher credit card charges on income as well as significant overspends in estates and IT Services due to unprecedented inflationary increases in the last quarter of the year.

Depreciation has increased by £0.6m to £16.8m for the year in line with expectation, reflecting capital investment in accordance with the University's plans.

Interest and other finance costs have also remained static year on year at £5.4m. Of this balance £4.0m relates to interest payable on long-term debt and is unchanged from the prior year, with the balance of £1.4m being the net finance charge related to both USS and S&LAS pension schemes.

## Non-operational income and spend

### Disposal of Assets

During the year the University disposed of assets valuing £1.2m resulting in a loss of £0.4m. Two of the disposals relate to sites which form part of the St Andrews West development agreement, that will see a major expansion of the St Andrews footprint over the next decade.

## Endowment Investments

After an exceptionally strong performance in 2020/21, world markets and, inevitably, our endowment funds, have struggled this year as the world economy is impacted by supply and inflation issues, higher interest rates, predominately driven by the Russian invasion of Ukraine, just as we looked to move out of the pandemic. This has led to a decrease in value of endowments of 3.4% for the year and a fund value of £108.3m at 31 July 2022 (down from £112.2m in 20/21). Also included in investments is a £3.2m release of appreciation to revenue in the year. Over the year the fund supported endowment spend of £2.8m (20/21: £2.3m) towards scholarships, chairs, lectureships, prizes and other specific areas of expenditure. Investment properties were revalued at 31 July 2022 resulting in an increase of £4.4m, principally from recognising the value of the development land that recently secured outline planning permission at St Andrews West.

## S&LAS Local Defined Benefit Pension Scheme

Actuarial changes relating to the S&LAS pension scheme have decreased the assessed liabilities by £33.1m predominantly due to an increase in the discount rate since year end.

## Balance Sheet

Total net assets increased by £4.1m to £380.6m at year end. The increases reflect higher capital investment and current assets along with a reduction in long term debt, offset by higher net current liabilities, pension, and other provisions and a decrease in value of endowment investments.

The University continued to invest in its estate and infrastructure, in line with its strategic capital investment plan, with around £46.2m (2021/21: £28.8m) of capital additions in the year together with the revaluation of investment properties of £4.4m. Construction inflation and supply chain delays following Covid continue to slow capital spend, albeit this year saw a return to spending levels more in-line with that planned. The BMS building that was being refurbished following a fire in the beginning of 2019, became fully operational in September 2022 along with the second phase of the refurbishment of Younger Hall, a key building for the University where teaching, exams and large events, including our own graduation ceremonies, are held. Further investments were made in the town centre, refurbishing spaces for additional study and student space along with initiatives across the estate to reduce our carbon footprint through reduced carbon emissions whilst also seeking operational efficiencies.

In addition to the above, capital investment through the Tay Cities Deal continues to drive the redevelopment of Eden Campus at pace. The Eden Campus, situated four miles west of St Andrews in Guardbridge, is based on the site previously occupied by the historic Guardbridge Paper Mill. The Mill began producing paper in 1873 and was a major employer in the area before it closed in 2008. The University prides itself on maintaining positive relationships with the local community and, after purchasing the site in 2010, is committed to making it integral to local economic success once again.

The Eden Campus plans have been strongly supported by both the UK, Scottish Governments as well as Fife Council with a combined investment of £29.8m – the largest single investment in the University’s history. The funding came via the Tay Cities Deal and has led to further investment at the Campus from the Advanced Manufacturing Challenge Fund, the Low Carbon Challenge Fund and the Faraday Institute as well as loan finance from the Scottish Funding Council.

The Eden Campus is at the forefront of the University’s strategic goal to reach net zero emissions by 2035 and being carbon neutral for energy is a significant step towards this goal. Therefore, all the facilities will be serviced by solar Photo Voltaic electricity generated on the Campus and heated from an award-winning biomass district heating system.

In the autumn of 2022, the first phase of refurbished buildings will open and will be fully occupied. They will comprise:

- Laboratory space for spinouts such as X-Genix producing sustainable pharmaceuticals.
- Dry Laboratory – a specialised facility for the development of advanced battery and fuel cells. Demand is strong from industrial partners to access the capability that this facility will provide.
- Maker’s space – an engineering workshop with skilled expertise to support the design and development of prototypes for innovators.
- Design and Print studio – an advanced facility with capabilities for printing materials required for fuel cell development and metal 3D printers.
- Co-working space – space to allow collaborators from industry to have a permanent presence at the Eden Campus to work with the University. This facility will be open to an Industry Club of over 150 companies, specialists in low carbon technologies including district heating.

In addition, construction is underway at the Eden Campus to create one of the world’s first carbon-neutral distilleries. The new distillery and visitor centre owned by Eden Mill is scheduled to open during 2023. Eden Mill is also working with the University to capture carbon from production processes that may be used to produce alternative fuels.

The Environmental Sustainability Board (ESB) is providing challenge to create an action plan for delivery of our Net Zero target by 2035. This will include a foundation to consider the level of capital investment required to modify existing or create new green infrastructure around our estate. Such measures may involve projects relating to insulation, renewable energy generation and storage, and enhanced control systems.

## Net Current Liabilities

Net current liabilities have increased by £4.9m in the year to £9.9m mainly as a result of lower cash balances. Liquidity headroom for the University, as at 31 July 2022, remains robust at £68.6m (£43.6m cash plus the £25m RCF availability) reflecting our financially strong and stable position. Liquidity continues to increase post year end with headroom of £94.7m (£69.7m cash and £25.0m RCF) as at 30 September 2022. This is further outlined in the going concern assessment on pages 48-49.

## Creditors: amounts falling due after one year

Long term creditors have decreased by £5.3m during the year to £103.1m, comprising wholly of borrowing. The decrease relates to a voluntary early repayment of capital of our Amber Infrastructure loan which is now fully repaid. The University is therefore released from financial covenants relating to this debt. Further small capital repayments towards our SFC Carbon Reduction and Solar loans continue to be made.

### Provision and Pension Schemes

Pension provisions have increased by a net £24.8m in the year to £131.0m, with a decrease in the S&LAS pension provision of £28.6m offset by an increase in the USS provision of £53.4m.

The S&LAS liability was recalculated at the end of the year following a valuation of the scheme by Isio. The reduction in provision relating to the S&LAS scheme is predominantly due to a reduction in liabilities reflecting an increase in the discount rate since year end.

In February the USS Joint Negotiating Committee (JNC) formally agreed to implement a package of reforms to conclude the 2020 valuation of the USS Pension scheme. The valuation of USS was finalised in April 2022. The USS pension liability was recalculated, based on the 31 March 2020 valuation, but using up to date assumptions at 31 July 2022 (note 31). As a result there has been a significant increase to the USS deficit provision of £53.4m recognised in the year to date. This reflects the recognition of the forecast increased liability of the scheme at March 2020, valued at the discount rate at 31 July 2022. This adjustment does not impact on the cash position of the University but does increase liabilities on the Balance Sheet.

The 2020 USS schedule of contributions sets the deficit recovery contributions at 6.2% of salary from April 2022 to 31 March 2024 and then up to 6.3% from 1 April 2024 thereon. Mercer (on behalf of the British Universities Finance Directors Group) issued guidance in August 2022 regarding current year discount factor rates resulting in an increase from 0.87% to 3.31%. Further adjustments were made to payroll growth assumptions increasing salary inflation from 2.0% to 4.0% and headcount assumption remained steady at 1.5%.

### USS update

Following the most recent monthly Financial Monitoring Report (FMP) on the financial health of the USS scheme, which shows a substantially reduced estimate of the deficit, UCU have written to UUK calling for the package of benefit reforms to be revoked, and for their proposal for a fresh valuation as at 31 March 2022 to be reconsidered. UUK have responded, pointing out that the improved financial position is principally as a result of the package of reforms that was agreed by the USS JNC; that the Trustee has notified the USS JNC that, without these reforms, contribution rates of around 40% or more would be necessary, even assuming the same covenant support package; and that the calculation of the deficit would also be significantly higher. The University has consistently maintained its support for the provision of a pension scheme that is attractive, affordable and has a meaningful element of defined benefit; and has called for developing low-cost and flexible options to address issues of intergenerational fairness; exploring alternative scheme designs (including conditional indexation); and reviewing the governance of USS.

### Cashflow and financing

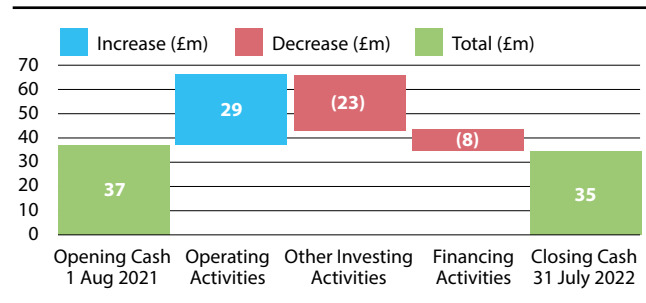
Cash and short-term investment balances decreased by £8.1m year on year but the cash balances are in a reasonable position being £39.1m higher than forecast. Slower capital spend in year and a strong non-recurring operational surplus contributed to the higher cash balances.

A £4.3m voluntary capital repayment towards long-term loans was made this year along with £0.1m towards SFC solar and carbon reduction funded loans. The voluntary capital repayments made towards our Amber Infrastructure Loan for the Biomass Plant, has now been repaid in full.

There were no drawdowns on the £25m Revolving Credit Facility throughout the year, and it is not anticipated that we will utilise the RCF during 2022/23 or 2023/24. The establishment of the RCF continues to underpin medium term cash resilience of the University, whilst we emerge from the pandemic and into a period of high inflation.

LIBOR was removed by the Bank of England in December 2021, with the introduction of SONIA as its replacement. The University has negotiated transition terms in relation to the calculation of interest for the RBS RCF and Barclays £60m loan. Other long-term debt is not affected by this transition as it is overseas based.

### Cashflow Statement 2021/2022



Refer to Consolidated statement of cash flows, page 61

As shown in the cashflow statement above, our operating activities generated a cash inflow of £28.6m (2020/21: £40.7m). Having taken account of capital investment, investment income and borrowing costs, the overall net group cash outflow for the year was £2.2m, compared with a £9.4m inflow in the prior year, resulting in a closing cash balance of £35.2m for the year.

The University comfortably met all financial covenants throughout the year.

### Key Performance Indicators

The University measures its performance against a number of Key Performance Indicators (KPI's) that are reported within five main headings linking to the University Strategy 2018-23: World-Leading; Diverse; Global; Entrepreneurial; and Size, Shape and

Sustainability. Performance against target for each of the KPIs is reported via the Planning and Resources Committee (PARC) to Court on a quarterly basis using a Red, Amber, Green (RAG) system which allows Court members to focus on areas of concern. We will present the risks and mitigations associated with the KPI framework within our Risk Management framework. Following the adoption of the new University Strategy a new set of key performance indicators were developed. A summary of the relevant status is set out below.

## World-Leading

Overall, this Pillar presents as amber, the same status as prior year. St Andrews performed exceptionally in domestic league tables this autumn. The National Student Survey has named St Andrews the UK's top mainstream university in the UK for the fourteenth time in the past 16 years. Improving rankings in international league tables remains an area of challenge. The [Vice-Principal \(Research and Innovation\)](#) and [Vice-Principal \(International Strategy and External Relations\)](#) and [Senior Vice-Principal](#) are continuing the work across the University on citation rates, and schools are supported with the process. In terms of research award values, the impacts of the pandemic continue to show. The effects of the pandemic are still felt on research awards and there is an increasing reliance on UKRI and UK Government funding, which itself is going through some restructuring and review. Concerns remain for Arts and Humanities as funding favours STEM and innovation. We are working to ensure that we keep up our applications and awards for EU grants and make use of Horizon membership.

Graduate Outcomes replaced the established collection tool on graduate employment. With only two years' worth of data, our results are showing an improving picture although we remain below the Russell Group median. We are actively engaged with the Scottish Funding Council, Skills Development Scotland (SDS) and other initiatives including employers which are expected to impact these outcomes positively.

Our academic partnerships are strong. The Global Fellows scheme and the strategic approach to partnerships are producing good results. Our objective is to build an excellent network of partners and academic connections. This in turn also contributes to increasing reputation. Due to the pandemic, international mobility continues to be affected.

Our ambition is to stabilise the University's position within the top 200 universities in the Times Higher Education (THE) world rankings and within the top 100 in the QS. While performance in the Quacquarelli Symonds (QS) world rankings increased slightly on the previous year due to the improvement to reputation indicators, the overall status presents as amber due to performance in the THE world rankings (now ranked in

the 201-250 bracket for the second consecutive year). The Academic Reputation Action Group continues its work on improving league table performance, focusing on citation rates and reputation.

## Diverse

This Pillar presents as amber, the same status as prior year. The thresholds for the underpinning measures for this indicator were developed in alignment with the People strategy. Of priority is achieving greater ethnic diversity in the staff body and seeking to identify where there may be progress, retention, and experience gaps for Ethnic minorities staff with the view to taking meaningful actions to address identified gaps. Progress is evidenced through the improving indicators. The percentage of Scottish domiciled undergraduate entrants in 2021/22 from Scottish Index of Multiple Deprivation SIMD20 areas is 14.7% well above the 10% interim Commission on Widening Access (COWA) target.

The University continues to maintain one of the highest attainment rates in the UK. We are monitoring and taking action aimed at closing small attainment gaps among male, disabled, overseas and Ethnic minorities students, although attainment remains very high across all cohorts at St Andrews. The University continues to engage in several strategies aimed at addressing gender imbalance amongst senior staff. Promotion forms part of the annual academic review discussions which will help increase awareness and planning for promotion. Staff recruitment and promotion procedures have been revised to encourage applications from women and other underrepresented groups; disallow single sex shortlists for advertised academic posts without a pause in the process and Principal's Office discussion; require mandatory unconscious bias and diversity training for recruitment and promotion board members.

The university maintains high levels of retention, across the student population and across all demographic cohorts (above 92%), although we continue to monitor the measure associated with the retention of SIMD20 entrants which are showing a lower retention rate than other cohorts. The overall instances of staff absence are down in 2020/21 compared with 2019/20; but the % that are long term has increased, presumably as working from home has facilitated a decrease in the number of short-term absences reported. Sector data shows that the University of St Andrews was in line with the sector for 2020/21. Compared to Russell Group institutions, our workdays lost is lower.

The gender pay gap has increased to 18.1% from 15.1%, despite the median pay gap having reduced compared with last year (now 15.1% from 16.6%). The institutional Athena SWAN award is due for renewal in May 2023, and work has commenced on progressing the action plan. Several Schools that currently hold bronze awards, may apply for silver awards at their

next renewal. The University holds an 'Exemplary' level of the Carer Positive Employer accreditation, the highest accreditation possible. We continue to consider approaches aimed at addressing the gender pay gap and are working through the consultative group established with local trade unions.

## Global

Overall, this Pillar presents as amber, the same status as prior year. Despite the impact of the pandemic, international recruitment targets were achieved in all cohorts for academic year 2021/22. The higher than planned intake in home students presents a challenge for our target in relation to the proportion of international students.

Direct campaigning continues in earnest via the Development Office, with increases in donor participation and endowment and scholarship funding. We are positioning our activities post pandemic so that we are well placed to capitalise on our brand through short courses and study abroad in St Andrews as well as relevant events digitally.

Activities to increase the level of alumni interaction and philanthropic engagement have been impacted by the pandemic although we expect to see an improvement as the year progresses. Actions aimed at increasing levels of alumni and supporter engagement dovetail with the developing Entrepreneurial strategy.

The performance in reputation measures for the THE and QS reputation rankings is improving but we seek to improve our overall position further. The Academic Reputation Action Group is coordinating activities aimed at improving international league table performance, focussing initially on reputation scores and citation rates.

While the pandemic temporarily impacted the ability of staff and students to travel, collaborations have continued and are increasing in line with plans. The proportion of students enrolled on Global PhD programmes is increasing year-on-year positively impacting our partnerships at the same time.

## Entrepreneurial

Overall, this Pillar presents as amber, the same status as prior year. The developing action plans associated with the Entrepreneurial theme are targeted at achieving our ambitious strategic objectives. One of the significant steps will be the creation of an environment in which we become more approachable to industry and policymakers. Our recently reviewed suite of Policies on External Work incentivises such engagement and support for staff has been put in place. Eden Campus will provide a visible 'front door' for the University, especially to companies where previous engagement has been limited or non-existent. There has been an increase in 2021/22 award levels and an increase in income is also expected. Large

corporate engagement with Eden Campus is underway with a significant donation of equipment valued at £1.0m received to date and discussions underway with three further global businesses.

At our Eden Campus, we continue to develop a model to bring together expertise, internal and external, into an environment for experimentation, the development of new approaches, and consideration of their impact on public policy. The aim will be to create a network that enables others to work with our expertise and create opportunities for: Researchers; Investors, industry, and policy makers; teachers and students; Government and funders. This work is benefiting from new grant awards over the next three years of £1.75m and the creation of the Eden Campus Industry club.

Global data indicate that approximately 1 in 10 start-up businesses will become sustainable. However, the question belies the complexity in terms of the different attrition rates across, for example, sectors, geographies, ethnicities, and gender. Only through exposure to markets will an entrepreneur know if they are responding to or fulfilling a need. The chances of increasing long term sustainability for our start-ups will be supported by participants working on some key themes within the Entrepreneurship Centre programmes.

The University is investing in the Eden Campus to establish a regional focus for innovation. Projects completed that will contribute towards an energy net zero campus include: the installation of 1MW ground solar, an extension of the district heat network to service buildings at Eden Campus and the installation of a stretched dome simulator for use in sophisticated commercial modelling and scenario planning on land and in our oceans. These initiatives were respectively funded by the Scottish Funding Council (£2.3m), Tay Cities Deal (part of the £26.5m investment), and a secondary City Deal award of £0.3m. In the late summer of 2022, a rapid prototyping facility will open alongside the hydrogen accelerator team, a dry lab and collaborative working space. The Dry Lab facility will be unique in Scotland. Later this year, work will commence on an Enterprise facility part-funded by a £3m investment from Fife Council and £2m from the Scottish Government. An announcement on significant investment at Eden Campus and North East Fife to improve/enhance the grid power infrastructure over the next three years is expected in summer 2022.

## Size, shape and sustainability

Overall, this Pillar presents as amber, the same status as prior year. Student numbers planning is led by the Master with cognisance to space and staffing resources. Targets for 2022 entry have been finalised taking into account pandemic impacts. Entry cohorts are being adjusted to bring back and stabilise the population in town at 10,000. For 2021 entry, undergraduate

targets were exceeded in Rest of UK and Overseas fee categories mainly due to teacher assessed grades. This impacted on resources such as space, the timetable, accommodation and staffing. The Post Graduate Taught (PGT) recruitment was less consistent, with Home over-recruitment offsetting the under-recruitment in the Overseas market. Overseas recruitment to PGT was affected by Brexit more than at other degree levels. Post graduate Research (PGR) recruitment continues to be strong.

The HESA student staff ratio for the institution continues to be below the Russell Group median, which will serve well for league table purposes, our ratio of non-academic to academic staff is also well below the Russell Group median.

Staff costs have remained largely in line with budget however there were additional investments in academic schools to support the increase in student numbers. From a financial sustainability perspective, overseas tuition fees represent the bulk of our institutional income. Overseas tuition fees include fees from EU students, who pre-Brexit would have been eligible for home rate tuition fees. Overseas tuition income is above 30% of total income for the first time.

Expenditure on energy to date remains in line with budget. Due to unprecedented external factors, electricity prices increased by 22% in March 2022 and natural gas by 118%. We have been partly protected by the APUC framework from more significant impact, which does a significant amount of forward purchasing to hedge against volatility. Biomass wood fuel supply costs are unaffected. There has been an increase in heating costs due to higher demand from increased covid ventilation and building re-occupancy. Based on early data we estimate our carbon footprint for the academic year 2020/21 to reduce by approximately 25% from the previous year. This is largely due to the pandemic and reduction in travel. Maintaining this level of reduction is likely to be challenged as more operations resume in person. During March, over 10,000 trees were planted (completing the first winter planting season) at two Eden Campus locations and at Cambo Estate. Part of the planting forms part of the Queen's Green Canopy, to mark the Platinum Jubilee. Following the death of Her Majesty The Queen, and the wishes of His Majesty The King, the initiative was extended to plant trees in memoriam to honour The Queen. In addition, planting projects were also completed at Craigtoun Country Park, in Clackmannanshire and California. Early discussions are underway with East Neuk Estates. In November 2021, the University was awarded Sustainability Institution of the Year by the Environmental Association for Universities and Colleges (EAUC) as part of their Green Gown Awards.

## Reputation and achievements

The University of St Andrews, as Scotland's first university, stands for research and teaching of the highest quality and the pursuit of knowledge for the common good. Our fundamental goal is to attract and nurture the best staff and the most promising students to Scotland from around the world and provide an environment in which they can produce their best work for maximum societal benefit. We continue to attract highly skilled students and staff from over 140 countries to Scotland. We will strive to maintain our pre-eminent position in league tables, and continue to place people at the heart of our actions and choices. Our remarkable students and staff are the lifeblood of St Andrews, and our future relies on developing a University which allows them to use their talents to best effect. This section outlines some of our key achievements and areas in which we have been recognised during the academic year:

- The University is ranked 96 in the world in the latest edition of the QS World University rankings.
- The University has recently been ranked number one (previously number three in 2022) in the United Kingdom in the [Guardian Good University Guide 2023](#), in the first time in its history. It is the University's highest ever ranking in the Guide and the first time in over two decades that any university has been placed above those of Oxford and Cambridge.
- The University has recently been ranked number two (previously number one in 2022) in the United Kingdom in [The Times and Sunday Times Good University Guide 2023](#).
- In the National Student Survey (NSS) 2022 St Andrews remains the UK's top mainstream university for the fourteenth time in the past sixteen years. More than 89% of St Andrews' final year students were satisfied with the quality of the learning and teaching experience, more than 2 percentage points higher than the second placed institution. We are ranked top in 2 subject areas and a further 20 subjects are ranked in their respective top ten.
- A number of our university colleagues were recognised across a range of external merits, including the Queen's Honours, FRS, FBA and FRSE. In the Queen's Birthday Honours list 2022, four members of staff at the University of St Andrews have been recognised for services to Higher Education, sport, early years education and the history of mathematics and science. Principal and Vice-Chancellor Sally Mapstone is made a DBE, Director of Sport and Exercise Stephen Stewart, mathematician Dr Isobel Falconer and Student Services Assistant Director Claire Lavelle all receive an MBE.
- The University and each of our Academic schools now holds an Athena Swan award.

- We have been awarded University of Sanctuary status.
- Our 600th Campaign completed during the year with donations exceeding over £14.0m in 2021.
- Walter Bower House at the Eden Campus won an award in the Scottish Design Awards in the category Architecture: Building Re-use category. The building has also achieved a 'BREEAM Excellent' rating for the sustainable approach taken to its refurbishment. In addition, our stunning £12.5m building dedicated to providing world-class music facilities for the University of St Andrews and the wider community has scooped a top prize in the Scottish Design Awards. The Laidlaw Music Centre – which boasts the world's first chamber hall with a moveable floor – won the Award for the Public Building category of the prestigious national competition. It was also short-listed in the Education category of the Scottish Design Awards.
- To enable our students to find opportunities that extend their skills for sustainability, a map of modules with relevant content, covering all our Schools, was launched ahead of the new academic year, together with a 'Golden Dandelion' stamp for modules obtaining a recognised level of excellence. We are the first UK university to provide this.

The breadth and depth of life, study, research, and achievement at the University of St Andrews is breathtaking in any year, and only more so in one where we have all experienced immense changes brought about by a global pandemic.

Our staff and students responded to abnormal circumstance quite brilliantly. Students have excelled despite being disrupted and dispersed, each with their own story of personal sacrifice made to ensure our community and town were largely protected from the toll of Covid which has been so readily apparent elsewhere.

2021 was also the year we began to see hopeful new horizons. In-person graduations returned, foam flew again in the Quad, our classrooms and labs reopened and, for the first time ever, St Andrews unseated Oxbridge to come top of a major University league table.

## Returning to St Andrews

September saw the return of one of our best-loved traditions, the Pier Walk, the first to take place since 2019. The Pier Walk is one of our oldest customs and the first of the new academic year. After Chapel Service on Sunday, undergraduate students in iconic red gowns and postgraduates in black, walk to the end of the pier, up the ladder and back along the top.

The following month almost a thousand students gathered on Lower College Lawn for the triumphant return of our annual Raisin Monday foam fight. In late November and early December, we were delighted to host our first in-person graduations since June 2019 with more

than 600 students walking across the stage at the specially transformed Sports Centre. Leading broadcaster, political commentator and (almost) local boy Andrew Marr was awarded an honorary degree alongside internationally renowned pianist Professor Joanna MacGregor and leading mathematician Professor Caroline Series.

A promise made by the Principal of the University of St Andrews to hold in-person graduation ceremonies for the Classes of 2020 and 2021 came to pass in June 2022 with a bumper three weeks of celebrations at Scotland's oldest university, the first in-person summer ceremonies since 2019 as graduation returned to The Younger Hall.

Over three weeks more than 5,000 students from more than 80 countries, including Scotland, Ukraine, India, Germany and the USA, to name just a few, took part in graduation ceremonies in the newly refurbished Younger Hall. Though many had already graduated 'virtually' in 2020 and 2021, they all crossed the stage to either graduate or have their degrees confirmed in person across a total of 26 ceremonies for the Classes of 2020, 2021 and 2022, held from Monday 13 June to Wednesday 29 June 2022.

In the summer of 2021, the Wardlaw Museum reopened following more than a year's delay due to the pandemic. Named after the University's founder and first Chancellor, Bishop Henry Wardlaw, our flagship museum has undergone a £2.1m overhaul delivering 50 per cent more space, reimagined displays in four thematic galleries, a new temporary exhibitions space, and a remodelled entrance and shop. It sits at the heart of St Andrews' cultural quarter, which now includes the Laidlaw Music Centre, Byre Theatre, and Younger Hall.

The University of St Andrews officially marked the opening of its world-leading [Laidlaw Music Centre](#) in Spring 2022. Open to staff, students and the local community, the state-of-the-art £12.5m Laidlaw Music Centre will become an integral part of a St Andrews cultural quarter, attracting world-class performers and recitalists from around the globe.

The Laidlaw is the first building dedicated to music in the University's 600-year history, creating new opportunities for young people to connect with performing arts, providing an intimate performance venue, a flexible rehearsal space, and a high-tech recording facility. Central to the state-of-the-art facility is the oak-lined McPherson Recital room, one of the world's first chamber halls with a moveable floor as well as a 9m reverberation chamber. The impressive moveable floor allows the space to be configured for a variety of performance requirements, from symphony orchestras to chamber music recitals, at the push of a button.

The world-leading Music Centre's facilities include three rehearsal rooms, ten practice rooms, a recording suite, and a library. The building provides first class facilities for talented students, many of whom engage in music at the highest level in parallel with their main academic studies.

## St Andrews Can Do

Throughout 2021/22 the University continued its innovative approach to teaching and research developed throughout Covid. Working with our student community and leaders the innovative Can Do approach which started in Spring 2020 continued to flourish.

At a time when we were being told what we couldn't do, we chose to focus instead on what we could do, and so 'Can Do' was born, a joint initiative between the University and Students' Association, introduced at the start of the pandemic, providing a safe place in which students could hold Covid-safe events.

Can Do was made possible thanks to supporters of our Covid Appeal and the St Andrews Can Do Fund, facilitating events in line with government guidelines.

Our Covid Helpdesk relieved pressure on NHS services by providing triage and support for students and staff and a Rapid Response team was set up for reporting cases.

Externally, several of our academic staff were called upon to support the UK's response to the pandemic, including Professor Sir Ian Boyd, School of Biology, who sits on the Scientific Advisory Group for Emergencies (SAGE); and Professor Stephen Reicher, School of Psychology and Neuroscience, a prominent member of the SAGE subcommittee advising the Government on behavioural science. Dr Muge Cevik from the School of Medicine was appointed to the New and Emerging Respiratory Virus Threats Advisory Group (NERVTAG). Professor Matthew Holden from our School of Biology was seconded into Public Health Scotland as the Genomics Strategic Lead, helping build a SARS-CoV-2 sequencing service in the NHS, and our Principal, Professor Sally Mapstone, sits on the Scottish Government's Covid Recovery Group.

## Community engagement

The University of St Andrews is outward-looking, international, and global, but at the same time, small, local, and quintessentially Scottish. As an institution, we strive to enrich the lives not just of our students and staff, but those with whom it's our privilege to share this town, and the wider community of North-East Fife.

In placing Social Responsibility at the heart of its Strategic Plan (2018-2023), the University of St Andrews recognises the importance that supporting grassroots organisations and projects plays in local society. Looking to develop greater connections with local projects and increase engagement with communities, St Andrews launched the University Community Fund in April 2020.

At the time of the launch, the world had been forced to react to an unprecedented crisis – the coronavirus pandemic. The University recognised that local organisations would be key to any community's response

and recovery from the pandemic. In St Andrews and across Fife, these groups responded with a will and bravery which must be commended.

The Fund enables the University to play an active role in supporting local communities and engage with potential partners to work together to the benefit of all those living across Fife. Many of our students and staff members volunteer locally or sit on the boards of charitable organisations. Philanthropic giving of time or money is very much a part of the makeup of our society, and we were keen to foster this at the University.

One of the most important aspects of the Community Fund is the creation and expansion of sustainable relationships with the organisations and projects we financially support.

The Community Fund accepts applications of between £250 and £3,000, including those which:

- benefit communities in the local area
- increase engagement between the University and the community
- promote knowledge exchange and widening participation
- promote environmental sustainability
- promote diversity and inclusion
- celebrate the local area's heritage, whether physical or cultural.

So far, the University Community Fund, which is overseen by a panel of University colleagues, has awarded grants totalling over £130,000 to more than 80 organisations, a selection of which is outlined below. By supporting small, grassroots, voluntary groups, our aim is to strengthen social cohesion and opportunity in a community whose fortunes are inextricably bound with those of the University at its heart.

- St Andrews Voices, Scotland's festival of local and choral music, which received £3,000 for breathing and singing workshops to contribute to the recovery of long Covid
- St Andrews Botanic Garden, which received £3,000 for the Tangled Bank, which provides learning opportunities about the three most threatened habitats in Fife
- Dance St Andrews, a volunteer-led community dance school, which received £1,125 for the Digital Dance programme, pre-recorded dance classes for pre-schoolers and the elderly
- Lucky Ewe, which aims to give people with additional support needs the chance to experience farming, animal husbandry and food production at a pre-entry level, received £3,000 to support accessibility and improve experiences for those with mobility and sensory impairments.



## Socially Responsible St Andrews

We welcomed the Duke and Duchess of Cambridge back to launch the St Andrews Forest, part of plans announced in the University's Environmental Sustainability Strategy to become carbon net zero by 2035. The Duke and Duchess planted the first tree, in St Salvator's Quadrangle, as a living symbol of the importance of sustainability to our future.

Students sent a powerful message to world leaders ahead of COP26 climate change conference in Glasgow as they demanded 'Action Not Words' with a solar-powered light display in St Salvator's Quadrangle. At the conference we showcased our hydrogen train project, led by Professor John Irvine's Hydrogen Accelerator team in the School of Chemistry.

We won Sustainability Institution of the Year in the national Green Gown Awards and the Student Engagement category for the Third Generation Project, which leads climate justice through social change. Our state-of-the-art building at Eden Campus, Walter Bower House, was recognised in the Scottish Design Awards in the Architecture Building Re-Use category.

## World-leading St Andrews

In 2021 the University of St Andrews was ranked the top university in the UK, according to The Times and Sunday Times Good University Guide 2022. It is the first time in the near 30-year history of the definitive Guide, and UK university league tables in general, that a university other than Oxford or Cambridge has topped the rankings.

We took first place this year by virtue of strong performances in student satisfaction, research, teaching quality, entry standards and graduate outcomes.

Guide Editor Alastair McCall said: "St Andrews' achievement in topping our institutional table should not be underestimated. It is no fluke. The University has been closing in on the Oxbridge duopoly for several years, buoyed by outstanding levels of student satisfaction which have peaked during the past year of pandemic disruption on campus. The lead St Andrews now has over other universities in this key area of university performance is remarkable."

Our world-leading research in 2021 included work from colleagues in the School of Biology and School of Psychology and Neuroscience, which was instrumental in creating Scotland's first national brain health and dementia research strategy. Other highlights included subjects as diverse as chimpanzee communication, ocean acidity in the Pacific, planetary water, the importance of zinc in the treatment of diabetes, and plagiarism in medieval writing.

## St Andrews top in UK for student experience

The University of St Andrews is top in the UK for student academic experience, according to the results of the National Student Survey 2022.

The National Student Survey (NSS) named St Andrews the UK's top mainstream university, the 14th time in the past 16 years that the Scottish university has been at the very top for student experience.

More than 89% of St Andrews final year students surveyed gave the University top marks for the quality of the learning and teaching experience. The University of St Andrews was also ranked in the top ten for 22 subject areas.

The survey reflects student responses to core questions relating to academic support, learning resources, teaching, management, assessment, personal development, and satisfaction.

Scottish universities have again performed very strongly in the survey, with six ranked among the UK's top 20.

## Global St Andrews

Our demographic profile is distinctive with more than 45 per cent of our students and staff coming from outside the UK. We are ranked among the top universities in the world for our international outlook and are determined to extend this element of our identity while the future of our role in Europe is under enormous change.

Our global PhD cohort is increasing with more partners and wider subject range. Despite travel restrictions caused by the pandemic, we still had more than 200 students on study or work abroad placements in 2021.

In October we launched a new undergraduate scholarship portfolio called Saints Abroad to support students who are studying or working abroad as part of their degree. Their scholarships are generously supported by donors, including the late Miss Marjorie Moncrieff, the 600th Anniversary Campaign, and Santander Universities. We also successfully applied to the UK Government's new Turing scheme for supporting students studying abroad, funding around 150 students in this first year of the programme.

Our Virtual Alumni Weekend saw hundreds of alumni join us from across six continents, representing seven decades of graduations. Our Development team hosted the first online Global Burns Night, allowing our community to honour Scotland's national Bard wherever they live in the world. Our Saint Connect programme, which provides a platform for our alumni, students and parents to reconnect with former classmates, teamed up with the University Careers team to hold Coffee Connect, matching fellow graduates or students to discuss careers and grow networks.

From tackling the global climate emergency to playing our part in the Covid pandemic, our researchers, staff, and students are at the forefront of innovative research, partnering with institutes across the world. We have developed seed-funding programmes to facilitate collaborations for addressing areas of pressing global challenge between our academics and those of strategic partners, such as the University of Bonn and Emory University.

Our Global Fellows programme that brings leading researchers and scholars from across the world to St Andrews for short stays continues to go from strength to strength. We awarded ten Global Fellowships in 2021, including five Senior Global Fellows, to leading scholars from the University of British Columbia, Harvard, Bonn, and LMU Munich, amongst others.

### Diverse St Andrews

In 2021 our School of Biology became the first in Scotland to receive the prestigious Gold Athena Swan Award – an accreditation which rewards excellence in advancing gender equality across higher education and research.

The University holds the Bronze Athena Swan Charter at an institutional level, and although several academic departments already hold silver accreditation in their own right, the School of Biology is the first at the University to receive the coveted Gold Award.

The University has appointed senior academics to lead our institutional submission for the Silver Athena Swan Charter, and to prepare our submission for the Race Equalities Charter. We have commissioned a major external review of race and ethnicity in the University to provide a baseline for the latter.

We have created a new position on the senior executive team – the Vice-Principal for People and Diversity – to oversee this work and lead Diverse St Andrews into its next phase and have successfully recruited to this post.

In November, our student-led Saints LGBT+ group hosted Transfest, a week-long celebration of transgender and non-binary people, culminating in the Transgender Day of Remembrance. Saints LGBT+ is a subcommittee of the Students' Association that strives for an open community for all, running events such as Transfest and Queerfest, a week-long festival that focuses on arts and history.

Following extensive consultation with staff and students, our disability policy was launched at the end of 2021.

### Research Excellence Framework

Research at Scotland's oldest university is amongst the highest quality in the country.

More than 88% of research carried out by the University of St Andrews is world-leading or internationally excellent, according to the results of the

Research Excellence Framework (REF 2021) published in May this year.

The REF – a detailed analysis of the research strengths of all UK universities – found that St Andrews particularly excelled in a number of key research areas, including Physics, Earth Sciences, Art History, Anthropology, Modern Languages, and Chemistry, a joint submission to REF with the University of Edinburgh.

St Andrews' partnership with the University of Edinburgh for Chemistry was ranked first in the UK based on the quality and breadth of its combined research. Also performing strongly in St Andrews were Medicine, Psychology and Neuroscience, History, and Maths and Statistics.

REF found that the overall quality of research at St Andrews had increased by 5.7% since the last assessment exercise in 2014.

The research portfolio which St Andrews submitted for assessment explored areas as diverse as the presence of toxins in vaping products, new methods to tackle tuberculosis in developing countries, and improving understanding of positive change in post-genocide Rwanda.

Although REF itself explicitly does not rank universities according to research strengths, the metrics it produces are widely used in the higher education sector and in the media to benchmark research performance.

According to these figures, using the method of Grade Point Average (GPA), St Andrews was top in Scotland for Physics, Earth Sciences, Modern Languages, Art History, Anthropology and Chemistry (joint submission with the University of Edinburgh). Overall under GPA, St Andrews was ranked third in Scotland and 28th in the UK, one of six Scottish universities ranked amongst the top 50 research institutions in the UK.

Research at St Andrews which REF judged to be world-leading included:

- **Medicine:** The global fight against tuberculosis. Developing global capacity to improve tuberculosis treatment by developing shorter, safer drug regimens, and improved diagnostics for monitoring treatment.
- **Chemistry:** On track to greener trains. St Andrews is developing Scotland's first hydrogen train which entails the conversion and re-use of a 40-year-old three car class 314 train to a hydrogen fuel cell electric powertrain. The project will reuse existing rolling stock to create new supply opportunities and skills creation for the emerging green economy, while reducing emissions from the Scottish rail sector.
- **Psychology and Neuroscience:** Rethinking dementia with Adaptive Interaction. Research concentrates on helping people living with advanced dementia to communicate. 'Adaptive Interaction' focuses on developing meaningful ways to communicate with those who have lost speech.

- **Earth and Environmental Sciences:** The journey to a smoke-free future, research on alternatives to combustible tobacco to decrease the exposure to harmful chemicals still further while providing users with a nicotine source. Scientists focused on the quantities of carcinogenic chemicals present in the aerosols that smokers and vapers inhale to make vaping a safer alternative.
- **Maths and Statistics:** Developing statistical methods to reduce environmental impacts on the world's oceans. Research has been used in a range of industries, from naval forces to wind turbine deployment to the response of marine animals to sonar, providing critical datasets that have been used to improve sonar use around the world.
- **Modern Languages:** Building Creative Engagement with Industrial Heritage in the UK and Ukraine. The war in Donbas, Ukraine, has resulted in the deaths of more than 13,000 people and displaced a further 1.6 million since it began in 2014. This research demonstrated that the challenges of de-industrialisation are key to understanding the causes of this conflict. The research has engaged professionals, creatives and broader audiences in Ukraine and the UK, enlarging collections, shifting public perceptions of history and developing entirely new practices within heritage industries. This research highlights the social and cultural consequences of the closure of many mines and steelworks in the 1990s, after which communities were faced with unemployment, declining populations, and infrastructure collapse.

## Entrepreneurial St Andrews

Our Entrepreneurship Centre at Eden Campus provides an innovative space to nurture entrepreneurial spirit in students and staff. With collaborative working and a pitch practice arena, we provide the practical skills for participants to explore the full entrepreneurial journey, turn their research and expertise into a societal benefit, and grow their ideas into successful and sustainable businesses.

In 2021 the centre 'graduated' its first cohort of 54 students from our eight-week FastStart programmes, which are practical training courses focussed on for-profit and social enterprise ideas, in addition to web development and cloud computing.

We enjoyed success in the Converge Challenge, Scottish universities leading spinout competition. Two St Andrews spinouts, X-Genix (Chemistry) and Lightwater Sensors (Physics) were among the eight finalists. Professor Rebecca Goss also won the AccelerateHer Award for her work in X-Genix.

Initiatives such as the Vertically Integrated Projects (VIP) programme, the Summer Teams Enterprise Programme, the St Andrews Research Internship Scheme and Pecha Kucha events are designed to facilitate innovative and interdisciplinary research connections.

Our work is already being recognised by the sector, with the Vertically Integrated Projects programme winning the 2021 Herald's HE Award.

In collaboration with the Students' Association, we awarded the Enterprising Mind of the Year Award to Deanna Coleman, who proposed the St Andrews Forest Initiative to offset student travel emissions.

The Entrepreneur Centre facilitated St Andrews Enterprise Week in October, organised in partnership with the Enterprise Committee and St Andrews Business Club, with a full schedule of entrepreneurs, industry experts and speakers.

## New Developments

### New College

Construction of the first new college in St Andrews for three centuries got underway in early 2022.

Our vision is to bring together three of our world-class schools – International Relations, Management, and Economics and Finance – to create a new hub for the Social Sciences that will enhance cross-disciplinary research and support an expansion in students and researchers at undergraduate and postgraduate levels.

### Eden Campus

The regeneration of the former paper mill site at Guardbridge and the creation of Eden Campus is a major strategic move for the University of St Andrews, providing an exceptional working environment for our staff, breathing new life into the local economy, and having a beneficial impact on the town of St Andrews and beyond.

Construction of one of the world's first carbon-neutral distilleries by Eden Mill Gin is underway at Eden Campus, which provides a base for zero-carbon, sustainable businesses. The new distillery and visitor centre is scheduled to open in the first half of 2023. A 50-year land lease has been signed with the University. The strictly sustainable nature of the new distillery and the environmentally innovative surroundings of the campus are perfect for such a progressive brand, which will include future partnership opportunities between the distillery and the University.

The multi-million-pound distillery will be partially powered through the University's recently commissioned ground solar development and a future roof-mounted system on top of the distillery. Eden Mill is also discussing with the University the potential for capturing carbon from production processes that may be used to produce alternative fuels.

As well as the distillery, Eden Campus is home to the award-winning biomass energy centre and University spin-out companies working at the frontiers of science and technology – producing sustainable antibiotics, new fuel cells, synthetic proteins and new forms of batteries.

## Net Zero by 2035

The University's vision is to be net zero by 2035. The University will take out all avoidable greenhouse gases it releases into the atmosphere and compensate for emissions that are unavoidable. We understand that carbon is just a proxy for wider environmental sustainability, in areas such as the loss of biodiversity and the minimisation of waste, especially plastics, and we will set ourselves challenging targets in these areas too.

## The St Andrews Forest

In 2021 the University launched the St Andrews Forest initiative.

The St Andrews Forest aims to form a global tapestry of woodland and other nature-based projects, which will reduce carbon dioxide in the atmosphere. The project recognises that some emissions are unavoidable and balancing actions must be taken.

Beyond carbon, the Forest strategy considers benefit to nature and benefit to people: 'The right trees, in the right places, for the right reasons.'

The goal of the Forest is to sequester about 20,000 tonnes of carbon per year, equivalent to the emissions from student semester travel, forming a core part of the University's vision to be net zero by 2035.

Beyond carbon sequestration, the Forest will:

- enhance biodiversity, providing a green haven for vulnerable species of flora and fauna
- provide additional ecosystem services, like clean air and water
- create space for people and communities, providing opportunities for teaching, research and leisure.

In time, the project will also demonstrate other nature-based solutions, including peatland and salt marsh restoration, and blue carbon projects.

The St Andrews Forest builds on significant ongoing sustainability efforts to reduce the University's carbon footprint, while recognising that some activities will create unavoidable emissions that must be offset.

We have already reduced our carbon footprint by 15%, which is a big achievement since the University area and student population has grown by 20% over the past ten years. We are working with clean energy and offsetting initiatives, as well as encouraging behaviour change, to continue reducing our footprint.

So far we have:

- connected 25% of our buildings to a clean energy supply
- planted more than 1,000 trees for biodiversity
- launched Training in Environmental Sustainable Action (TESA) as a module for all students
- launched a sustainable investments policy to guide how University endowment funds are managed.

Our position at the forefront of the sector is based upon a longstanding commitment to addressing climate change.

## Equality and diversity

Diversity and inclusion are at the heart of our University Strategy, and we are committed to ensuring that all staff and students, whether existing or potential, receive fair and equal treatment when applying to become, or working as part of, the University Community. A new Vice-Principal for People and Diversity was recruited in 2022, providing a pivotal senior post to build a staff and student culture that emphasises wellbeing, diversity, and the fulfilment of personal potential, and to deliver dependable and connected support services.

The University's [Equality, Diversity and Inclusion Policy](#) applies to all staff, students, contractors and visitors, taking into account the provisions of the Equality Act (2010) and the Scottish Specific Duties (2012). The Policy objectives are that all individuals will be treated with respect, that they will not be subject to unfair discrimination in any aspect of university life, and to achieve an environment in which everyone has the opportunity to develop to their full potential. The Policy includes specific provision for existing and potential employees with protected characteristics. The University's commitment to the Policy and regulatory framework principles are demonstrated externally through active participation in a number of accreditation schemes.

The University is preparing its submission for the Athena SWAN Institutional Silver Award in Summer 2023, and all schools have now achieved Athena SWAN status (sixteen at Bronze level, two at Silver and one at Gold). We are also preparing to submit for the Race Equality Charter and, during 2021/22, commissioned a major external review into race and ethnicity in the University. The University holds the Carer Positive Employer award at the highest 'Exemplary' level, the LGBT Charter, the Stonewall Workplace Equality Index at silver level and is a signatory to the Business in the Community Race at Work Charter.

Equalities issues are regularly discussed at the Joint Negotiating Committee with recognised Trade Unions and more information can be found in the University's [Equality, Diversity and Inclusion Policy](#). In compliance with equalities legislation, the University published its [Equality Mainstreaming Report](#) in April 2021. This reported on the Equality Outcomes action plan for the period 2017-21, sets out the action plan for 2021-25, and reports on staff and student data trends. Statistical progress on the Gender Pay Gap was published in Spring 2022 and is available online - [Equality, Diversity and Inclusion progress reports](#).

A [Staff Disability Policy](#) was published in January 2022, following consultations undertaken with the trade unions and staff feedback (including through a newly established Staff with Disabilities Network). As of 27 July

2022, 92 (3%) of current salaried staff at the University declared a disability, up from 40 (1.6%) of staff in January 2017.

The University is committed to Fair Work practices. This includes working collaboratively and consultatively with the recognised trade unions, to discuss staff related issues as part of our wider [Recognition Agreement](#), a biennial staff survey and, engagement with relevant staff networks on specific matters. As an educational institution, the development of our staff is paramount. The University provides an open training programme accessible to all staff and also supports a number of mentoring programmes. In terms of pay, the University has no zero-hour contracts but does, to meet peak work demands, employ hourly paid staff. As part of our commitment to this cohort, we worked with the trade unions during 2021/22 to develop a new Graduate Teaching Assistant contract to further develop and support postgraduate students who undertake tutorial work. In addition, the University has, since 2016, paid the Voluntary Living Wage and we have made a commitment to continue to do so, ensuring it is implemented in the month it is announced.

The University is committed to understanding and resolving Gender Pay Gap issues and, alongside initiatives such as Athena Swan and mentoring schemes for women, has established a Gender Pay Working Group to look at how issues can be addressed. Actions to date include changes to the academic promotion procedure and a series of sessions on demystifying promotion and regrading.

We will stretch ourselves in a way we have long needed to be stretched by applying for Race Equality Charter Status and, under our Scotland's Future initiative, we will support our staff and students to bring their intellects, ideas and voices to wider public discourse on the range of issues and opportunities which this country currently faces.

### Principal risks and uncertainties

In pursuing its key strategic aims and objectives to achieve excellence in World Leading, Diverse, Global and Entrepreneurial St Andrews, the University will inevitably undertake activities which incur a level of risk. The way in which these risks are managed, through an effective risk management function, is fundamental to our success. Effective risk management will both reduce the likelihood that risks are realised, and their impact in the event that they are. The management of risk at the University of St Andrews is undertaken by the Risk Management Group who report through the Audit and Risk Committee to the University Court who retains ultimate responsibility. The Risk Management Group is part of the wider institutional corporate governance structure and more information can be found on page 28.

Covid no longer dominates the headlines and the sector has transitioned to a position close to business as usual but maintaining a watching brief on remaining areas of uncertainty, in particular the implications of significant new variants emerging. This was apparent in Autumn 2021 with the emergence of Omicron and the possibility of further lockdown over Christmas 2021. Throughout the pandemic, the University has taken proportionate risk-based decisions and continues to do so. We are comfortable in our ability to deliver activity within the parameters that are in situ and whilst we do not anticipate the introduction of new onerous controls, we would be in a position to respond if necessary. However, it has been apparent over the last year that we are in an inherently unstable period with a variety of economic and geopolitical threats against which we must weigh and adjust our activities and plans. For 2021/22, Covid has posed a steadily decreasing risk, with financial risks such as energy costs, inflation and staff costs gradually weighing more heavily on the risk register. Other perennial risks rightly remain, such as Cyber which poses a grave threat to all organisations, particularly those in the Higher Education sector.

Admissions risks have been escalated for both home and overseas, but we see this as a temporary escalation which will subside and we will review those areas plus post graduate research recruitment in depth in Autumn 2022 to ensure our narratives can adapt to capture the true nature and scale of any threat. Insurance risks were escalated in anticipation of a difficult insurance tender, a prediction which transpired to be wholly accurate, and in light of which we were able to work with Finance to set, and then adjust, budgets as we were able to give early warning of a worsening situation. Inflation and energy cost risks were also escalated, understandably in the current climate. All escalated risks, and a number of those close to being escalated, were reviewed by the Risk Management Group (RMG) quarterly, and Principal's Office (PO) had collective sight of every escalated risk, again quarterly. This is highly beneficial, firstly to ensure that the implications of each critical risk have been considered by a range of stakeholders across the breadth of activity represented by PO and, secondly, to focus attention on areas of particular concern, or where it is perceived, we should be performing more highly.

All risks on the register are in context of the revised operating environment as we transition out of the pandemic continues throughout.

Risk scoring is undertaken on a five-by-five matrix basis, using likelihood and severity. Any risk with a score of fifteen or higher is reported to the Audit and Risk Committee. Reflecting these factors, the following identifies specific areas of risk:

Risk	Control	Risk Rating	Score
Cyber attack	Low	■ ■ ■ ■	25

The National Cyber Security Centre (NCSC) cite cyber-attack as an existential threat to UK organisations, with a high risk of operational disruption, loss of revenue and data, reputational damage, possible litigation and substantial management costs to recover. These threats typically arise from criminal or espionage activity and include brute force attacks, social engineering (e.g. phishing), distributed denial of service (DDoS), malware, spyware and ransomware.

We are more reliant than ever on IT systems for the remote delivery of teaching, assessment and hybrid or home working. Vulnerabilities arise from system and software management, human error and failure to follow guidelines. The insurance industry rates the HE sector as 'extreme risk' and any University seeking Cyber insurance is having to move closer to a more locked down commercial approach to Cyber security.

Phishing remains the most common threat to the University, although a successful Ransomware attack would have a much higher impact. That impact can be loss of income, increased costs of working, legal liabilities, GDPR fines, and severe reputational harm. Financially, the impact could run into GBP millions, perhaps tens of millions. In 2022, so far 12 universities and colleges have been hit by Ransomware attacks. This continued exposure has resulted in the insurance industry maintaining its view that HE is extremely high risk and withdrawing cover or applying punitive premium and terms. In 2022, so far, we at St Andrews have suffered 8 compromised academic staff accounts all of which were protected by our multifactor authentication system. We have seen in an increase in more advanced attacks, which we are defending against.

The culture of the Higher Education sector requires the University to adopt a higher appetite for cyber risk than would be acceptable in the commercial sector. Over time it is inevitable that the culture will gradually shift towards a more secure model, and we at St Andrews are already on that path. In the meantime, information classification schemes are essential to simultaneously set risk appetite and guide a proportionate response to this risk.

Risk	Control	Risk Rating	Score
Inflationary economic pressures	Moderate	■ ■ ■ ■	25

The University is not immune from inflationary pressures. There are supply chain pressures along with demand outstripping supply for certain commodities, which collectively are applying higher inflation than seen for several years. Increasing fuel costs have added another layer of inflationary pressure into our supply chain. This

inevitably also puts pressure on pay. With no expectation of funding support from UK or Scottish Governments, this puts the emphasis onto the University to cover these cost increase. To mitigate, growth is being sought from new areas of activity. Fundamentally, we are unable to influence or control macro-economic factors or match funding levels in accordance with external pressures. Therefore, whilst the University sees the need to reduce this risk, and is attempting to do so by a variety of means, external factors will always remain problematic.

Risk	Control	Risk Rating	Score
Salary costs	Low	■ ■ ■ ■	25

The University has for several years experienced real terms funding cuts from public sector sources of financing, putting an increasing reliance on the generation of new and additional forms of income, plus market tolerated price inflation for fee-paying students. At the same time, cost of living increases for staff have been at or below inflation levels for several years. The Covid Crisis has highlighted the flaws in the Government's funding model for higher education. The Scottish Government's budget for 2022/23 imposes further real terms cuts in funding. Post pandemic pressures on inflation, coupled with retention issues, particularly in specialist support roles, are likely to exacerbate the situation over the coming years.

Our ability to manage this risk will depend on continuing to secure the cohorts of fee-paying students for the next academic year and beyond; and on our ability to identify further efficiencies from operating and staffing costs; and on the development of new revenue streams through Entrepreneurial St Andrews, Digital St Andrews and other activities. Inflationary pressures on pay costs are exacerbated by retention issues, and market supplements have had to be introduced in certain circumstances.

Risk	Control	Risk Rating	Score
Energy prices	Moderate	■ ■ ■ □	20

In January the University received notification from APUC of higher prices coming through the national procurement contracts of which we are part of gas and electricity. The national contracts combine a level of forward purchasing, with an element of short term and spot purchases, to manage usage and price volatility.

This was evaluated and built into the Financial Plan for 2022/23. It equated to an increase of approximately £650k, around 10% of our existing gas and electricity budget. In March, following the invasion of Ukraine by Russia, a price warning emerged from APUC.

Our exposure for 2022/23 amounts to 10% of our total utility costs, due to 90% forward purchasing, and our

updated forecast suggests an overspend of up to £2m compared to the funding built into the Financial Plan that will need to be managed as part of the overall financial position of the University.

The position in 2023/24 and beyond is not currently knowable, although the protection of forward buying will lessen the further forward we look from the current energy crisis.

This is not an issue unique to St Andrews or the HE sector, with prices throughout the UK and globally rising, and Europe affected worse than others, such as Asia. The University is not immune to economic headwinds of this type and we must mitigate, forecast and plan prudently.

Given the scale of recent price rises we have low tolerance to further financial pain arising from energy costs, and other activities will be affected as we mitigate the unbudgeted cost within the financial plan in order to achieve a minimum of breakeven on our managed operating surplus by the year end. The current deficit will be tackled on a non-recurring basis but it will be critical to understand early the position for 2023/24 and to plan for this as it seems likely that our projections will be exceeded and budgets must be adjusted.

Risk	Control	Risk Rating	Score
Research income	Moderate	■ ■ ■ □	20

Research provides prestige, feeds core themes of knowledge and challenge, encourages active researchers to refresh courses, and ensures we can recruit the best people. Reduced research income could be caused by reduced funding availability, poorer quality grant applications or increased competition.

The majority of our research funding comes through UKRI which has shown itself to be vulnerable to short term budget decisions made by UK government. The culture of grant application varies between Schools and a relatively small number of staff are responsible for a high proportion of research income. We may be vulnerable to losing these staff, including ERC grant holders, which would be especially noticeable due to our size. The risk could stem from either or both of two underlying issues; failure to win adequate awards or unplanned prolongation of research.

Around 20% of research income comes from the EU. Whilst the UK remains committed to joining the EU's Horizon Europe as an Associate Member this accession is looking very uncertain. At this stage the UK government is guaranteeing the funding for grants awarded via the EU and has published limited details of its 'Plan B' should accession not take place. This plan includes an in-flight guarantee for submitted grants and provides a commitment for new international research schemes should accession not take place. Such a scheme will not provide a like-for-like replacement for EU research funds and risks disruption to established research

networks and funding opportunities across the breadth of University research.

We have high tolerance to a single year downturn, but very low tolerance to a downward trend over 3-5 years. Within any single year we cannot affect income but on a 3-5 year timeframe then it is possible to do so with appropriate recruitment and strategy development.

Risk	Control	Risk Rating	Score
Industrial action	Moderate	■ ■ ■ □	20

Pay is subject to national collective bargaining, although recent rounds of industrial action were activated through disputes raised by UCU with individual institutions on the twin issues of pay/working conditions and pension. Similarly, the University's participation in the USS scheme is subject to nationally agreed parameters. The University works closely with UUK and UCEA to encourage approaches that are fair to staff and sustainable for institutions. UCU called 3 days of strike action in December 2021 and a further 15 days in February and March 2022. Whilst turnout was initially high, this declined and the overall level of disruption to university activities was significantly less than in 2018. UCU have announced their intention to rebalot for industrial action this autumn over the 2022 pay settlement and their ongoing dispute over USS reforms. These ballots will run from 7 September to 26 October 2022, and will be conducted at an aggregate level, meaning that UCU will require 50% turnout nationally for the result to be valid.

The University has low tolerance to any circumstances which affect students adversely and will work with all available tools to mitigate any impairments.

Risk	Control	Risk Rating	Score
Residential accommodation	Moderate	■ ■ □ □	16

We rely partly on University owned and maintained residential accommodation to attract our targeted student population, to deliver financial returns, and contribute to student satisfaction by offering space to returning students where possible. However, due to our geographical location, and in order to meet student demand for accommodation, it is also critical that we have adequate capacity across owned residences, maintained residences and private sector provision, achieving an appropriate balance between these three streams. Adequacy of residential capacity, whether in the University or the private sector, is important to attracting students, and thereby has the potential to affect finance in terms of student recruitment, but also student satisfaction for returning students. This is therefore a key risk to the University and should be reduced, through securing additional bedspaces but also improved data modelling.

Risk	Control	Risk Rating	Score
<b>Admissions – UG / PGT home</b>	<b>Moderate</b>	■ ■ □ □	<b>16</b>

At undergraduate level, while the fees in respect of these student cohorts do not cover the full cost of teaching, they are reliable due to our reputation and high domestic league table rankings. They are our immediate market and have an important role in increasing the diversity of our student cohorts. Interest from these markets has remained strong and the numbers of accepted offers provide a sufficient cushion for meeting our targets and contingencies. The University is now managing its student cohort which is in-town at any one point in time and so the pressure to recruit to target has increased.

At PGT level, we charge UK students a market price. There are almost no funded places, few scholarships and no externally imposed caps on their numbers. They are a significant contributor to tuition fees at PGT level at over 30%.

Interest from these Home PGT markets has declined this cycle, which was unexpected, the applications received are still strong and receiving offers, but insufficient in numbers, so it will be important to monitor the number of applications in the next cycle to ensure they are sufficient to meet targets.

This risk has been escalated in view of Home PGT numbers, but overall we do anticipate fee levels being adequate due to recruitment of Overseas students in compensation. We will review this risk over the coming period, to ensure we have captured the key aspects, which relate not only to fee income but also to balance and diversity.

The University relies on its UK student cohorts and maintaining our numbers for next year in respect of entrants as well as returning students is important for the success of the University. This is stable for HOME and RUK UG and less stable for Home PGT.

Risk	Control	Risk Rating	Score
<b>Unplanned IT outages</b>	<b>Moderate</b>	■ ■ □ □	<b>16</b>

Information and Communications Technology (ICT) is central to the functioning of the University. Any outage of a key system, or systems, has the potential to seriously impair teaching and research, with potential knock-on implications for reputation and income. We use a measure known as ‘Recovery Time Objective’ (RTO) to record for each of our key systems the length of time before downtime becomes critical. This enables us to prioritise system recovery, which sometimes varies seasonally, and to use the concept of RTOs to plan resilience into system design rather than attempting to retro-fit resilience which is invariably more expensive

and less successful. This risk could arise from failure of software, hardware, network or people. Increased dependency on digital as a result of the pandemic has further reinforced the need for active management of this risk.

ICT is critical to the successful functioning of University activities, hence we have a low tolerance to loss. Over the last ten years, tolerance to IT downtime has reduced significantly, in line with our continually increasing use of IT, and the widespread demise of practicable manual workarounds. We see this trend not merely continuing but increasing as ICT and digital becomes even more pivotal to improving quality and productivity, becoming embedded in smart systems and networks to manage buildings, machinery, and alarms. With a new ‘Digital Pillar’ in the University strategy the role of IT becomes even more prominent.

Risk	Control	Risk Rating	Score
<b>Estate capacity</b>	<b>Moderate</b>	■ ■ □ □	<b>16</b>

This risk excludes student residential accommodation which is dealt with elsewhere in the risk register. There is likely always to be some level of risk associated with our estate for effective running of university business, as the volume and nature of our activities are not always a natural fit with the estate. Money, land and existing buildings create constraints on what can be built, refurbished or developed, yet changing expectations and uses of space, especially by students, mean that we need continually to adapt and update. Our aim always to comply with Equalities legislation also presents challenges connected to some older University buildings.

Against this general background, two factors were creating particular pressures pre Covid-19: planned growth in student numbers to 10,000 by 2025; and grant successes leading to an increase in postdoctoral and other recruitment. By 2020/21, demand was already exceptionally high for good-quality teaching space, student study places, academic offices and professional spaces for student-facing units. In the 2020/21 academic year, we reached our 10,000 strategic target, and in 2021/22 we overshot that figure by approximately 425. While we work to reduce this overall student complement (and we expect it to drop in 2022/23), our estate and the ways in which we use it must develop at pace to release this pressure and continue to provide the excellent employee and student experience associated with our reputation.

The risk may increase in the short to medium term and we then expect the risk to stabilise and reduce as new facilities come on stream. However, financial pressures elsewhere in the organisation need to be monitored in relation to medium-term plans.



Risk	Control	Risk Rating	Score
Student wellbeing	Moderate	■ ■ □ □	16

This risk relates to insufficient or inappropriate medical care and treatment available to students; although it also relates to supporting students' wellbeing with consideration required as to the extent of the University's responsibility. Students, families and the media have high expectations of the University to ensure the wellbeing of students and reputational damage can easily result. In a trend which is consistent with other major institutions across the UK, disclosures of mental health disability and presentations of mental ill-health have significantly increased within our student community, which is only partly attributable to increasing student numbers.

We cannot tolerate additional risk in this area and need to reduce current risk levels. Until we see measurable improvement in KPIs we should maintain the current risk level, whilst noting that the situation has been stabilised by our change initiatives which mitigate against the underlying increasing risk relating to general student wellbeing.

Risk	Control	Risk Rating	Score
Student behaviour	Low	■ ■ □ □	16

Key areas of risk include managing reports of (i) sexual misconduct and (ii) bullying and harassment on social media. One main factor is the use of alcohol and drugs which can affect behaviour, memory and the ability to protect oneself. Additional and increasingly relevant factors include the public narrative and media interest/pressure in handling and reporting of cases of sexual misconduct. This increases the potential for reputational damage, although our robust processes and continuing development in this area mitigate this somewhat.

It is important for us to maintain town/gown relationship and student safety is a key USP for us. Therefore, we should always seek to reduce risk of harm to students and third parties from unacceptable student behaviour.

### Looking forward

The demand from students to come to the University of St Andrews remains very strong, with a student cohort likely to exceed that planned, for the third year in a row, as the impact of moving back to an examination regime plays through the admissions system. Demand far exceeds supply opportunity.

The University, staff and students worked extensively, collectively and extremely hard to maintain and deliver research and teaching excellence, throughout the

pandemic period. This also contributed towards ensuring our continued long term financial sustainability. However, the current geo-political unrest, and knock-on impact to energy prices and the resulting much wider inflationary pressures, are creating a financial volatility that is unprecedented in modern times.

The pressure on utilities requires even greater emphasis on energy efficiency, self-generation of heat and power and a rapid switch to alternatives from fossil fuel derived sources of power. The key areas of our research in this area, along with the focus of the University Strategy on sustainability, which recognises our intent to reach carbon net-zero by 2035, are all brought into sharp focus as we face inflation increases not seen for generations.

Our attraction to students remains as strong as ever, with applications to study here still significantly higher than the places available. We continue to attract outstanding staff who want to come to this small University town to deliver world leading research and teaching. Our professional services staff are of the highest quality as they strive to support our staff and students with seamless and efficient services.

We are taking all that we learnt from the digital provision of teaching through the pandemic, adding to it with an enhanced approach to flexibility whilst looking to develop and deliver a St Andrews experience for digitally focused students. The digital market is a specific focus for the University and will add to our global reach and help underpin our continuing financial sustainability.

We have an ambitious capital investment plan which, along with the amazing philanthropic support of friends and alumni of the University, will deliver facilities to take the University into the next fifty years of academia. We will weather the financial headwinds by taking astute decisions, looking to the future rather than taking short sighted decisions. We have been around for over 600 years, and we will be here for a long while yet.

As a Scottish university, we are proud to be a substantial contributor to the economic, intellectual, cultural, and social wealth of our country; we recognise the benefits derived from being part of Scotland's knowledge and innovation economy; and embrace our role in forging Scotland's future.

Andy Goor  
Chief Financial Officer  
21 October 2022

The University of St Andrews is a charity  
registered in Scotland: No. SC013532

# Corporate Governance



## Introduction

The University is committed to best practice in all aspects of corporate governance. The University bases its approach and standards on the 2017 Scottish Code of Good HE Governance, but also takes account of good practice guidance elsewhere, including the UK Committee of University Chairs Higher Education Code of Governance, and the CUC guidance on Remuneration Committees published in 2018.

## Compliance with relevant legislation

The University reports regularly on compliance with relevant legislation and regulation to its Audit & Risk Committee and Remuneration Committee, in particular where significant changes to the legislative environment occur. The University is compliant with the requirements of the Trade Union (Facility Time Publications Requirements) Regulations 2017. Data on facility time is submitted on an annual basis to the relevant government website and is published on the [gov.uk website](#). In addition, the information is normally published on the University's [Trade Unions representatives page](#).

## Compliance with the Scottish Code of Good Governance

In the opinion of Court, the University complied with all the principles and provisions of the 2017 Scottish Code of Good HE Governance (the Code) through the year.

The University is fully compliant with the requirements of the HE Governance (Scotland) Act 2016. The membership of Court represents a balance of representation from students, staff and lay membership, with the lay members providing important non-executive skills and support. A skills register supports the competitive skills-based recruitment process used for non-executive and other lay appointments to Court to identify and target the skills and experience necessary to maintain Court as a coherent and effectively functioning governing body. Particular attention is paid to encouraging diversity in applications for Court positions, both elected and appointed. A broad range of protected characteristics are represented on Court, including almost half of the positions being occupied by women and three from Black Asian and Minority Ethnic (BAME) communities.

As reported in the 2020/21 statement, the University is adopting the 'comply or explain' approach in relation to the Code's recommendation that the membership of the Nominations Committee should have a lay member majority.<sup>1</sup> From 2018 the Governance and Nominations Committee has had two elected staff members,

representing both academic and non-academic staff rather than the minimum of one stipulated in the Code. Other members include the Senior Lay Member, Principal, a student member of Court and two lay members of Court, one of whom is Convener. Court considers that this is consistent with Main Principle 7 of the Code, which states that the nominations committee must have "*a suitably inclusive membership to oversee the appointment of new members to the governing body*".

The resignation in Spring 2022 of the Senior Lay Member has occasioned the appointment of the Deputy Chair of Court as Acting Senior Lay Member pending the recruitment of a successor. This is envisaged under the provisions of the 2016 Act but necessitated the extension of the overall term of the Acting Senior Lay Member's membership of Court beyond the 8 year (2 terms of 4 years) norm. Such circumstances are provided for under the Code, and the appointment will remain within the 9 year overall ceiling recommended by the Code but a letter was sent to the SFC to notify them of the appointment.

## Risk management and internal control

The University 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.

The internal control environment includes delegated authorities, policies, procedural and system controls, planning and budgetary processes, professional capability in specialist areas, governance structures and management reporting. A Scheme of Delegation is reviewed by the Audit & Risk Committee and approved by Court each year. The current Scheme of Delegation was reviewed in June 2022.

The senior management team receives regular reports on the University's performance including appropriate performance indicators and considers any control issues brought to its attention by early warning mechanisms embedded within the operational units and reinforced by frequent contact, support and guidance from the risk management team based in Planning. The anticipation, consideration and management of risk is an integral part of the planning process for operational units and schools. The senior management team regularly considers significant risks to the University and the controls and actions in place to mitigate these. The senior management team and the Audit & Risk Committee receive regular reports from Internal Audit which include recommendations for improvement.

Court's confirmation of the effectiveness of the system of internal control has also been informed by the following:

<sup>1</sup> This Code recommendation is at the lowest category of requirement, 'should' in the Code which recognises "*that there may be situations in which a departure can be justified, or it would be reasonable and acceptable to meet the principles of good governance in alternative ways*".

- The Internal Audit Annual Report 2021/22 presented to Audit & Risk Committee on the adequacy and effectiveness of systems of internal control including governance and risk management;
- Quarterly reports on Risk Management provided to the Audit & Risk Committee and notified to Court;
- An Annual Report on Risk Management presented to the Audit & Risk Committee and notified to Court;
- Comments made by the External Auditors in their report to the Audit & Risk Committee; and
- The work of managers within the institution who have responsibility for the development and maintenance of the internal control framework.

Court considers, on the recommendation of the Audit & Risk Committee, that a risk management process, compliant with the UK Corporate Governance Code, in so far as its provisions apply to the higher education sector, has been in place throughout the year ended 31 July 2022.

### Governance structures

Court is the governing body of the University and derives its authority from Acts of Parliament. These, *inter alia*, vest in Court the administration of all property and revenues of the University and give it the power to review the decisions of the Senate. Court thus has overall responsibility for the governance of the University, including all aspects of strategic planning and management of all resources, whether financial, human or physical. The Statement of Primary Responsibilities can be found in section 2.3 of the [Court Handbook](#). The [University Strategy](#) 2018-23 was approved by Court in October 2018, and a series of enabling strategies have been developed under the auspices of the Planning and Resources Committee. The refresh of the University Strategy to 2027 is accelerating and a draft has been made available for comment. Court monitors an agreed suite of Key Performance Indicators at each meeting as outlined in the Strategic Report on pages 11-14.

Court is responsible for the University's system of internal control and for reviewing its effectiveness. The 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.

Responsibility for the monitoring of risk lies with the Audit & Risk Committee on behalf of Court. The University's Risk Management Group is chaired by the Vice-Principal (Governance) and contains representatives of all key University activities. This Group has responsibility for embedding risk management in all decision-making processes of the University, to ensure that the exposure to risk is continually monitored, and corrective action taken where necessary. Risk management is discussed at each

meeting of the Audit & Risk Committee, and a report is provided on key 'escalated' risks to each meeting of Court.

Court had five regularly scheduled meetings during the year ended 31 July 2022, one of which was a strategic away day. Following the lifting of Covid restrictions, in-person meetings became possible in the spring of 2022, and the first in-person Court meeting was held in April 2022. The overall attendance rate was 86%.<sup>2</sup> Court has a number of committees with particular areas of responsibility. Court also operates an assurance scheme whereby areas of responsibility are governed by a number of Assurance Groups, each of which includes one or more independent members of Court, with a reporting line to a Court Committee or directly to Court.

The President of Court is the Rector, one of the oldest institutions of University governance, who since 1858 has been elected by the entire student body to serve for a three-year period. The current rector is, Dr Leyla Hussein OBE, who was elected as Rector in October 2020 and assumed office on 1 November 2020 for an initial period of 3 years. The Senior Lay Member, Catherine Stihler OBE, demitted office in April 2022, and has been temporarily replaced by the then Deputy Chair of Court, Professor Stuart Monro OBE, who will remain in post for up to a year pending the recruitment and election of a new Senior Lay Member. Under an agreed protocol, the Senior Lay Member presides over Court in the Rector's absence and undertakes the broader responsibilities of a Chair of Court, including the annual appraisal of the Principal and chairing those items of Court concerned with policy, resources, accountability and performance review.

The Court Committees and related Assurance Groups are:

Committee	Assurance Group
Reporting directly to Court	People and Diversity
Audit & Risk Committee	Academic Health & Safety Ethics and Research Integrity
Governance & Nominations Committee	-
Planning & Resources Committee	Investment & Treasury
Remuneration Committee	-

All of the Committees and Assurance Groups are constituted with formal terms of reference, outlined in the [Court Handbook](#). Membership of committees is disclosed in section 1.1. In addition, the University Court

<sup>2</sup> Attendance percentages do not include vacancies.

receives reports from the University's Superannuation & Life Assurance Scheme, the chair of whose trustees is an independent member of the Court.

The **Assurance Group on People and Diversity** reports directly to Court, overseeing the delivery of the People Enabling Strategy and progress on the Diverse St Andrews strategic theme. The group met three times during the 2021/22 academic year and provided an annual report to Court at its June 2022 meeting. Its membership was expanded in the course of the year to include student representation.

The **Audit & Risk Committee** consists of independent members of Court, supplemented by additional co-opted external non-executive members to assist it in its role. The Committee held five scheduled meetings in the year ending 31 July 2022. All meetings were quorate and the overall attendance rate was 88% (2020/21 – 86%).

The Committee is responsible for reviewing the adequacy and effectiveness of the University's assessment of top-down strategic risks, risk management, internal control, financial governance, the annual financial statements and value for money arrangements. As such, it scrutinises the audit of the University's annual financial statements and keeps under review the effectiveness of the University's corporate governance arrangements as they relate to financial matters, including the Financial Regulations, the Scheme of Delegation and other internal control systems. The Committee is responsible for ensuring compliance with mandatory requirements in relation to the University's audit arrangements as set out in the Financial Memorandum between the University and the Scottish Funding Council. It oversees the University's policies on the investigation of questions of financial irregularity or impropriety, and receives annual reports on complaints, counter-fraud and whistleblowing.

As noted above, the Committee has responsibility for gaining assurance on the adequacy and effectiveness of policies and procedures for risk management, including the identification and assessment of top-down strategic risks that threaten the achievement of the University's strategic plan. In this capacity it receives regular reports from the University's Risk Management Group. Committee discussions in 2021/22 focused particularly on the management of the financial and operational risks posed by the Covid-19 pandemic, the impact of inflation, and the growing cybersecurity threat.

The Audit & Risk Committee also considers all matters relating to the internal and external audit of the affairs of the University and of those companies controlled by Court and receives regular reports from the internal and external auditors. Whilst senior executives are in regular attendance at meetings of the Audit & Risk Committee, they are not members of the

Committee, and the Committee has the opportunity to meet with the internal or external auditors in the absence of University staff.

Three Assurance Groups report to Audit & Risk Committee:

- The **Academic Assurance Group** oversees the implementation, management and monitoring of the University's quality enhancement strategy and quality assurance procedures. It also advises the Academic Council (for Senate) on changes to the University's academic monitoring procedures and liaises with University Officers and Committees on matters relating to academic quality assurance. It met twice in the 2021/22 academic year.
- The **Health & Safety Assurance Group** provides an annual report to the Audit & Risk Committee on all matters concerning health and safety, including the University's legal obligations. The Group met four times in the year ending 31 July 2022 and received reports from the University's Head of Environmental, Health & Safety Services concerning the management of various areas of health and safety at work, with a particular focus on Covid-19 risk management, occupational health, and health and safety training. Site visits were held to Occupational Health and the refurbished BMS building prior to its reoccupation following the 2018 fire. The Group reviews accidents and near misses reported to the University, as well as remedial actions taken, and considers, as required, reports from inspectors of enforcing authorities under health and safety legislation, reports from the University's insurance brokers, and issues raised by the Trade Union safety representatives and student sabbatical officers.
- The **University Ethics & Research Integrity Assurance Group** reports to the Audit & Risk Committee on the effectiveness of the University's policies, procedures, and decision-making on the ethical consequences of teaching and research<sup>3</sup>, and the University's engagement with the Concordat to Support Research Integrity. It met twice in 2021/22 and received reports from the University Teaching & Research Ethics Committee, the Animal Welfare Ethics Committee, and the Research Integrity Working Group.

The **Governance & Nominations Committee** advises Court on any matter pertaining to the execution of its governance functions. This includes the recruitment and appointment of non-executive members of Court and General Council Assessors, the oversight of elections

<sup>3</sup> This also applies to University sponsored activities wherever geographically undertaken.

to Court positions, and the processes for appointments of nominated Court positions. The Committee oversees the skills register for Court members and makes recommendations to Court on (a) the overall structure of University committees and (b) the remit and Court-nominated membership of such committees. It also recommends to Court how it should be represented, as necessary, on external or internal bodies. It is responsible for ensuring compliance with relevant codes of good governance, including the 2017 Scottish Code of Good HE Governance, and oversaw the ordinance changes and other arrangements necessary to comply with the HE Governance (Scotland) Act 2016. It holds an annual review of the effectiveness of Court's activities. The next quinquennial review of Court effectiveness will take place in 2022/23 and preparations for this are well in hand. The membership of the Governance & Nominations Committee includes assessors representing both academic and non-academic staff as well as the President of the Students' Association, the Principal, Senior Lay Member, and two other non-executive members. Whilst the 2017 Code of Governance recommends that Nominations Committees should have a lay majority, the Committee believes that the current membership strikes a more appropriate and representative balance. This is reported under 'comply or explain' in the statement of compliance with the Scottish Code and is considered to be consistent with the Code's main principle 7 that the Committee must have a suitably inclusive membership. The Committee held three scheduled meetings in the year ending 31 July 2022. All meetings were quorate, and the attendance rate was 100%.

The **Planning & Resources Committee** (PARC) considers, recommends approval of, and monitors the University's major commitments and management of resources. Each meeting receives a report from the Principal, a paper on KPI performance, an in-year summary Financial Report comparing actual income and expenditure with budgeted levels, and a report on Property and Infrastructure issues. The Committee approves the Outcome Agreement for recommendation to Court and reviews the impact of the SFC Main Grant letter, including its likely impact on the University Financial Plan. PARC reviews on an annual basis financial and institutional performance, and the University's financial and strategic plans, as well as a broad range of annual reports relating to its strategic, financial and planning responsibilities. These include development activities, environmental performance, commercialisation, infrastructure, Special Collections, and Museum Collections. PARC monitors the level and cost of the University's borrowings and the extent of other liabilities and makes recommendations on individual financial decisions which, due to their size or nature, are reserved for Court. It is also empowered to take individual financial decisions in accordance with limits

prescribed in the [Financial Regulations](#). Court receives recommendations and advice from PARC in respect of its strategic planning and development responsibilities. PARC is chaired by the Senior Lay Member. The Committee held four scheduled meetings in the year ending 31 July 2022. All meetings were quorate and the attendance rate was 97%.

One Assurance Group reports to PARC:

- The **Investment & Treasury Assurance Group** – is charged with ensuring that appropriate and effective decisions are taken with regard to the investment and holding of funds under the University's management and that these activities are conducted with due regard to the University's investment policy and management of risk. It is also responsible for ensuring cash management is carried out in accordance with the University's Treasury Management Policy. It conducts regular reviews of the general investment policy of the University and within the context of that policy monitors the performance of (i) the University's investment and treasury advisers, (ii) the investment portfolio(s) or holdings under their management, and (iii) University investments and financial holdings not under the management of the investment advisers. It reviews and makes changes in the appointment of the University's investment and treasury advisers and takes decisions in relation to the general nature or distribution of the investment portfolio and holdings that are under management, reporting as appropriate to Court and PARC. The Group met five times in the year ended 31 July 2022.

The **Remuneration Committee** reviews and approves remuneration arrangements for staff in the University above defined thresholds and, on the recommendation of the Principal, increases in remuneration which do not represent standard progression with regard to a recognised salary scale or which relate to members of the Principal's Office. The Committee respects the requirements of the Scottish Code of HE Governance on Remuneration Committees, and also draws on the CUC Higher Education Senior Staff Remuneration Code as a source of good practice. It consists of independent members of Court. From 2018, the Principal ceased to be a member of the Committee although may be in attendance to advise the Committee on specific issues. The Principal may not be in attendance for discussion of any item relating to her pay, contract, or terms and conditions of employment. The Committee monitors the implementation of the University's policy on severance payments, receiving reports on all severance arrangements and approving specific recommendations which involve University expenditure in excess of £100,000 (there were none in the year ending 31 July 2022). The Committee

determines the remuneration of the Principal (in the absence of the Principal) and provides an annual report to the University Court detailing salary changes for senior staff.

More widely, the Committee has a general overview of matters related to salaries, including pension policy, in order to ensure the exercise of appropriate financial control and of reasonable employer behaviour in relation to remuneration and severance arrangements. The Committee held two scheduled meetings, both quorate, in the year ending 31 July 2022. The attendance rate was 84%.

In keeping with the University's policy on the registration and declaration of interests, all persons routinely attending meetings of Court and its Committees are required to take proper account of any conflict of interest which might arise from their University involvement on the one hand and their membership of, or connection with, other bodies outside the University on the other. The Executive Officer to Court and Senate maintains a formal register of interests, which, in accordance with the 2017 Scottish Code of Good HE Governance, is updated at least annually and made publicly available on the University [website](#).

### Financial and environmental sustainability

The long-term sustainability of the institution is assured through the [University Strategy](#). Progress with the 2018-23 Strategy is reported through an annual report and quarterly reviewed performance indicators. The Strategy is underpinned by five enabling strategies focusing on accommodation, digital, people, estate and finance. Strategic and operational planning meetings take place with each school and professional service unit, establishing operational priorities, success factors and assessing performance, risks and mitigation. At operational level, the high-level investment decisions are made through three established governance structures: Workforce Planning Group, Business Transformation Board, and Space and Asset Management Committee. A Business Transformation Plan sets out the University's priority business change initiatives. It is regularly reviewed to align with the University's strategic plan and is overseen by a board chaired by the Vice Principal (Strategy, Policy and Planning) with regular reports provided to Court through PARC. Forward financial and infrastructure plans are also approved by Court and progress is monitored by PARC. The University has a comprehensive set of Key Performance Indicators (KPIs) aligned with its objectives and linked closely to its Strategy. These are regularly reviewed by Senior Management and PARC and included in the papers for Court.

The University's approach to risk management is overseen by the Audit & Risk Committee and managed internally by the Risk Management Group, chaired by the Vice-Principal (Governance). Risks are attributed to

both KPIs and Strategic Objectives and the effectiveness of controls and mitigating actions are systematically monitored.

Following the launch of the Environmental Sustainability Board (ESB) in March 2020, the University agreed a vision in January 2021 to be Net Zero by 2035. This is bold in terms of both its timeline – it is 10 years ahead of Scottish legislation – and scope – it addresses both direct and indirect operational emissions. Illustrating our commitment to be at the forefront on sustainability, the University will also tackle waste, water, biodiversity and climate adaptation in our plans to be 'Sustainability Positive' by 2035.

Data for our carbon footprint for the academic year 2021/22 will not be available until late 2022. We estimate that it will be between the pre-pandemic level of a little over 70,000 tCO<sub>2</sub>e in 2019/20, and the 2020/21 level of 50-55,000 tCO<sub>2</sub>e. Estate adaptations to covid regulations necessitated that more energy was used for ventilation and heat purposes than usual. At the same time, levels of business and student travel were lower and construction activities were still heavily impacted during the year. Activities to further sustainability were accelerated by the COP26 conference held in Glasgow in November 2021. As well as sending delegates to the conference, the University hosted digital and in-person COP26 workshops in St Andrews. The University also opened a 1MW solar array at Eden Campus and the Meadows in the Making project enhanced biodiversity on campus, as we added over 10,000 trees under the St Andrews Forest programme to Eden Campus and at the Cambo Estate, these plantings contributing to the Queen's Green Canopy, marking Her Majesty's Platinum Jubilee. In November 2021 St Andrews was named as 'Sustainability Institution of the Year' in the prestigious UK Green Gown Awards, judges citing the quality of leadership given on sustainability at the University as a distinguishing feature of our approach.

Recommendations for our future sustainability action plan are being developed by the working groups of the ESB and are aligned to deliver institutional carbon management targets and wider goals. Our approach ensures alignment with Scottish legislative frameworks and adaption programmes, and places staff and students, as well as our research and education programmes, at the centre of our plans to become a sustainable University that contributes towards a sustainable future for us all.

### Training of Court Members

The University encourages Court members to maintain and develop their skills through formal and informal training. All new Court Members are required to undertake training courses in Unconscious Bias, Diversity in the Workplace, Information Security and GDPR. Details of courses attended by Court members and co-opted members of Court Committees are set out in the table below.

<b>Date</b>	<b>Training</b>	<b>Member</b>
8 September 2021	Governor Development Programme – Student Governor (part 1 online)	Lottie Doherty
8 September 2021	Governor Development Programme – Student Governor (part 1 online)	Leonie Malin Höher
8 September 2021	Governor Development Programme – Student Governor (part 1 online)	Stella Maris
14 September 2021	Court Inductions completed	Lottie Doherty
14 September 2021	Court Inductions completed	Leonie Malin Höher
14 September 2021	Court Inductions completed	Lorna Dargan
14 September 2021	Court Inductions completed	Alison Johns
14 September 2021	Court Inductions completed	Anu Ojha
30 September 2021	Spotlight on conflict	Catherine Stihler
21 October 2021	Advance HE: New Governors of Scottish HEI's	Lorna Dargan
21 October 2021	Advance HE: GDP: New Governors of HEIs	Jenny Stewart
02 November 2021	Advance HE: Leading HE board diversity and inclusion: Roles, priorities and practice	Stuart Monro
11 November 2021	Advance HE: GDP: Role and Responsibilities of Staff Governors	Morven Shearer
11 November 2021	Advance HE: GDP: Role and Responsibilities of Staff Governors	Lorna Dargan
18 November 2021	Advance HE: Governance Conference 2021 - Evolving Governance fit for our futures	Stuart Monro
26 January 2022	Advance HE: Student Governor 2	Stella Maris
26 January 2022	Advance HE: Student Governor 2	Lottie Doherty
26 January 2022	Advance HE: Student Governor 2	Leonie Malin
08 March 2022	CUC Online Event: OIA session: Finding the hidden value in complaint	Stuart Monro
26 April 2022	CUC Spring Plenary	Stuart Monro
17 May 2022	Compulsory online training – 2 modules: GDPR; Unconscious Bias	Leyla Hussein
19 May 2022	Advance HE: GDP: Scotland Governance conference	Morven Shearer
29 June 2022	Advance HE: GDP: Assuring Academic Outcomes & Student Experience	Morven Shearer
September 2022	Court Inductions completed	Stephen Tyre
September 2022	Court Inductions completed	Catherine O'Leary
September 2022	Court Inductions completed	Ros King
September 2022	Court Inductions completed	Juan Rodriguez
September 2022	Court Inductions completed	AK Schott
September 2022	Court Inductions completed	Robin Lawson
Throughout the year	Compulsory online training <sup>4</sup>	Frank MacInnis
Throughout the year	Compulsory online training <sup>4</sup>	Catherine O'Leary
Throughout the year	Compulsory online training <sup>4</sup>	Ros King
Throughout the year	Compulsory online training <sup>4</sup>	Anu Ojha
Throughout the year	Compulsory online training <sup>4</sup>	Alison Johns
Throughout the year	Compulsory online training <sup>4</sup>	Lorna Dargan
Throughout the year	Compulsory online training <sup>4</sup>	Stephen Tyre
Throughout the year	Compulsory online training <sup>4</sup>	Juan Rodriguez
Throughout the year	Compulsory online training <sup>4</sup>	AK Schott

<sup>4</sup> Compulsory online training is comprised of the following modules: GDPR, Information Security Essentials, Unconscious Bias and Diversity in the Workplace.



**Payment of creditors**

It is the University's policy to obtain the best terms for all business and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to adhere to specific payment terms. The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998. The average creditor payment period, calculated as a proportion of the year-end creditors to aggregate amounts invoiced during the year, was 22 days (2020/21: 26 days, 2019/20: 25 days).

**Conclusion**

The University has assessed the going concern basis for a number of factors (see pages 48-49). Based on this analysis, the University confirms that it is a going concern and has robust systems of corporate governance in place. These meet the principles of good governance set out in the 2017 Code, maintain a sound system of internal controls, and apply the key principles of effective risk management.

Alastair Merrill  
Vice-Principal (Governance)  
21 October 2022

# Responsibilities of Court



In accordance with the Universities (Scotland) Acts 1858 to 1966, Court is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Universities (Scotland) Acts, the Statement of Recommended Practice: Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with the Scottish Funding Council (SFC), through its designated office holder, Court is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Court has to ensure that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Court has responsibility to:

- Ensure full compliance with charities legislation and the retention of the University's charitable status.
- Ensure that funds from the SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with SFC and any other conditions which SFC may from time to time prescribe.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

- Ensure that there exists an effective platform for the control and monitoring of risk and that risk implications are considered at all areas within University management.
- Safeguard the assets of the University and hence take reasonable steps to prevent and detect fraud.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority delegated to, staff.
- A comprehensive planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of financial performance, including updates of forecast out turns and cashflows.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court and promulgated in the Standing Financial Instructions.
- An Audit & Risk Committee whose terms of reference are summarised on page 29.
- Comprehensive Financial Regulations, detailing financial controls approved by Court on the recommendation of the Audit & Risk Committee.
- An Internal Audit team whose annual programme is approved by the Audit & Risk Committee and endorsed by Court providing Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

# Membership of Court and Committees



## Membership of the University Court

Members of Court who served during the year to 31 July 2022 and who served up to the date of approval of the reports and financial statements are detailed below. Also shown are the Committees and Assurance Groups on which the members served, and the Court meetings attended during the year. Court meets four times per year.

Status	Member	Membership of Standing Committees and Assurance Groups	Court meetings attended 2021/22
<b>The Rector</b>	Dr Leyla Hussein OBE	-	1/4
<b>Senior Lay Member</b>	Catherine Stihler OBE (until 14 April 2022)	Governance and Nominations Committee Planning and Resources Committee Remuneration Committee	3/3
	Vacant (from 15 April 2022) <sup>5</sup>	-	n/a
<b>The Principal and Vice-Chancellor</b>	Professor Dame Sally Mapstone FRSE	Governance and Nominations Committee Planning and Resources Committee Remuneration Committee (in attendance)	4/4
<b>Deputy Chair of Court</b>	Professor Stuart Monro OBE	Ethics and Research Integrity Assurance Group (observer)	4/4
<b>Acting Senior Lay Member (from 15 April 2022)</b>		Governance and Nominations Committee Planning and Resources Committee Academic Assurance Group Remuneration Committee (from 15 April 2022)	
<b>Master and Deputy Principal</b>	Professor Lorna Milne	Planning and Resources Committee (in attendance) Audit and Risk Committee (in attendance)	3/4
<b>Chancellor's Assessor</b>	Adrian Greer	Planning and Resources Committee Remuneration Committee	4/4
<b>Deputy Chair of Court (from 15 April 2022)</b>		Governance and Nominations Committee (from 19 May 2022)	
<b>The Rector's Assessor</b>	Stella Maris	-	4/4
<b>Fife Council Representative</b>	Cllr Altany Craik (until 9 June 2022)	Academic Assurance Group	2/3
	Cllr Robin Lawson (from 1 August 2022)	-	n/a
<b>Assessors of the General Council (2)</b>	Jonathan Hewitt	Audit and Risk Committee Investment and Treasury Assurance Group Superannuation and Life Assurance Group	4/4
	Iain Anderson	Audit and Risk Committee (from 1 August 2021) People and Diversity Assurance Group	4/4

<sup>5</sup> Acting Senior Lay Member in post since 15 April 2022.

## Membership of the University Court (cont'd)

<b>Status</b>	<b>Member</b>	<b>Membership of Standing Committees and Assurance Groups</b>	<b>Court meetings attended 2021/22</b>
<b>Assessors of the Senatus Academicus (4)</b>	Professor Sharon Ashbrook	Planning and Resources Committee	4/4
	Dr Derek Ball (until 31 July 2022)	Governance and Nominations Committee	3/4
	Professor Mark Harris (until 31 July 2022)	Planning and Resources Committee (in attendance)	4/4
	Professor Catherine O'Leary (from 1 August 2022)	Planning and Resources Committee (in attendance)	n/a
	Dr Morven Shearer	People and Diversity Assurance Group	4/4
	Dr Stephen Tyre (from 1 August 2022)	Governance and Nominations Committee	n/a
<b>Non-Academic Staff Member</b>	Dr Lorna Dargan (from 1 August 2021)	Governance and Nominations Committee (from 1 August 2021)	4/4
<b>Trade Union Representatives (2) (new post)</b>	Alex Duncan	Health and Safety Assurance Group People and Diversity Assurance Group	3/4
	Dr Malcolm Petrie	Academic Assurance Group Health and Safety Assurance Group (from 1 August 2021)	4/4
<b>Student Representatives (2)</b>	Lottie Doherty (President of the Students' Association, until 30 June 2022)	Governance and Nominations Committee Planning and Resources Committee	3/4
	Juan Rodriguez (President of the Students' Association, from 1 July 2022)	Governance and Nominations Committee Planning and Resources Committee	n/a
	Leonie Malin Höher (Director of Education, until 30 June 2021)	Planning and Resources Committee (in attendance)	4/4
	A.K Schott (Director of Education, from 1 July 2022)	Planning and Resources Committee (in attendance)	n/a

## Membership of the University Court (cont'd)

Status	Member	Membership of Standing Committees and Assurance Groups	Court meetings attended 2021/22
<b>Non-Executive Members (8)</b>	Tim Allan CBE	Planning and Resources Committee Remuneration Committee (from 1 August 2021)	3/4
	Alison Johns (from 1 August 2021)	Governance and Nominations Committee (from 21 January 2022)	4/4
	Frank MacInnis	Audit and Risk Committee Health and Safety Assurance Group (from 1 August 2021)	4/4
	Eve McCurrich	Planning and Resources Committee	3/4
	Professor Stuart Monro OBE	<i>See above for Deputy Chair of Court</i>	<i>See above</i>
	Professor Anu Ojha OBE (from 1 August 2021)	Ethics and Research Integrity Assurance Group (observer) Academic Assurance Group Remuneration Committee (from 21 October 2022)	3/4
	Lord Duncan of Springbank (until 24 May 2022)	Remuneration Committee	1/3
	Jenny Stewart	Remuneration Committee (from 1 August 2021) Investments and Treasury Assurance Group	4/4
Ros King (from 1 August 2022)	Audit and Risk Committee (from 21 October 2022) <sup>6</sup>	n/a	

<sup>6</sup> Approved by G and N, subject to endorsement by Court on 21 October 2022.

## Membership of Standing Committees

The Committees reporting to the University Court are as follows: Audit and Risk Committee; Governance and Nominations Committee; Planning and Resources Committee and Remuneration Committee. The responsibilities of the following Committees are outlined in the Corporate Governance Statement on pages 28-31.

### Audit and Risk Committee (ARC)

Status	Member	Meetings attended 2021/22
Non-Executive Members of Court	Frank MacInnis	5/5
Assessor of the General Council	Iain Anderson (from 1 August 2021)	3/5
	Jonathan Hewitt (Convenor, from 1 August 2021)	5/5
Co-opted External Members	Nicola Catterall	5/5
	Jane Pearce (until 15 July 2022)	4/5

### Governance and Nominations Committee (G and N)

Status	Member	Meetings attended 2021/22
Convenor	Professor Stuart Monro OBE	3/3
<i>ex officio</i> members:		
Senior Lay Member	Catherine Stihler OBE (until 14 April 2022)	2/2
Principal	Professor Dame Sally Mapstone FRSE	3/3
President of the Students' Association	Lottie Doherty (until 30 June 2022)	3/3
	Juan Rodriguez (from 1 July 2022)	n/a
Non-Executive Members of Court	Professor Stuart Monro OBE	<i>See above</i>
	Adrian Greer (from 19 May 2022)	n/a
	Alison Johns (from 21 January 2022)	2/2
Non-Academic Staff Member	Dr Lorna Dargan (from 1 August 2021)	3/3
Assessor of the Senatus Academicus	Dr Derek Ball (until 31 July 2022)	3/3
	Dr Stephen Tyre (from 1 August 2022)	n/a



## Membership of Standing Committees (cont'd)

### Planning and Resources Committee (PARC)

Status	Member	Meetings attended 2021/22
<i>ex officio</i> members:		
Senior Lay Member	Catherine Stihler OBE (until 14 April 2022)	3/3
Acting Senior Lay Member	Professor Stuart Monro OBE (Convenor, from 15 April 2022)	4/4
Principal	Professor Dame Sally Mapstone FRSE	4/4
Quaestor & Factor	Derek Watson	4/4
President of the Students' Association	Lottie Doherty (until 30 June 2022)	4/4
	Juan Rodriguez (from 1 July 2022)	n/a
Non-Executive Members of Court	Tim Allan CBE	4/4
	Eve McCurrich	3/4
	Professor Stuart Monro OBE (until 14 April 2022)	See above
Lay Member (The Chancellor's Assessor)/ Deputy Chair of Court (from 15 April 2022)	Adrian Greer	4/4
Assessor of the Senatus Academicus	Professor Sharon Ashbrook	4/4

### Remuneration Committee (Rem Com)

Status	Member	Meetings attended 2021/22
<i>ex officio</i> members:		
Senior Lay Member	Catherine Stihler OBE (until 14 April 2022)	1/1
Acting Senior Lay Member	Professor Stuart Monro OBE (from 15 April 2022)	1/1
Non-Executive Members of Court	Lord Duncan of Springbank (until 24 May 2022)	1/2
	Tim Allan CBE (from 1 August 2021)	1/2
	Jenny Stewart (from 1 August 2021)	2/2
	Professor Anu Ojha OBE (from 21 October 2022)	n/a
Lay Member (The Chancellor's Assessor)/ Deputy Chair of Court (from 15 April 2022)	Adrian Greer (Convenor)	2/2
Co-opted External Member	Moira Maguire (from 1 August 2021)	2/2

Members noted with "n/a" were appointed recently and in a period where meetings have not yet been held

# Independent Auditor's Report to the Court of the University of St Andrews



# Independent Auditor's Report to the Court of the University of St Andrews

## Opinion

We have audited the financial statements of the University of St Andrews ('the institution') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Statement of Principal Accounting Policies, Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserve, Consolidated and University Balance Sheet, Consolidated and University Cash Flow Statement and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the group's and of the institution's affairs as at 31 July 2022 and of the group's income and expenditure, recognised gains and losses, changes in reserves, and statement of cash flows for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and institution'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 group'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.

## Independent Auditor's Report to the Court of the University of St Andrews (cont'd)

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

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

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

### **Matters on which we are required to report by exception**

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

- The information given in the Strategic 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 University Court**

As explained more fully in the Statement of the University Court's Responsibilities set out on page 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 group's and the institution'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 group or the institution 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 group and parent institution and determined that the most significant are FRS 102 and Statement of Recommended Practice for Further and Higher Education.
- We understood how the group and parent institution is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the Court minutes and papers provided to the Audit and Risk Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up.

## Independent Auditor's Report to the Court of the University of St Andrews (cont'd)

- We have considered the culture of honesty and ethical behaviour of management and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the group and parent institution's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We also considered the oversight of those charged with governance (i.e., considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of stakeholders as to the entity's performance and profitability).
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; review of Court minutes to identify any non-compliance with laws and regulations, and inspection of any correspondence between the University and Scottish Funding Council.

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

### Use of our report

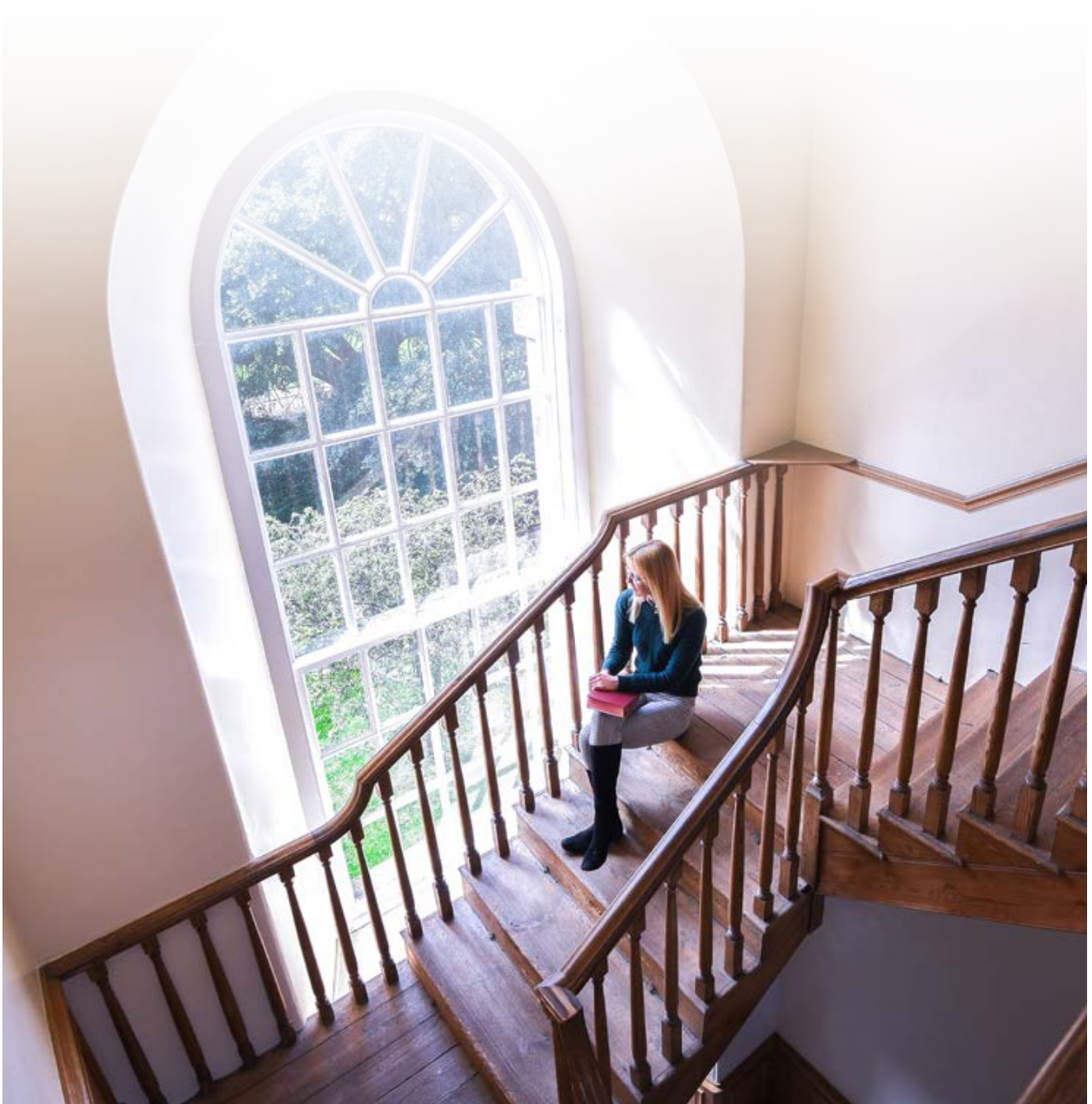
This report is made solely to the University Court of the University of St Andrews, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court those matters we are required 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  
Date: 21 October 2022

# FINANCIAL STATEMENTS

# Statement of Principal Accounting Policies

(for the year ended 31 July 2022)



## Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (HE SORP 2019) and in accordance with Financial Reporting Standards 102 (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements also conform to guidance published by the Scottish Funding Council.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments.

## Going concern assessment

The future impact on the financial performance and subsequent cashflows of the University, as a result of the pandemic but into a period of inflation, has been considered as part of the University's adoption of the going concern basis in these financial statements and in developing a sustainable Financial Plan. Following due care and consideration of internal and external factors and considering the strong performance of the University in attracting and maintaining student numbers, sustaining research activity as well as strong demand for residential accommodation, the delivery of substantial recurring and non-recurring savings, albeit with inflation eroding some of these benefits, there were no additional significant risks identified. These financial statements have been prepared on a going concern basis for the period through to 31 July 2024 which Court believe to be appropriate.

The University is well-established and renowned for its excellence in research and teaching. As such the demand for learning at the University remains strong, as evidenced by the student cohort for 2021/22. Worldwide travel restrictions continue to be unpredictable for overseas students, particularly in from China, however taking the likely impact of this into consideration, students numbers remain forecast to exceed target for 2022/23. Demand for residential accommodation in 2022/23 is strong with capacity predicted to be fully utilised. The University is delivering all standard teaching activities in-person from September 2022. This is not just a simple return to in-person teaching but to enhance our learning and teaching by embedding and building on the inclusive digital skills, methodologies, and resources that has been acquired over the last two years. This continued strong demand for teaching and research, coupled with our expansion plans into digital education will provide new opportunities to continue and grow, under-pinning our long-term financial sustainability.

In the 12 months to 31 July 2022, the University generated total comprehensive income for the year of £4.1m (2020/21: £67.3m) and as at 31 July 2022 held net assets of £380.6m (2020/21: £376.5m) and net current

liabilities of £9.9m (2020/21: £5.0m), with an availability of a £25m Revolving Credit Facility should it be required. Borrowings amounted to £103.9m (2020/21: £109.2m) of unsecured loans (note 21 – long term liabilities of £102.9m, and short term of £1.0m), equivalent to 33.0% of turnover in the year (2020/21: 38.0%). In addition, the University held cash and cash equivalents and investments of £43.6m (2020/21: £51.7m) with a Revolving Credit Facility of £25.0m remaining available, currently expiring in July 2024. Liquidity headroom for the group as at 31 July 2022 was £68.6m (£43.6m cash and £25.0m RCF) and the current position as at 30 September 2022 is £94.7m (£69.7m cash and £25.0m RCF).

The unsecured debt is subject to financial covenants as set out in note 21. As at 31 July 2022 all financial covenants continue to be met and are projected to be met throughout the going concern period to 31 July 2024.

A Financial Plan for 2022/23 through to 2024/25 has been approved by Court and presents a challenging picture looking forwards. Having moved into a stable recurring surplus position post pandemic this has been significantly impacted by unprecedented increases in inflationary pressures. The inability of the University to influence the core drivers of inflation, certainly in the short term, mean the impact cannot be easily managed. However, continuing high student retention numbers and strong application numbers across all cohorts of students provide confidence in our continued attractiveness to the student market, which is key as we look to expand our reach into the digital sphere. Specific inflation pressures have been identified, with notable increases being forecast across IT, Residential Services, the Library and the Estate. A provision has been built into the Financial Plan for increased costs, alongside strategic investments, although specific allocation of some funding has yet to be agreed. Moving forwards, our expansion into the digital arena will provide new opportunities to continue and expand with our excellence in research and teaching, under-pinning our long-term financial sustainability.

In February the USS Joint Negotiating Committee (JNC) formally agreed to implement a package of reforms to conclude the 2020 valuation of the USS Pension scheme. The pension increase agreed has been built into the life of the Financial Plan. Scheme contributions now total 31.4% (employers 21.6% employees 9.8%). Employer funding now sits at 68.8% of pension contributions.

In support of this plan, cashflow projections have been prepared to the 31 July 2024. On this basis, the University is forecast to operate within its available committed facilities, meeting all financial covenants, with forecast cashflow headroom no lower than £25.6m and covenant headroom no lower than £10.6m throughout the going concern period to 31 July 2024. The University continues to carefully monitor the impact of inflation and the pandemic on its financial position and considered these when assessing the future financial performance and cashflows of the University. However, following consideration of



internal and external factors, and the strong performance of the University in terms of attracting and retaining student numbers, as well as strong demand for residential accommodation and the emergence of digital education, there are no plausible downside risks to our model.

Should a severe downside scenario occur, a range of mitigating actions could be initiated by management depending on the scale of the situation, primarily through managing discretionary spend that does not have an impact on our ability to meet or maintain our high standards of research and teaching. In addition, there could be a restriction on non-essential and non-committed capital expenditure of around £10.1m in 2022/23 and £38.4m in 2023/24. The use of similar mitigating actions was used during the pandemic.

The University has strong investment grade credit ratings, as demonstrated by our long-standing, high-quality reputation as an Institute with students, funders, and philanthropists. Management are confident that, if necessary, the University could raise additional debt finance if required. Management is also considering extending the Revolving Credit Facility, currently in place until July 2024. The current Capital Plan includes a number of aspirational capital programmes which will only go ahead if sufficient financing is in place. This is kept under review by management, and forecast capital expenditure can be suitably reduced should a Revolving Credit Facility extension or further financing not be finalised through this going concern assessment period. An assessment will be made whether to proceed with individual schemes closer to the contractual commitment point of each one. We will continue to strengthen our liquidity and balance sheet to place us in a strong position as we continue to move out from the pandemic and safeguard the long-term financial sustainability of the University.

Based on the above analysis it remains wholly appropriate to prepare the consolidated financial statements on a going concern basis to 31 July 2024.

### **Basis of consolidation**

The consolidated financial statements include the University, all material subsidiary and associate undertakings as listed in the notes to the accounts for the financial year to 31 July 2022. Intra-group transactions are eliminated on consolidation. The activities of the Students' Association have not been consolidated as the University does not exert control or dominant influence over policy decisions.

### **Recognition of income**

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

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

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

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

### **Grant funding**

Grant funding including the funding council block grant, research grants from government sources, 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 within creditors in the Statement of Financial Position and released to income when such conditions are met.

Grant funding provided through the Coronavirus Job Retention Scheme (CJRS) is a government grant whereby the UK Government provides support for the cost of furloughed workers. Under the CJRS, grant income may be claimed in respect of certain costs to the University of furloughed employees. CJRS income is recognised when the University is entitled to the income and performance related conditions have been met, in line with other government grant funding.

### **Other funding**

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors in the Statement of Financial Position and released to income when such conditions are met.

### **Donations and endowments**

Donations and endowments are non-exchange transactions which do not normally have performance related conditions. 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 unrestricted reserves through a reserves 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** – where 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** – where 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** – where 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, subject to any performance related condition being met.

### Retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of St Andrews Superannuation and Life Assurance Scheme (S&LAS). The USS is a multi-employer hybrid pension scheme and the S&LAS is a defined benefit scheme, both of which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

A defined benefit scheme requires the University to provide the agreed benefits to current and former employees, and the actuarial risks (the risk that benefits will cost more or less than expected) and the investment risks (the 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 defined benefit plans, net of plan assets.

### The USS Scheme

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

### The S&LAS Scheme

The 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 plan.

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

### Service concession arrangements

Fixed assets held under service concession arrangements are recognised in the Statement of Financial Position at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability. Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

### 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 in foreign currencies are translated into sterling at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to sterling at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

The assets and liabilities of foreign operations are translated into sterling at exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at the average rate for the year where this rate approximates to the exchange rates ruling at the dates of the transactions. Exchange rate differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

### Property, plant & equipment

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 from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned. The cost of buildings includes related interest.

### Land

Land is stated at deemed cost, being the revalued amount at the date of transition to the 2015 SORP. It is not depreciated as it is considered to have an indefinite useful life.

### Buildings

Buildings are stated at historic cost and are depreciated on a straight line basis over their expected useful economic lives which fall within the following ranges:

- Building structure 40-50 Years
- Building fit-out 20-30 Years
- Building services 25-35 Years

A depreciable asset's anticipated useful economic life, in particular the key components of buildings, is reviewed periodically by an independent expert valuer and the accumulated and future depreciation adjusted accordingly.

Assets under construction are carried at cost, less any impairment loss. Assets under construction are not depreciated until the month following the month in which they become available for operational use.

At each reporting date, the University checks whether there is any indication that any of its land and building assets have suffered an impairment loss. If there is indication of an impairment, the recoverable amount of the asset is estimated and compared to the carrying value to determine whether there has been a loss and, if so, its amount

### Equipment and furniture

Equipment costing less than £25,000 is written off in full in the year of acquisition. Capitalised equipment and furnishings are stated at cost and depreciated on a straight line basis over their expected useful lives as follows:

- Telecommunications Systems 7 Years
- General Furnishings 7 Years
- Equipment 4-7 Years
- IT Equipment 4-7 Years
- Vehicles 7 Years

### Heritage assets

The University holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Works of art and other artefacts valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such cost or valuation is reasonably attainable. Higher value collections are stated at deemed cost, being the revalued amount at the date of transition to the 2015 SORP. Heritage assets are not depreciated as their long economic life and high residual value means that any depreciation would not be material.

Where it is not possible to obtain a reliable cost or valuation or where the cost of obtaining a valuation is greater than the benefit to the users of the financial statements for inherited or donated assets these assets are not capitalised and are not included in the Statement of Financial Position.

### Investment properties

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. They are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated Statement of Comprehensive Income. Properties are not depreciated but are valued annually by independent valuers according to market conditions as at 31 July each year.

### Repairs and maintenance

Maintenance expenditure is recognised in the Statement of Comprehensive Income in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

### Investments

Listed investments are stated at market value with movements recognised in the Statement of Comprehensive Income. Unlisted investments are stated at cost less any provision for impairment of their value.

### Stocks

Stocks for resale and other stocks of material value are included at the lower of their cost and estimated selling price less costs to complete and sell. Where necessary a provision is made for obsolete, slow-moving and defective stocks.

### Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice 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.

### Joint operations, jointly controlled assets and jointly controlled operations

The University accounts for its share of joint ventures using the equity method. The University accounts for its share of transactions from joint operations in the Consolidated Statement of Comprehensive Income.

### Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- the University has a present obligation (legal or constructive) as a result of a past event,
- it is probable that a transfer of economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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.

Contingent liabilities are disclosed by way of a note where there is a probable obligation whose existence will only be confirmed but the occurrence or otherwise of uncertain future events not wholly with the University's control. Contingent liabilities also arise when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

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

### Taxation

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and as such is a charity within the meaning of Section 506(1) of the Income and Corporations Tax Act 1988. The University is recognised as a charity by HM Revenue and Customs and is recorded on the index of charities maintained by the Office of the Scottish Charities Regulator. It is therefore a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporations Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income and gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiary companies are not exempt from taxation. The charge for corporation taxation is based on the taxable profit or loss for the year after the cost of any Gift Aid payment paid to the University. The charge for corporation tax also takes into account deferred taxation due to timing differences between the treatment of certain items for taxation and accounting purposes.

### Financial instruments

Basic financial instruments are held at amortised cost using the effective interest rate method or cost and are subject to an annual impairment review. Complex financial instruments are held at fair value, with changes in fair value taken directly to the Consolidated Statement of Comprehensive Income.

### Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which

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

### **Critical accounting judgements and key sources of estimation uncertainty**

In the preparation of the consolidated financial statements and application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses that are not readily apparent from other sources. These judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

#### **(a) Critical accounting judgements**

- **Multi-employer pension schemes (note 31)**  
FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the Statement of Comprehensive Income in accordance with section 28 of FRS 102. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

#### **(b) Key accounting estimates and assumptions**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

- **Pension provisions (note 31)**  
The key assumptions used in the calculation of the USS deficit and S&LAS pension provisions (including discount rates, salary and pension increases, and mortality rates) are explained in detail in note 31 and represent a source of material uncertainty. Further information on the basis for the valuation of the USS and S&LAS pension schemes and sensitivities to the assumptions made are disclosed in note 31.
- **Other provisions (note 22)**  
Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.
- **Fixed asset useful lives and impairment (note 11)**  
Management makes judgement over the most appropriate useful life of assets, over which period the value is depreciated. Useful lives are based on historical experience of similar assets and anticipation of future events. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness.  
At each reporting date, management make judgements as to whether any indicators of impairment are present for any of the University's assets and where there are - such has been the case in relation to the fire-damage to the BMS building – the recoverable amount of any affected asset is estimated and compared to its carrying amount. The University considers the potential for demolition or disposal, the impact major refurbishments would have on the overall carrying value of existing assets and the likelihood of capital projects proceeding beyond feasibility stage. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss recognised immediately in the period it arises.
- **Revenue recognition (notes 1-6)**  
Certain grants, donations and research revenue are recognised in the Consolidated Statement of Comprehensive Income as performance conditions are satisfied. Research revenue grants are based on budgeted awards which specify performance levels. These grants therefore have performance-related conditions attached. Capital grants are funds used for acquisition or building of items that are capital in nature. Restrictions on the grants have been identified as funds are allocated for specific capital items. Income is recognised on entitlement upon award of the grant. Management apply judgement in deferring income received for conditions not yet satisfied and accruing for income not yet received.

# Consolidated and University Statement of Comprehensive Income (for the year ended 31 July 2022)



## Consolidated and University Statement of Comprehensive Income

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £000	University £000	Consolidated £000	University £000
<b>Income</b>					
Tuition fees & education contracts	1	137,407	137,407	121,945	121,945
Funding body grants	2	44,226	44,226	48,167	48,167
Research grants & contracts	3	53,261	53,339	43,656	43,872
Other income	4	67,560	57,707	66,262	62,191
Investment income	5	4,961	4,837	3,855	3,954
Donations and endowments	6	6,235	8,232	6,493	6,493
<b>Total income</b>		<b>313,650</b>	<b>305,748</b>	<b>290,378</b>	<b>286,622</b>
<b>Expenditure</b>					
Staff costs	7	156,077	152,729	149,282	146,950
USS deficit provision	7	53,115	53,115	915	915
Other operating expenses		106,963	104,345	78,024	77,090
Depreciation	11	16,829	15,877	16,211	15,146
Interest and other finance costs	8	5,446	5,444	5,429	5,432
<b>Total expenditure</b>	9	<b>338,430</b>	<b>331,510</b>	<b>249,861</b>	<b>245,533</b>
<b>(Deficit)/surplus before other (losses)/gains</b>		<b>(24,780)</b>	<b>(25,762)</b>	<b>40,517</b>	<b>41,089</b>
Loss on disposal of assets		(416)	(622)	(186)	(186)
Gain on investment property	11	3,961	3,649	118	118
(Loss)/gain on investments		(7,682)	(7,682)	18,677	18,677
Gain on sale of associate		-	-	486	486
<b>(Deficit)/surplus before tax</b>		<b>(28,917)</b>	<b>(30,417)</b>	<b>59,612</b>	<b>60,184</b>
Taxation	10	(58)	-	(40)	-
<b>(Deficit)/surplus for the year</b>		<b>(28,975)</b>	<b>(30,417)</b>	<b>59,572</b>	<b>60,184</b>
Actuarial gain in respect of pension schemes	31	33,101	33,101	7,732	7,732
<b>Total comprehensive income for the year</b>		<b>4,126</b>	<b>2,684</b>	<b>67,304</b>	<b>67,916</b>
Represented by:					
Endowment comprehensive income for the year	23	(4,615)	(4,615)	22,160	22,160
Restricted comprehensive income for the year	24	8,444	8,444	2,365	2,365
Unrestricted comprehensive income for the year		297	(1,145)	42,779	43,391
		<b>4,126</b>	<b>2,684</b>	<b>67,304</b>	<b>67,916</b>

All items of income and expenditure relate to continuing activities.

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





## Consolidated and University Statement of Changes in Reserves

Income and expenditure account				
Consolidated	Endowment £000	Restricted £000	Unrestricted £000	Total £000
<b>Balance at 1 August 2020</b>	95,573	17,660	195,926	309,159
Surplus for the year	22,160	14,309	23,103	59,572
Other comprehensive income	-	-	7,732	7,732
Release of restricted funds spent in the year	-	(11,944)	11,944	-
<b>Total comprehensive income for the year</b>	22,160	2,365	42,779	67,304
<b>Balance at 1 August 2021</b>	117,733	20,025	238,705	376,463
(Deficit)/surplus for the year	(4,615)	10,943	(35,303)	(28,975)
Other comprehensive income	-	-	33,101	33,101
Release of restricted funds spent in the year	-	(2,499)	2,499	-
<b>Total comprehensive income for the year</b>	(4,615)	8,444	297	4,126
<b>Balance at 31 July 2022</b>	113,118	28,469	239,002	380,589

University	Endowment £000	Restricted £000	Unrestricted £000	Total £000
<b>Balance at 1 August 2020</b>	95,573	17,660	195,683	308,916
Surplus for the year	22,160	14,309	23,715	60,184
Other comprehensive income	-	-	7,732	7,732
Release of restricted funds spent in the year	-	(11,944)	11,944	-
<b>Total comprehensive income for the year</b>	22,160	2,365	43,391	67,916
<b>Balance at 1 August 2021</b>	117,733	20,025	239,074	376,832
(Deficit)/surplus for the year	(4,615)	10,943	(36,745)	(30,417)
Other comprehensive income	-	-	33,101	33,101
Release of restricted funds spent in the year	-	(2,499)	2,499	-
Total comprehensive income before share capital reduction	(4,615)	8,444	(1,145)	2,684
Subsidiary share capital reduction	-	-	(11,500)	(11,500)
<b>Total comprehensive income for the year</b>	(4,615)	8,444	(12,645)	(8,816)
<b>Balance at 31 July 2022</b>	113,118	28,469	226,429	368,016

# Consolidated and University Statement of Financial Position

(as at 31 July 2022)



## Consolidated and University Statement of Financial Position

		As at 31 July 2022		As at 31 July 2021	
	Notes	Consolidated £000	University £000	Consolidated £000	University £000
<b>Non-current assets</b>					
Tangible Fixed assets	11	479,879	460,520	446,672	428,470
Heritage assets	11	38,808	38,808	38,808	38,808
Investments	14	108,286	123,478	112,163	130,931
		626,973	622,806	597,643	598,209
<b>Current assets</b>					
Stock	16	1,225	1,010	968	753
Trade and other receivables	17	34,604	31,677	28,628	34,221
Current Investments	18	8,368	8,368	14,270	14,270
Cash and cash equivalents	25	35,237	30,283	37,453	30,919
		79,434	71,338	81,319	80,163
Less: Creditors: amounts falling due within one year	19	(89,377)	(89,782)	(86,320)	(85,456)
<b>Net current liabilities</b>		(9,943)	(18,444)	(5,001)	(5,293)
<b>Total assets less current liabilities</b>		617,030	604,362	592,642	592,916
Creditors: amounts falling due after more than one year	20	(103,083)	(102,988)	(108,343)	(108,248)
<b>Provisions</b>					
Pension provisions	22	(130,963)	(130,963)	(106,129)	(106,129)
Other provisions	22	(2,395)	(2,395)	(1,707)	(1,707)
<b>Total net assets</b>		<b>380,589</b>	<b>368,016</b>	<b>376,463</b>	<b>376,832</b>
<b>Restricted reserves</b>					
Income and expenditure reserve – endowment reserve	23	113,118	113,118	117,733	117,733
Income and expenditure reserve – restricted reserve	24	28,469	28,469	20,025	20,025
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		239,002	226,429	238,705	239,074
<b>Total reserves</b>		<b>380,589</b>	<b>368,016</b>	<b>376,463</b>	<b>376,832</b>

Approved by the University Court of the University of St Andrews on 21 October 2022 and signed on its behalf by:

Professor Sally Mapstone,  
Principal and Vice-Chancellor

Stuart Monro,  
Acting Senior Lay Member

Andy Goor,  
Chief Financial Officer

# Consolidated and University Statement of Cash Flows

(Year ended 31 July 2022)



## Consolidated and University Statement of Cash Flows

	Notes	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>Cash flow from operating activities</b>			
(Deficit)/surplus for the year before tax		(28,917)	59,612
<b>Adjustment for non-cash items</b>			
Depreciation	11	16,829	16,211
Gain on investment property	11	(3,961)	(118)
Loss/(gain) on investments	23	4,335	(21,182)
(Increase)/decrease in stock	16	(257)	59
(Increase)/decrease in debtors	17	(5,840)	770
Increase in creditors	19	1,740	4,193
Increase in pension provisions	22	57,935	5,105
Increase/(decrease) in other provisions	22	688	(5,926)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(4,961)	(3,855)
Endowment income	6	(1,332)	(2,231)
Interest payable	8	4,026	4,076
Loss on the sale of fixed assets		416	186
Capital grant income	2/4	(12,146)	(16,163)
<b>Cashflows from operating activities</b>		<b>28,555</b>	<b>40,737</b>
Taxation		(58)	(40)
<b>Net cash inflow from operating activities</b>		<b>28,497</b>	<b>40,697</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		14	-
Capital grant receipts	2/4	12,146	16,163
Additions to non-current asset investments		(911)	(673)
Decrease/(increase) in cash on deposit	18	5,902	(5,995)
Investment income	5	4,961	3,855
Payments made to acquire fixed assets		(44,871)	(29,932)
<b>Net cash outflow from investing activities</b>		<b>(22,759)</b>	<b>(16,582)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(4,026)	(4,076)
Endowment cash received	6	1,332	2,231
Repayments of amounts borrowed	21	(5,260)	(12,920)
<b>Net cash outflow from financing activities</b>		<b>(7,954)</b>	<b>(14,765)</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(2,216)</b>	<b>9,350</b>
Cash and cash equivalents at beginning of the year	25	37,453	28,103
Cash and cash equivalents at end of the year	25	35,237	37,453
		<b>(2,216)</b>	<b>9,350</b>

# Notes to the Accounts

(as at 31 July 2022)



## 1. Tuition fees and education contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Home fees	6,591	6,591	6,817	6,817
Rest of UK fees	25,231	25,231	24,186	24,186
EU fees	8,380	8,380	4,132	4,132
Non-EU fees	89,941	89,941	79,799	79,799
Research training support grant	3,156	3,156	3,612	3,612
Short course fees	3,816	3,816	3,205	3,205
Other tuition fees	292	292	194	194
	<b>137,407</b>	<b>137,407</b>	<b>121,945</b>	<b>121,945</b>

## 2. Funding body grants

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Recurrent grant</b>				
Teaching	17,131	17,131	15,660	15,660
Research	20,660	20,660	19,988	19,988
<b>Specific grants</b>				
Covid-19 support grants – restarting research	2,227	2,227	5,973	5,973
Covid-19 support grants – rent assistance	-	-	1,316	1,316
Covid-19 support grants – capital	-	-	794	794
Covid-19 support grants – other	-	-	431	431
Other grants	1,795	1,795	1,493	1,493
Capital grants	2,413	2,413	2,512	2,512
	<b>44,226</b>	<b>44,226</b>	<b>48,167</b>	<b>48,167</b>

### 3. Research grants and contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Research councils	21,742	21,742	19,492	19,492
UK Government bodies, local & health authorities	9,729	9,729	5,618	5,618
UK based charities	5,324	5,324	4,658	4,658
UK industry, commerce & public corporations	2,211	2,289	937	1,153
EU government bodies	7,394	7,394	7,248	7,248
EU other	1,048	1,048	1,284	1,284
Other overseas	5,360	5,360	4,265	4,265
Other sources	453	453	154	154
	<b>53,261</b>	<b>53,339</b>	<b>43,656</b>	<b>43,872</b>

*Included in the Statement of Financial Position is £4.8m (2020/21: £4.3m) in relation to government grants with time, performance or milestone conditions where the conditions were unfulfilled as at 31 July 2022 and where income will be released over the coming financial periods as these conditions are met. Research grant and contract income disclosed above includes various contracts where income is released over a number of years as specific milestones or other performance conditions will be met and will continue to be released over a number of years.*



## 4. Other income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences fees	33,067	33,067	20,874	20,874
Insurance compensation	-	-	16,156	16,156
Capital donations	9,733	9,733	12,857	12,857
Consultancy, knowledge transfer and cultural engagement	4,997	272	4,391	584
Third party contributions to operational activities	2,612	3,066	2,740	2,163
External contribution to salaries	1,482	1,553	2,152	2,230
Coronavirus Job Retention Scheme	48	46	1,990	1,925
Non research prizes and awards	2,474	2,473	1,157	1,144
Royalties	619	619	781	781
Miscellaneous sales	1,520	485	732	198
Other services provided	967	964	675	690
Other income	780	780	643	643
Memberships	1,239	1,239	532	532
Foreign exchange gains	977	893	469	531
Conference sales	5,084	867	343	75
Rental	387	532	335	335
Hire and facilities	456	456	253	253
Continuing professional development	74	74	128	128
Academic conferences	322	322	60	60
Bar sales	266	266	32	32
Profit/(loss) share	456	-	(1,038)	-
	<b>67,560</b>	<b>57,707</b>	<b>66,262</b>	<b>62,191</b>

*Under the Coronavirus Job Retention Scheme (CJRS), grant income could be claimed in respect of certain costs to the University of furloughed employees. The CJRS income included above reflects the income received until the scheme formally ended on 30 September 2021. The costs of furloughed staff are reported within staff costs (note 7).*

*The profit/(loss) share is in relation to our investment in associates (note 15).*

## 5. Investment income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Interest from short-term investments	594	300	329	251
Interest from long-term investments	-	170	-	177
Investment income on restricted endowments	3,998	3,998	3,225	3,225
Investment income on unrestricted endowments	369	369	301	301
	<b>4,961</b>	<b>4,837</b>	<b>3,855</b>	<b>3,954</b>

## 6. Donations and endowments

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
New endowments (note 23)	1,332	1,332	2,231	2,231
Donations with restrictions (note 24)	3,256	3,256	3,030	3,030
Restricted donations with performance conditions	562	562	466	466
Unrestricted donations	1,085	3,082	766	766
	<b>6,235</b>	<b>8,232</b>	<b>6,493</b>	<b>6,493</b>

## 7. Staff costs

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Staff Costs:</b>				
Salaries	119,175	116,155	114,725	112,665
Social security costs	11,194	11,014	10,481	10,338
Other pension costs (note 31)	25,708	25,560	24,076	23,947
	156,077	152,729	149,282	146,950
Movement on USS deficit provision	53,115	53,115	915	915
	<b>209,192</b>	<b>205,844</b>	<b>150,197</b>	<b>147,865</b>

Included within other income (note 4) is funding for staff costs reclaimed through the Coronavirus Job Retention Scheme (CJRS) of £0.05m (2020/21: £2.0m). The scheme ended on 30 September 2021. The total number of staff who were subject to furlough at any point during the year was 228 (2020/21: 687) as detailed below:

	<b>Total</b>
Salaried/permanent staff	172
Casual staff	56
<b>Total</b>	<b>228</b>

Of these staff, around 80% related to Estates and Residential staff as halls and buildings remained predominantly closed during this time.

A further breakdown of pension costs, including the analysis of USS deficit provision has been included in note 31.

## 7. Staff costs (cont'd)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>Emoluments of the Principal:</b>		
Salary	305	266
Payment in lieu of employers pension contributions	37	32
Taxable benefits:		
Living accommodation	7	2
Non-taxable benefits:		
Living accommodation	-	5
<b>Total emoluments</b>	<b>349</b>	<b>305</b>

The Principal occupies a small third floor flat that is provided to her by the University on a representative basis, that is, as part of her role as University Principal and as outlined in her contract with the University and is reported as a taxable benefit in kind. The flat is within University House, the remainder of which is used for public receptions, meetings and dinners, and for temporary accommodation for visiting scholars and University guests. The Principal fully covers the running costs of the accommodation noted above, with nothing being payable by the University on behalf of the Principal.

The Principal opted out of the Universities Superannuation Scheme (USS) from 1 May 2019 and was in receipt of a salary supplement in lieu of pension contributions.

In response to the Covid-19 pandemic, the Principal agreed to waive 20% of her salary for the four months from May to August 2020. The amount of the waiver for the year ended 31 July 2021 was £4,500.

The Principal's total remuneration is 9.59 times (2021: 8.51 times) the median pay of staff, where the median pay is based on the annualised full-time equivalent remuneration of all staff at the reporting date.

In November 2021, the University Remuneration Committee instructed an increase to the Principal's salary of £60,000 per annum effective from January 2022. The Committee's decision followed both a review of the Principal's performance, as well as a benchmarking exercise of Principal salaries which the Committee considered comparable to the University of St Andrews. The Committee noted the Principal's performance as exceptional and that her continuation in post was regarded as pivotal to St Andrews' strategic ambitions, and its major fundraising goals. The Committee also noted the Principal's previous salary was below that of its identified comparable institutions through its benchmarking exercise.

St Andrews is currently ranked first in the UK in the Guardian Good University Guide 2023, and second in The Times and Sunday Times University Guide 2023.

Professor Mapstone did not attend Remuneration Committee when her remuneration was discussed, and took no part in the Committee's deliberations, in accordance with University governance and best practice.

The Principal has donated the entirety of the additional salary she received in 2021/22, after tax, to the St Andrews Student Hardship Fund.

## 7. Staff costs (cont'd)

	2021/22 No.	2020/21 No.
<b>Remuneration of other higher paid staff, excluding employer's pension contributions:</b>		
£100,001 to £105,000	12	13
£105,001 to £110,000	8	7
£110,001 to £115,000	2	3
£115,001 to £120,000	6	4
£120,001 to £125,000	6	7
£125,001 to £130,000	3	2
£130,001 to £135,000	1	1
£135,001 to £140,000	1	2
£140,001 to £145,000	1	1
£145,001 to £150,000	1	1
£160,001 to £165,000	1	-
£180,001 to £185,000	1	1
£185,001 to £190,000	1	1
£190,001 to £195,000	-	1
£240,001 to £245,000	1	1
	<b>45</b>	<b>45</b>

*The Principal has been excluded from the table above.*

	No.	No.
<b>Average staff numbers by major category:</b>		
Academic	1,210	1,145
Academic support services	353	330
Research	365	412
Administration	443	433
Premises	256	252
Catering and residencies	276	258
	<b>2,903</b>	<b>2,830</b>

## 7. Staff costs – (cont'd)

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. For the University of St Andrews this is taken to mean the Principal's Office and includes the following roles:

Principal and Vice-Chancellor; Master of the United College and Deputy Principal; Quaestor and Factor; Vice-Principal (International Strategy and External Relations) and Senior Vice-Principal, Vice-Principal Education (Proctor); Vice-Principal (Governance); Vice-Principal (Research, Collections & Innovation); Vice-Principal (People & Diversity); Vice-Principal (Strategy, Policy & Planning); Vice-Principal (Communications); Vice-Principal (Digital Education, Research & Environment); Assistant Vice-Principal (Dean of Learning and Teaching) and Provost; Assistant Vice-Principal (Dean of Arts and Divinity) and Assistant Vice-Principal (Dean of Science).

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Salaries	1,599	1,405
Employer's pension contributions	269	230
<b>Total compensation</b>	<b>1,868</b>	<b>1,635</b>

	Year ended 31 July 2022 No.	Year ended 31 July 2021 No.
Number of posts (expressed as full-time equivalents) that are included as key management personnel	12.3	11.2

*During the year, a restructure of the Principal's Office resulted in four new posts being established: the positions of Vice-Principal (People & Diversity) in June 2022, and Vice-Principal (Strategy, Policy & Planning); Vice-Principal (Digital Education, Research & Environment) and Vice-Principal (Communications) in July 2022. This restructure also removed the requirement for the roles of Assistant Vice-Principal (Provost), Vice-Principal (Collections, Music and Digital Content) and Assistant Vice-Principal (Diversity).*

## 8. Interest and other finance costs

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Loan interest	4,008	4,006	4,061	4,064
Interest paid to endowment funds	18	18	15	15
Net charge on USS pension scheme	294	294	239	239
Net charge on S&LAS pension scheme (note 31)	1,126	1,126	1,114	1,114
	<b>5,446</b>	<b>5,444</b>	<b>5,429</b>	<b>5,432</b>

## 9. Analysis of total expenditure by activity

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic and related expenditure	126,978	126,978	84,786	84,786
Academic support services	28,964	28,964	22,674	22,674
Administration and central services	38,380	38,380	27,163	27,163
Premises (including service concession costs)	34,671	36,074	24,590	26,209
Research grants and contracts	47,860	47,860	35,795	35,795
Residences, catering and conferences	25,854	26,967	25,187	26,488
Other expenses	35,723	26,287	29,274	22,026
BMS fire expenditure	-	-	392	392
	<b>338,430</b>	<b>331,510</b>	<b>249,861</b>	<b>245,533</b>

<b>Other operating expenses include:</b>	<b>2021/22</b>	<b>2020/21</b>
External auditor's remuneration in respect of:		
audit services	163	165
assurance related non-audit services	15	10
Internal auditor's remuneration in respect of:		
audit services	143	143
non-audit services:		
tax services	80	65
corporate finance services	1,423	-
Hire of plant and equipment	267	218

*The non-audit services provided by the internal auditors in 2021/22 included fees in relation to an ongoing systems implementation project.*

## 10. Taxation

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Corporation tax (credit)/charge	(1)	-	40	-
Deferred tax charge – timing differences	59	-	-	-
Tax charge on subsidiary profits	58	-	40	-

## 11. Tangible Fixed Assets

Consolidated	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
<b>Cost</b>							
<b>At 1 August 2021</b>	516,832	28,060	113,377	2,610	660,879	38,808	699,687
Additions	1,077	40,555	4,556	-	46,188	-	46,188
Transfers	12,686	(15,168)	2,482	-	-	-	-
Revaluation	3,961	-	-	452	4,413	-	4,413
Disposals	(693)	-	(285)	-	(978)	-	(978)
<b>At 31 July 2022</b>	<b>533,863</b>	<b>53,447</b>	<b>120,130</b>	<b>3,062</b>	<b>710,502</b>	<b>38,808</b>	<b>749,310</b>
<b>Depreciation</b>							
<b>At 1 August 2021</b>	120,423	-	93,784	-	214,207	-	214,207
Charge for Year	11,599	-	5,230	-	16,829	-	16,829
Disposals	(138)	-	(275)	-	(413)	-	(413)
<b>At 31 July 2022</b>	<b>131,884</b>	<b>-</b>	<b>98,739</b>	<b>-</b>	<b>230,623</b>	<b>-</b>	<b>230,623</b>
<b>Net Book Value</b>							
<b>At 31 July 2022</b>	<b>401,979</b>	<b>53,447</b>	<b>21,391</b>	<b>3,062</b>	<b>479,879</b>	<b>38,808</b>	<b>518,687</b>
At 31 July 2021	396,409	28,060	19,593	2,610	446,672	38,808	485,480

## 11. Tangible Fixed Assets (cont'd)

University	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
<b>Cost</b>							
<b>At 1 August 2021</b>	<b>498,898</b>	<b>28,060</b>	<b>107,804</b>	<b>2,610</b>	<b>637,372</b>	<b>38,808</b>	<b>676,180</b>
Additions	1,062	39,030	4,553	-	44,645	-	44,645
Transfers	12,686	(13,643)	957	-	-	-	-
Revaluation	3,649	-	-	452	4,101	-	4,101
Disposals	(957)	-	(272)	-	(1,229)	-	(1,229)
<b>At 31 July 2022</b>	<b>515,338</b>	<b>53,447</b>	<b>113,042</b>	<b>3,062</b>	<b>684,889</b>	<b>38,808</b>	<b>723,697</b>
<b>Depreciation</b>							
<b>At 1 August 2021</b>	<b>117,306</b>	<b>-</b>	<b>91,596</b>	<b>-</b>	<b>208,902</b>	<b>-</b>	<b>208,902</b>
Charge for Year	11,500	-	4,377	-	15,877	-	15,877
Disposals	(138)	-	(272)	-	(410)	-	(410)
<b>At 31 July 2022</b>	<b>128,668</b>	<b>-</b>	<b>95,701</b>	<b>-</b>	<b>224,369</b>	<b>-</b>	<b>224,369</b>
<b>Net Book Value</b>							
<b>At 31 July 2022</b>	<b>386,670</b>	<b>53,447</b>	<b>17,341</b>	<b>3,062</b>	<b>460,520</b>	<b>38,808</b>	<b>499,328</b>
At 31 July 2021	381,592	28,060	16,208	2,610	428,470	38,808	467,278

Included within fixed assets is an amount of £3.5m (2020/21: £3.5m) of capitalised finance costs.

Endowment Properties are Investment Properties where the land and buildings are held for rental income and capital appreciation. They are held at Fair Value and are required to be revalued on an annual basis. A revaluation was carried out as at 31 July 2022 by the District Valuer and the net movement of £452,000 is recognised in the Statement of Financial Position.



## 12. Heritage assets

### Additions and Disposals

Acquisitions for the current and previous four years were as follows:

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Acquisitions purchased with University funds	-	-	-	45	60
Total cost of acquisitions purchased	-	-	-	45	60
Value of acquisitions by donation	-	-	-	-	-
<b>Total acquisitions purchased</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>60</b>

### Main Collections

The University holds Heritage Assets across several locations, which are split into two collections, the Museum Collections and the Special Collections which are held in support of the University's core purpose of teaching and research.

Information about the University's policy for the acquisition, preservation and management and disposal of heritage assets is provided in the separate publications as follows:

- The Museum Collections  
[www.st-andrews.ac.uk/policy/library-and-museum-services/collections-development-policy.pdf](http://www.st-andrews.ac.uk/policy/library-and-museum-services/collections-development-policy.pdf)
- The Special Collections  
[www.st-andrews.ac.uk/library/specialcollections/aboutus/policies/](http://www.st-andrews.ac.uk/library/specialcollections/aboutus/policies/)

## 13. Service concession arrangements

The University has arrangements in place in respect of student accommodation, for which service delivery has previously commenced and is ongoing.

In September 2015 and 2016 the University entered a 40-year contract with a third-party provider for the provision and maintenance of Fife Park (Phase III and Phase II) providing accommodation to around 500 students. The assets and liabilities relating to these schemes were initially recognised in the University's Statement of Financial Position but fully written down / unwound over the course of one year in line with the agreements in place.

In September 2017 the University entered a 40-year contract with the same third-party provider for the

provision and maintenance of Powell and Whitehorn Halls providing accommodation to around 400 students. No assets or liabilities were recognised relating to these schemes because there was no nominations agreement in place.

The University has the option to provide an annual occupancy commitment and as a result of this option being exercised during the current year, £6.7m of 2022/23 rental costs has been recorded within other operating expenses, with a corresponding income of £6.7m. In the Statement of Financial Position, the University has recorded a liability of £6.7m which has been offset by £6.7m debtor in relation to service concession arrangements.

## 14. Non-current Investments

	Subsidiary companies £000	Other fixed asset investments £000	Total £000
<b>Consolidated</b>			
<b>At 1 August 2021</b>	-	<b>112,163</b>	<b>112,163</b>
Additions	-	18,969	18,969
Disposals	-	(18,995)	(18,995)
Depreciation	-	(4,788)	(4,788)
Debtor movement	-	367	367
Cash movement	-	570	570
<b>At 31 July 2022</b>	-	<b>108,286</b>	<b>108,286</b>
<b>University</b>			
<b>At 1 August 2021</b>	<b>18,768</b>	<b>112,163</b>	<b>130,931</b>
Additions	10,224	18,969	29,193
Disposals	(13,800)	(18,995)	(32,795)
Depreciation	-	(4,788)	(4,788)
Debtor movement	-	367	367
Cash movement	-	570	570
<b>At 31 July 2022</b>	<b>15,192</b>	<b>108,286</b>	<b>123,478</b>
<b>Additional Analysis of other fixed asset investments</b>			<b>£000</b>
Endowment Equities			83,052
Non-Endowment Equities			63
Multi-asset Investments			8,898
Property Trust			12,695
Creditors			710
Cash and cash equivalent			2,868
<b>Total Investments</b>			<b>108,286</b>

Listed investments are held at fair value based on quoted market price.

During the year, two of the University's wholly owned subsidiaries performed Balance Sheet reorganisations including a share capital reduction, debt to equity swap and equity to debt swap, which are reflected in the University only movements above.

## 14. Non-current Investments (cont'd)

### Subsidiary companies

The University owns the following subsidiary companies directly:

<b>Company</b>	<b>Country of incorporation</b>	<b>Activity</b>
St Andrews University Services Ltd	Scotland	Vacation letting
St Andrews Applied Research Ltd	Scotland	Applied Research
St Andrews Management Institute	Scotland	Dormant
St Andrews University Holdings Ltd	Scotland	Dormant
St Andrews Strategic Management Ltd	Scotland	Dormant

St Andrews Applied Research Ltd in turn directly or indirectly owns the subsidiaries listed below:

<b>Company</b>	<b>Country of incorporation</b>	<b>Activity</b>
University of St Andrews Shop Ltd	Scotland	Retail
Photosynergy Ltd	Scotland	Laser Lighting
Eden Estuary Energy Ltd	Scotland	Energy Generation
SOI Group Ltd	Scotland	Marine Science
D'Arcy Thompson Simulator Centre Ltd (50%)	Scotland	Model Simulation
Drochaid Research Services Ltd	Scotland	Contract Research
Eden Campus Properties Ltd	Scotland	Property Rental
Eden Campus Solar 1 Ltd	Scotland	Energy Generation
Eden Campus Consultancy Ltd (51% owned)	Scotland	Management Consultancy
St Andrews West Properties Ltd	Scotland	Property Development
SUMAC Mentoring Ltd	Scotland	Mentoring Programme
University of St Andrews Consulting Ltd (previously SOI Ltd)	Scotland	Consultancy
SMRU Ltd	Scotland	Marine Science
St Andrews Instrumentation Ltd	Scotland	Marine Science
St Andrews Medical Innovations Ltd	Scotland	Retail
StAAR Inc	USA	Applied Research
SMRU (Hong Kong) Ltd	Hong Kong	Marine Science
SMRU (Canada) Ltd	Canada	Marine Science
SMRU LLC	USA	Marine Science
Sololed Ltd	Scotland	Dormant
Actiframe Ltd	Scotland	Dormant
X-Genix Ltd	Scotland	Dormant
Locate Zero Emissions Vehicles Ltd	Scotland	Dormant

## 15. Investment in associates

The University, through a wholly owned subsidiary (St Andrews University Services Ltd) has a 49% holding in four Limited Liability Partnerships (LLPs) with Campus Living Villages (CLV). The principal business activities include the acquisition, delivery, operation and

management of student accommodation and associated services. The share of profits of £0.5m (2020/21: £1.0m share of losses) has been recognised as income and is reported in the Consolidated Statement of Comprehensive Income.

## 16. Stock

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of:				
Consumables	1,010	1,010	753	753
Goods for resale	215	-	215	-
	<b>1,225</b>	<b>1,010</b>	<b>968</b>	<b>753</b>

## 17. Trade and other receivables

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Amounts receivable within one year</b>				
Research grants receivables	11,914	11,914	8,794	8,794
Debts due from students	1,165	1,165	1,499	1,499
Trade receivables	2,778	1,238	2,024	1,271
Amounts due from subsidiary companies	-	1,486	-	1,485
Other receivables	4,992	87	3,290	385
Prepayments and accrued income	13,612	12,871	13,021	11,993
	<b>34,461</b>	<b>28,761</b>	<b>28,628</b>	<b>25,427</b>
Amounts due from subsidiary companies	-	2,773	-	8,794
Amounts due from long term loan	143	143	-	-
<b>Total trade and other receivables</b>	<b>34,604</b>	<b>31,677</b>	<b>28,628</b>	<b>34,221</b>

*Interest of £0.2m (2020/21: £0.2m) relating to the long-term receivable due from subsidiaries, has been credited to the University's Statement of Comprehensive Income (note 5). Interest accrues on two amounts at 0.25% and 3% per annum and these are repayable by November 2034 and January 2047.*

## 18. Current investments

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Deposits maturing:				
In one year or less	8,368	8,368	14,270	14,270
	<b>8,368</b>	<b>8,368</b>	<b>14,270</b>	<b>14,270</b>

## 19. Creditors: amounts falling due within one year

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Trade payables	7,652	7,351	8,983	8,470
Social security and other taxation payable	2,880	2,596	2,792	2,701
Amounts owed to group undertakings	-	1,494	-	397
Accruals and deferred income	77,885	77,381	73,585	72,928
Unsecured loans (note 21)	960	960	960	960
	<b>89,377</b>	<b>89,782</b>	<b>86,320</b>	<b>85,456</b>

**Deferred income**

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

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Donations with performance conditions	1,559	1,559	2,088	2,088
Doctorial training grants	2,180	2,180	1,674	1,674
Student receipts in advance	17,330	17,330	11,677	11,677
Grant income (including pooling)	328	328	1,804	1,804
Other income with performance conditions	2,240	2,240	2,819	2,819
Research grants received on account	25,573	25,573	27,724	27,724
Other accruals and deferred income	21,996	21,492	19,313	18,656
Service concession arrangement	6,679	6,679	6,486	6,486
	<b>77,885</b>	<b>77,381</b>	<b>73,585</b>	<b>72,928</b>

## 20. Creditors: amounts falling due after more than one year

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loans	102,988	102,988	108,248	108,248
Cumulative convertible preference shares	95	-	95	-
	<b>103,083</b>	<b>102,988</b>	<b>108,343</b>	<b>108,248</b>

Cumulative preference shares represent preference shares held in a subsidiary company, Photosynergy Limited.

## 21. Loans

### Analysis of unsecured loans:

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Due within one year (note 19)</b>	<b>960</b>	<b>960</b>	<b>960</b>	<b>960</b>
Due between one and two years	960	960	960	960
Due between two and five years	4,138	4,138	8,438	8,438
Due in five years or more	97,890	97,890	98,850	98,850
<b>Due after more than one year</b>	<b>102,988</b>	<b>102,988</b>	<b>108,248</b>	<b>108,248</b>
<b>Total unsecured loans</b>	<b>103,948</b>	<b>103,948</b>	<b>109,208</b>	<b>109,208</b>
Unsecured loans repayable by 2022	-	-	1,257	1,257
Unsecured loans repayable by 2023	1,257	1,257	4,300	4,300
Unsecured loans repayable by 2027	3,061	3,061	3,781	3,781
Unsecured loans repayable by 2028	60	60	70	70
Unsecured loans repayable by 2030	1,610	1,610	1,840	1,840
Unsecured loans repayable by 2037	37,000	37,000	37,000	37,000
Unsecured loans repayable by 2048	60,000	60,000	60,000	60,000
	<b>102,988</b>	<b>102,988</b>	<b>108,248</b>	<b>108,248</b>

### Included in loans are the following:

Lender	Amount £000	Repayments Commence	Interest Rate
Northwestern Mutual Life Insurance	37,000	2033	2.43%
Barclays Bank Plc	60,000	2039	5.06%
SFC (Salix carbon reduction loan)	3,781	2021	-
SFC (Salix original loan)	1,257	2023	-
Lawn Tennis Association	70	2019	-
SFC (Solar farm loan)	1,840	2021	0.25%
<b>Total</b>	<b>103,948</b>		

The Scottish Funding Council (Salix loans) are interest free loans with annual repayments of £720,179.

Lending arrangements with Northwestern Mutual Life Insurance, Barclays and RBS are subject to the following financial covenants; Debt Service to Total Income, Adjusted Cashflow to Debt Service, Total External Debt to Consolidated Total Assets, EBITDA to Debt Service and Adjusted Surplus requirements. In addition to this the University agreed to report monthly Liquidity information to lenders. All financial covenants were met in the year to 31 July 2022.

The University has access to a £25m four-year Revolving Credit Facility (RCF) available until 2024. The University did not make any drawdowns on the RCF during the year and does not intend to make any further draw downs on its facility over the going concern period to 31 July 2024.

## 22. Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2021	(33,826)	(72,303)	(106,129)	(1,602)	(105)	(1,707)
Utilised in year	1,602	73,513	75,115	180	105	285
Additions	(55,011)	(44,938)	(99,949)	(879)	(94)	(973)
Balance at 31 July 2022	(87,235)	(43,728)	(130,963)	(2,301)	(94)	(2,395)

University	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2021	(33,826)	(72,303)	(106,129)	(1,602)	(105)	(1,707)
Utilised in year	1,602	73,513	75,115	180	105	285
Additions	(55,011)	(44,938)	(99,949)	(879)	(94)	(973)
Balance at 31 July 2022	(87,235)	(43,728)	(130,963)	(2,301)	(94)	(2,395)

### USS deficit

The obligation to fund the past deficit on the University Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are provided in note 31(a).

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 31(a). This new plan requires deficit payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3%.

The University has a social responsibility to support existing students impacted by the ongoing conflict between Russia and Ukraine to allow them to continue their studies and a provision has been included for the estimated cost of providing this support.

## 23. Endowment reserves

Consolidated and University	Unrestricted permanent endowments £000	Restricted permanent endowments £000	Restricted expendable endowments £000	2022 Total £000	2021 Total £000
<b>Balances at 1 August 2021</b>					
Capital	9,485	100,941	-	110,426	89,518
Accumulated income	-	7,307	-	7,307	6,055
	<b>9,485</b>	<b>108,248</b>	<b>-</b>	<b>117,733</b>	<b>95,573</b>
New endowments	33	1,159	140	1,332	2,231
Transfers	(278)	(2,943)	-	(3,221)	(2,505)
Investment income	369	3,938	60	4,367	3,527
Expenditure	(369)	(2,389)	-	(2,758)	(2,275)
Decrease in market value of investments	(417)	(3,918)	-	(4,335)	21,182
Total endowment comprehensive income for the year	(662)	(4,153)	200	(4,615)	22,160
<b>Balances as at 31 July 2022</b>	<b>8,823</b>	<b>104,095</b>	<b>200</b>	<b>113,118</b>	<b>117,733</b>
<b>Represented by:</b>					
Capital	8,823	95,239	140	104,202	110,426
Accumulated Income	-	8,856	60	8,916	7,307
	<b>8,823</b>	<b>104,095</b>	<b>200</b>	<b>113,118</b>	<b>117,733</b>
<b>Analysis by type of purpose</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chairs and Lectureships	-	25,572	-	25,572	27,116
Academic Schools / Unit Support	-	8,498	200	8,698	10,903
Scholarships and Bursaries	-	64,786	-	64,786	65,359
Prize funds	-	2,177	-	2,177	2,260
General	8,823	-	-	8,823	9,485
Endowment Property	-	3,062	-	3,062	2,610
	<b>8,823</b>	<b>104,095</b>	<b>200</b>	<b>113,118</b>	<b>117,733</b>



## 23. Endowment reserves (cont'd)

## Charitable funds that are over 1% of the value of total endowment funds

Name of Fund	As at 31 July 2021 £000	New/ Additions £000	Change in market value £000	Transfer of realised appreciation £000	Income £000	Expenditure £000	As at 31 July 2022 £000
United College Chairs	12,078	-	(531)	(365)	480	(480)	11,182
Lapsed Bursaries Fund	8,207	-	(340)	(234)	310	(182)	7,761
Robert T Jones Memorial Trust Scholarship	6,737	45	(287)	(195)	258	(173)	6,385
General Unrestricted Fund	4,914	-	(214)	(149)	196	(196)	4,551
Shelby Cullom Davis Chair in Philosophy	4,468	-	(186)	(127)	168	-	4,323
R&A Ransome Scholarship	3,395	-	(148)	(101)	133	(109)	3,170
600th Anniversary Endowment Fund	3,154	33	(140)	(95)	125	(125)	2,952
600th Anniversary Scholarship Fund	2,449	427	(141)	(67)	92	(90)	2,670
American Literature Lectureship	2,763	-	(112)	(77)	101	(66)	2,609
Prof. & Mrs Purdie's Bequests	2,139	1	242	(6)	42	-	2,418
Ewan & Christine Brown PhD Studentships	2,365	-	(100)	(68)	90	(99)	2,188
D & G Bonnyman PG Scholarship	2,329	-	(100)	(68)	90	(62)	2,189
Maitland Ramsay PG Scholarship	2,357	-	(90)	(62)	82	(95)	2,192
Gifford Bequest	1,820	-	(66)	(45)	60	(1)	1,768
Moncrieff Travelling Scholarship	1,583	-	(62)	(43)	57	(12)	1,523
Barbara Bennett Ure Scholarship	1,517	-	(59)	(42)	56	(33)	1,439
John & Aileen Irving Fund	1,588	-	(60)	(41)	54	-	1,541
R&A International Scholarship	1,198	-	(49)	(34)	45	-	1,160
Don Scholarship	1,170	-	(42)	(29)	39	-	1,138
	<b>66,231</b>	<b>506</b>	<b>(2,485)</b>	<b>(1,848)</b>	<b>2,478</b>	<b>(1,723)</b>	<b>63,159</b>

## 24. Restricted reserves

Reserves with restrictions are as follows:

<b>Consolidated and University</b>	<b>Unspent capital grants £000</b>	<b>Restricted donations £000</b>	<b>2022 Total £000</b>	<b>2021 Total £000</b>
<b>Balances at 1 August 2021</b>	<b>12,418</b>	<b>7,607</b>	<b>20,025</b>	<b>17,660</b>
New grants	9,733	-	9,733	12,857
New donations	-	3,256	3,256	3,030
Capital grants utilised	(2,499)	-	(2,499)	(11,944)
Expenditure	-	(2,046)	(2,046)	(1,578)
<b>Total restricted comprehensive income for the year</b>	<b>7,234</b>	<b>1,210</b>	<b>8,444</b>	<b>2,365</b>
<b>Balances as at 31 July 2022</b>	<b>19,652</b>	<b>8,817</b>	<b>28,469</b>	<b>20,025</b>

Analysis of other restricted funds / donations by type of purpose:

	<b>2022 Total £000</b>	<b>2021 Total £000</b>
Chairs and Lectureships	11	8
Academic Schools / Unit Support	4,497	3,924
Scholarships and Bursaries	3,710	3,458
Prize funds	599	217
	<b>8,817</b>	<b>7,607</b>

## 25. Cash and cash equivalents

<b>Consolidated</b>	<b>At 1 August 2021 £000</b>	<b>Cash Flows £000</b>	<b>At 31 July 2022 £000</b>
Cash and cash equivalents	37,453	(2,216)	35,237

## 26. Consolidated statement of net debt

	<b>As at 31 July</b>	
	<b>2022</b>	
	<b>£000</b>	
<b>Net debt at 1 August 2021</b>	<b>(78,336)</b>	
Decrease in cash and cash equivalents	(2,216)	
Repayment of unsecured loans	5,260	
Other non-cash changes	(193)	
<b>Net debt at 31 July 2022</b>	<b>(75,485)</b>	
<b>Change in net debt</b>	<b>2,851</b>	
<b>Analysis of net debt:</b>		
	<b>As at 31 July</b>	<b>As at 31 July</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Cash and cash equivalents</b>	35,237	37,453
<b>Borrowings: amounts falling due within one year</b>		
Unsecured loans	(960)	(960)
Service concession arrangements (note 13 and 19)	(6,679)	(6,486)
	(7,639)	(7,446)
<b>Borrowings: amounts falling due after more than one year</b>		
Unsecured loans	(103,083)	(108,343)
<b>Net debt</b>	<b>(75,485)</b>	<b>(78,336)</b>

## 27. Capital and other commitments

Provision has not been made for the following capital commitments:

Consolidated and University	As at 31 July 2022		As at 31 July 2021	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	17,938	17,938	32,444	32,444
Authorised but not contracted for	-	-	5,106	5,106
	<b>17,938</b>	<b>17,938</b>	<b>37,550</b>	<b>37,550</b>

## 28. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Plant and Machinery £000	Total as at 31 July 2022 £000	Total as at 31 July 2021 £000
<b>Payable during the year</b>	549	255	804	1,110
<b>Future minimum lease payments due:</b>				
Not later than 1 year	292	154	446	525
Later than 1 year and not later than 5 years	307	-	307	470
Later than 5 years	958	-	958	928
<b>Total lease payments due</b>	<b>1,557</b>	<b>154</b>	<b>1,711</b>	<b>1,923</b>

## 29. Amounts disbursed as an agent

<b>Consolidated and University</b>	<b>Year ending 31 July 2022 £000</b>	<b>Year ending 31 July 2021 £000</b>
<b>Discretionary fund</b>		
<b>Income</b>		
Excess of income over spend at 1 August 2021	383	-
Funding Council grants	375	1,369
	<b>758</b>	<b>1,369</b>
<b>Expenditure</b>		
Disbursed to students	(692)	(951)
Transferred to Childcare Fund	(65)	(35)
Returned to SAAS	(1)	-
Fund running cost	-	-
	<b>(758)</b>	<b>(986)</b>
Excess of income over expenditure at 31 July 2022	-	383
<b>Childcare fund</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>		
Excess of income over spend at 1 August 2021	-	-
Funding Council grants	-	-
	-	-
<b>Expenditure</b>		
Disbursed to students	(65)	(35)
Transferred from Discretionary Fund	65	35
	-	-
Excess of income over expenditure at 31 July 2022	-	-

*HE bursaries and other student support funds are available solely to assist students, the University acts only as a paying agent. The grants and related disbursements are excluded from the Statement of Comprehensive Income.*

### 30. Disclosure of related party transactions

Due to the nature of the University's activities and the composition of Court, (members being drawn from local public and private sector organisations) and Senior Leadership Team (SLT), it is inevitable that transactions will take place with organisations (in particular with similar public bodies) which a member of Court or SLT may have an interest. From time to time, as supporters of the University, Court members may make donations of varying amounts to assist the University in achieving its goals. All members of Court and SLT are required to complete a register of interests. The register is checked against the University's trade receivable and trade

payable ledgers. All transactions in which a member of Court or SLT may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The University has taken advantage of the exemption allowed by FRS 102 Section 33 Related Party Disclosures not to disclose transactions between wholly owned group companies. Related party transactions with University spinout companies have not been disclosed as they are not material to either party.

The following transactions were identified for the disclosure:

Organisation	Relationship	Nature of transaction	Receipts £000	Payments £000	Debtor/ (creditor) £000
University of St Andrews Students' Association	Charity	Operations/grants	1,865	(688)	193/(6)

*The majority of income from the University of St Andrews Students' Association relates to salary and other recharges.*

### 31. Pension schemes

The University contributes to two principal pension schemes for its staff:

- the Universities Superannuation Scheme (USS)
- the St Andrews University Superannuation & Life Assurance Scheme (S&LAS)

A small number of staff contribute to other defined contribution schemes for which the University has no further payment obligation once the contributions are paid over.

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

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
USS	16,781	16,012
S&LAS (including FRS 102 adjustments)	8,323	7,482
Other pension schemes	604	582
<b>Total operating charge</b>	<b>25,708</b>	<b>24,076</b>

## 31. Pension schemes (cont'd)

### a) Universities Superannuation Scheme (USS)

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total charge to the Consolidated Statement of Comprehensive Income is £70.2m (2020/21: £17.2m) being £53.4m increase to the deficit provision and £16.8m of contributions, £1.4m of which were outstanding at the reporting date (2020/21: £16.0m and £1.4m respectively). Deficit recovery contributions due within one year for the University are £5.2m (2020/21: £4.2m).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020

(the valuation date), which was carried out using the Projected Unit Method.

Since the group cannot identify its share of Retirements 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 the scheme under scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5bn and the value of the scheme's technical provisions was £80.6bn indicating a shortfall of £14.1bn 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. to 2030, 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:

2020 valuation	
Mortality base table	101% of S2PMA "light" for males and 95% of S2PMA "light" 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

## 31. Pension schemes (cont'd)

The current life expectancies on retirement at age 65 are:

	As at 31 July 2022 Years	As at 31 July 2021 Years
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

### USS – deficit recovery position

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

In the year ended 31 July 2021, the liability was based on the previous deficit recovery plan, which required payment of 2% of salaries over the period 1 October 2019 to 30 September 2021, increasing to 6% thereafter.

The major assumptions used to calculate the provision over the last two financial years were:

	As at 31 July 2022	As at 31 July 2021
Discount rate	3.31%	0.87%
Salary growth – year 1	4.00%	2.00%
– year 2	4.00%	2.00%
– year 3	3.00%	2.65%
– thereafter	2.60%	2.65%

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 provision are set out below:

	Increase in provision £000
0.5% pa decrease in discount rate	3,724
0.5% pa increase in salary inflation over duration	3,719
0.5% pa increase in salary inflation year 1 only	419
0.5% increase in staff changes over duration	3,773
0.5% increase in staff changes year 1 only	430
1% increase in deficit contributions to March 2024	1,372
1% increase in deficit contributions to April 2038	13,869



## 31. Pension schemes (cont'd)

### b) St Andrews University Superannuation & Life Assurance Scheme

This is a defined benefit scheme primarily for the benefit of non-academic University staff. It is externally funded and contracted out. The assets of the scheme are held in a separate trustee administered fund. The University is required to account for the present value of the scheme assets and liabilities in its Statement of Financial Position. A full actuarial valuation of the scheme was carried out at 31 July 2021 and updated to 31 July 2022 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

Disclosure of principal assumptions	As at 31 July 2022	As at 31 July 2021
Rate of increase in salaries:		
Year 1	4.00%	1.50%
Year 2	4.00%	2.00%
Year 3	3.00%	2.00%
Thereafter	2.65%	2.70%
Pension increases (RPI max 9.00%)	3.15%	3.20%
Pension increases (RPI max 2.50%)	2.20%	2.20%
Discount Rate	3.50%	1.60%
Inflation assumption (RPI)	3.15%	3.20%
Inflation assumption (CPI)	2.65%	2.70%

The current mortality assumptions include sufficient allowance for future mortality improvements in mortality rates. The assumed life expectancies on retirement at age 65 are:

	As at 31 July 2022 Years	As at 31 July 2021 Years
<b>Retiring today:</b>		
Males	21.1	21.2
Females	23.5	23.2
<b>Retiring in 20 years:</b>		
Males	22.4	22.5
Females	24.9	24.8

The table below shows the effect that changing the most significant assumptions at 31 July 2022 would have had on the defined benefit obligation.

	Decrease/(increase) in defined benefit obligation at 31 July 2022 £000
Increase of 0.25% in the discount rate	7,653
Decrease of 0.25% in the discount rate	(7,629)
Increase of 0.1% in inflation	(2,196)
Decrease of 0.1% in inflation	2,640
Increase of one year in life expectancy*	(5,587)

\* Life expectancies would increase from 21.1 years to 22.1 years for a male currently aged 65, and from 22.4 years to 23.4 years for a male currently aged 45.

Each sensitivity above is considered in isolation and the same methodology is adopted for calculating the defined benefit obligation.

The fair value of the assets of the scheme are:

	Value at 31 July 2022 £000	Value at 31 July 2021 £000
Equities	59,767	77,797
Multi-Asset Credit Fund	19,431	19,062
Infrastructure	10,017	1,401
Cash	14,353	568
Property	8,184	8,656
Asset-backed securities	-	16,481
	<b>111,752</b>	<b>123,965</b>

Multi-asset funds invest in a wide range of credit assets including secure debt, leveraged loans, high yield debt, asset backed securities and emerging market debt.

## 31. Pension schemes (cont'd)

The following amounts were measured in accordance with the requirements of FRS102:

	As at 31 July 2022 £000	As at 31 July 2021 £000
Total fair value of scheme assets	111,752	123,965
Present value of scheme liabilities	(155,480)	(196,268)
<b>Deficit in scheme – Net pension liability</b>	<b>(43,728)</b>	<b>(72,303)</b>

	As at 31 July 2022 £000	As at 31 July 2021 £000
<b>Changes in the present value of the defined benefit assets:</b>		
Opening fair value of scheme assets	123,965	108,514
Interest income on scheme assets	1,980	1,627
Return on plan assets in excess of interest income	(13,827)	13,867
Contributions by employer	4,923	4,645
Contributions by members	152	144
Benefits paid	(4,401)	(3,847)
Administrative expenses paid	(1,040)	(985)
<b>Closing fair value of scheme assets</b>	<b>111,752</b>	<b>123,965</b>

	As at 31 July 2022 £000	As at 31 July 2021 £000
<b>Changes in the present value of the defined benefit liabilities:</b>		
Opening defined benefit liability	196,268	184,598
Current service cost	7,283	6,497
Interest cost	3,106	2,741
Employee contributions	152	144
Actuarial (gain)/loss – change in financial assumptions	(59,208)	6,428
Actuarial gain – change in demographic assumptions	(2,849)	(293)
Experience loss on benefit obligation	15,129	-
Benefits paid	(4,401)	(3,847)
<b>Closing defined benefit liability</b>	<b>155,480</b>	<b>196,268</b>

## 31. Pension schemes (cont'd)

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>Amounts charged to statement of consolidated income:</b>		
Current service cost	7,283	6,497
Administrative expenses	1,040	985
<b>Total operating charge</b>	<b>8,323</b>	<b>7,482</b>
<b>Net finance charge on pension scheme:</b>		
Interest income on scheme assets	(1,980)	(1,627)
Interest on pension scheme liabilities	3,106	2,741
<b>Net charge to interest costs (note 8)</b>	<b>1,126</b>	<b>1,114</b>

The total movement in the scheme's deficit during the year is made up as follows:

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
<b>Deficit on scheme at 1 August</b>	<b>(72,303)</b>	<b>(76,084)</b>
<i>Movement in year:</i>		
Current service cost	(7,283)	(6,497)
Administrative expenses	(1,040)	(985)
Contributions	4,923	4,645
Net finance charge	(1,126)	(1,114)
Actuarial gain	33,101	7,732
<b>Deficit on scheme at 31 July</b>	<b>(43,728)</b>	<b>(72,303)</b>

The University has contributed to the scheme at the following rates of pensionable salary during the year:

	Year ended 31 July 2022	Year ended 31 July 2021
	17.93%	17.93%

*The estimated contribution to be paid to the scheme for the next accounting period is £3.2m (2020/21: £3.2m). The employer's contribution to be paid next year is based on the current members of the scheme at 31 July 2022.*

## 31. Pension schemes (cont'd)

<b>History of (losses)/gains</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Difference between the expected and actual return on scheme assets</b>					
Amount (£000)	(13,827)	13,867	(5,157)	2,907	972
Percentage of scheme assets	12.4%	11.2%	4.8%	2.6%	0.9%
<b>Experience losses on scheme liabilities</b>					
Amount (£000)	(15,129)	-	(2,788)	-	-
Percentage of the present value of the scheme liabilities	9.7%	-	1.5%	-	-

*With effect from 1 August 2017, the S&LAS scheme changed from a final salary pension scheme to a career-average pension scheme.*

## 32. US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

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

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

## 32. US Department of Education Financial Responsibility Supplemental Schedule (cont'd)

<b>Primary Reserve Ratio</b>		<b>2022</b>		<b>2021</b>	
<b>Page</b>	<b>Primary statement/Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expendable Net Assets:</b>					
59	Statement of Financial Position	Total Reserves	380,589	376,463	
	*		(40,928)	(38,697)	
80	Note 23	Total new endowments – endowment reserve	(1,332)	(2,231)	
59	Statement of Financial Position	Tangible Fixed Assets and Heritage Assets	(518,687)	(485,480)	
59	Statement of Financial Position	Pension provisions	130,963	106,129	
59	Statement of Financial Position	Creditors: amounts falling due after more than one year	103,083	108,343	
<b>Total expenses and losses:</b>					
55	Statement of Comprehensive Income	Total expenditure	338,430	249,861	
80	Note 23	Total expenditure – endowment reserve	(2,758)	(2,275)	
82	Note 24	Total expenditure – restricted reserve	(2,045)	(1,578)	
55	Statement of Comprehensive Income	Gain on sale of associate	-	(486)	

\* this is the capital (excluding appreciation) on the original endowments which are not shown separately in note 23 but split as below:

<b>Page</b>		<b>Unrestricted permanent endowments £000</b>	<b>Restricted permanent endowments £000</b>	<b>2022 £000</b>	<b>Unrestricted permanent endowments £000</b>	<b>Restricted permanent endowments £000</b>	<b>2021 £000</b>
80	Balances at 1 August 2021	9,485	108,248	117,733	7,556	88,017	95,573
		Split:					
*	<b>Original capital</b>	-	<b>40,928</b>	40,928	-	<b>38,697</b>	38,697
	Cumulative capital appreciation	9,485	60,013	69,498	7,556	43,265	50,821
	Total capital (note 23)	9,485	100,941	110,426	7,556	81,962	89,518
	Accumulated income	-	7,307	7,307	-	6,055	6,055
80	Total brought forward balance	9,485	108,248	117,733	7,556	88,017	95,573

## 32. US Department of Education Financial Responsibility Supplemental Schedule (cont'd)

<b>Equity Ratio</b>			<b>2022</b>		<b>2021</b>	
<b>Page</b>	<b>Primary statement/Note</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>Modified Net Assets:</b>				
59	Statement of Financial Position	Total Reserves	380,589		376,463	
		<b>Modified Assets:</b>				
59	Statement of Financial Position	Non-current assets	626,973		597,643	
59	Statement of Financial Position	Current assets	79,434		81,319	

<b>Net income ratio</b>			<b>2022</b>		<b>2021</b>	
<b>Page</b>	<b>Primary statement/Note</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>Change in Net Assets Without Donor Restrictions:</b>				
55	Statement of Comprehensive Income	Total income	313,651		290,378	
65	Note 5	Investment income on restricted and unrestricted endowments		(4,367)		(3,526)
80	Note 23	New endowments (endowment reserve)		(1,332)		(2,231)
82	Note 24	New grants (restricted reserves)		(9,733)		(12,857)
82	Note 24	New donations (restricted reserves)		(3,256)		(3,030)
55	Statement of Comprehensive Income	Total expenditure		(338,430)		(249,861)
80	Note 23	Total expenditure – endowment reserve	2,758		2,275	
82	Note 24	Total expenditure – restricted reserve	2,046		1,575	
55	Statement of Comprehensive Income	(Loss)/gain on investments		(7,682)		18,677
55	Statement of Comprehensive Income	Gain on investment property	3,961		118	
80	Note 23	Increase in market value of investments	4,335			(21,182)
55	Statement of Comprehensive Income	Actuarial gain in respect of pension schemes	33,101		7,732	
55	Statement of Comprehensive Income	Gain on sale of associate	-		486	
55	Statement of Comprehensive Income	Loss on disposal of assets		(416)		(186)
80	Note 23	Transfers	3,221		2,505	
82	Note 24	Capital grants utilised	2,499		11,944	
55	Statement of Comprehensive Income	Taxation		(58)		(40)

## 32. US Department of Education Financial Responsibility Supplemental Schedule (cont'd)

<b>Net income ratio (cont'd)</b>		<b>2022</b>		<b>2021</b>	
<b>Page</b>	<b>Primary statement/Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>Total Revenue and Gains:</b>			
55	Statement of Comprehensive Income	Total income	313,651	290,378	
65	Note 5	Investment income on restricted and unrestricted endowments	(4,367)	(3,526)	
80	Note 23	New endowments (endowment reserve)	(1,332)	(2,231)	
82	Note 24	New grants (restricted reserves)	(9,733)	(12,857)	
82	Note 24	New donations (restricted reserves)	(3,256)	(3,030)	
55	Statement of Comprehensive Income	Loss on disposal of assets	(416)	(186)	



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University of St Andrews Finance Office  
Walter Bower House, Guardbridge  
Fife, Scotland, KY16 0US

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