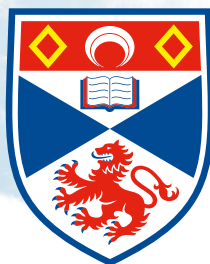


Reports and Financial Statements of the University Court

for the year to 31 July 2021



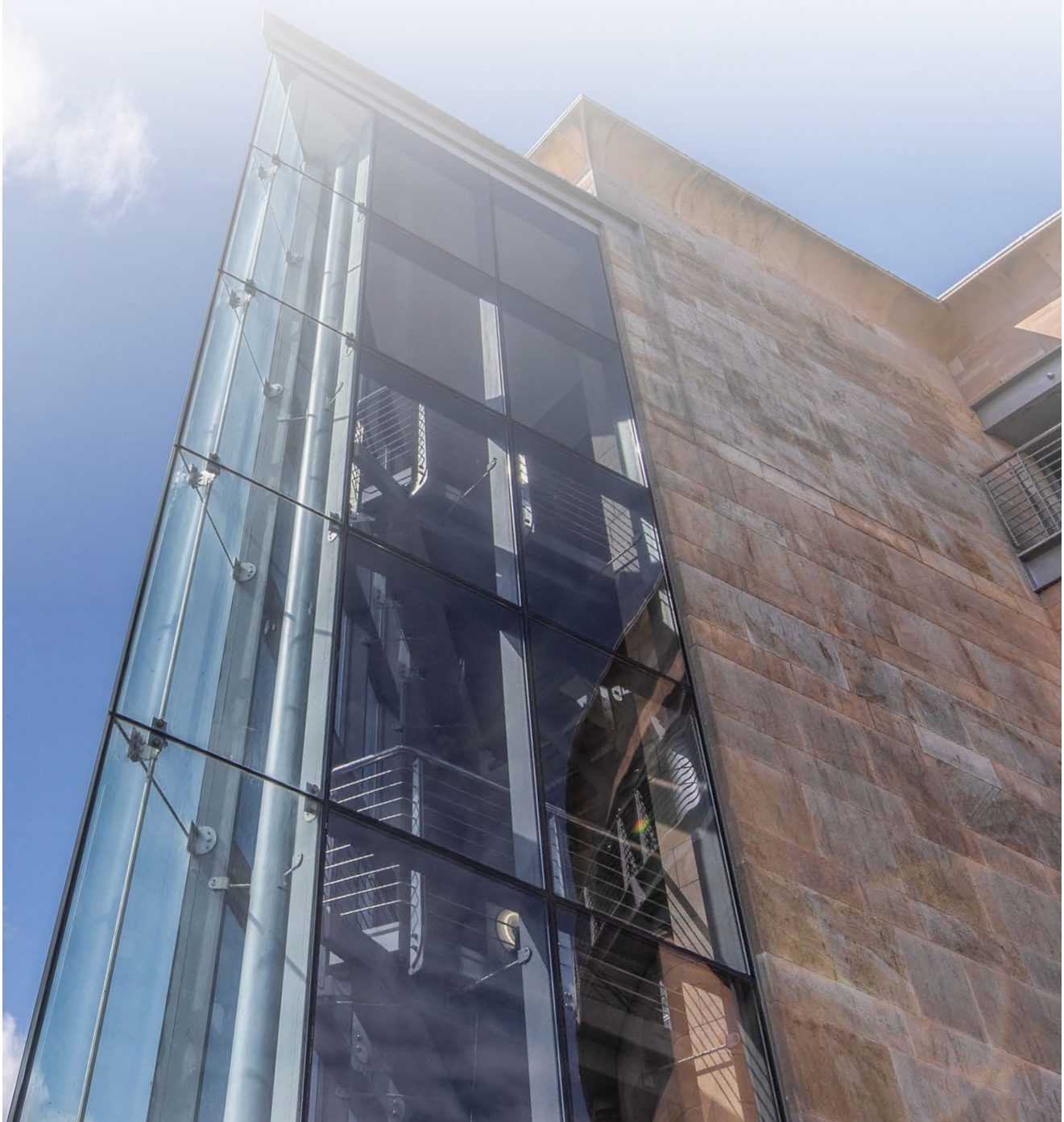
University of
St Andrews

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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 arising 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 has 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 eighteen months 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 2021 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 53, 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 academic year proved to be a roller-coaster driven by the response to Government guidance resulting from the pandemic. The University was, and remains, very clear in its approach to operating within Government guidelines, taking clear and decisive positions, and communicating as early as possible to both staff and students, as guidance changed.

Teaching, and research, where feasible, moved to an on-line platform, with digital assessments replacing the previous 'exam hall' approach. The University embarked on a 'Can Do' initiative, working alongside the Student Association to deliver safe spaces for study, student societies to deliver essential experiences and staff and student gatherings, all within Government guidelines. The level of philanthropic support the University received was hugely appreciated, and beneficial, in supporting the 'Can Do' initiative, as well as providing funds to support specific initiatives via the Principal's Office. The overwhelming support from staff, students and friends of the University enabled us to get through the year in a safe manner, respecting all relevant guidance, and importantly, each other, as the pandemic spread around the world.

Having agreed a Financial Plan for the three-year period starting with 2020/21 with an assumption our student intake would be impacted by the pandemic, it was hugely satisfying to see the enduring quality and attractiveness of the University overcome adversity, with a record number of students matriculating. Whilst this put pressure on Schools and Units across the University, investments were made, and the safety and security of staff and students were always maintained. We now look forward with a strong conviction, and belief, in who we are, what we are recognised for, and the strong regard in which we are held.

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

The pandemic continued to generate volatility throughout 2020/21. However, our headline financial performance for the year was better than expected, with the University's total income growing by 11% to £290.4m resulting in an overall surplus of £67.3m (£8.1m in 2019/20).

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 excludes these. Once significant one-off transactions relating to capital projects, principally relating to the Tay Cities Deal and the final insurance settlement in relation to the major fire at our Biomolecular Sciences Research Building (BMS building) back in February 2019 are removed, together with new endowment funds

for investment, this results in an underlying operating surplus of £14.7m, which was considerably better than the planned surplus of £0.4m for the year.

Contributing to this positive surplus was additional tuition fee income of £9.2m for the year generated as a result of higher than planned student numbers. During the early stages of the pandemic in summer 2020, we worked incredibly hard to secure a strong cohort of students, coupled with honouring all offers where students met Teacher Assessed Grades, following Government U-turns on exam grades, resulting in higher student numbers than planned. Further contributing to the surplus was a £13.5m underspend in other operating expenditure across the University as a result of the inability to carry out normal activity due to Covid-19 restrictions throughout the year.

Despite the above positive influences on the results for the year, Covid-19 has also had a downward impact on the underlying results with St Andrews releasing students from their accommodation contracts, for the

second time during the pandemic, at the start of the second Scottish lockdown in late December 2020. This resulted in a reduction of £10.0m accommodation income, together with £4.4m loss of summer school, conference and hotel, sports and theatre income. This, in part, has been offset by the reduced other operating expenditure, but also supported by £9.2m sustainability funding which included £8.5m additional funding from SFC in relation to student accommodation, rent rebates and additional funding for SQA places and capital together with £0.7m from other specific Covid-19 grants. We also received a further £2.0m (2019/20: £2.9m) from the UK Government's Coronavirus Job Retention Scheme (CJRS).

The University continues to have a £25.0m Revolving Credit Facility, established in July 2020 for four years, to protect the University's cash and liquidity position from Covid-19 induced volatility. The £10.0m drawn down in late July 2020 was repaid in full on 28 September 2020 without being utilized. The full facility continues to remain available.

Reconciliation to underlying surplus/(deficit)

	Note	Consolidated Period Ended 31 July 2021 £000	Consolidated Period Ended 31 July 2020 £000
Total Comprehensive Income for the year	SOCI	67,304	8,089
Less material non-recurring items:			
i) Impact of pension costs	(a)	(5,105)	24,478
ii) Capital donations	4	12,857	3,139
iii) BMS fire (net)	4 & 9	15,764	3,998
iv) New endowments	23	2,231	1,418
v) Other gains	SOCI	19,095	2,589
vi) Actuarial gain/(loss)	SOCI	7,732	(25,487)
Underlying surplus/(deficit) for the year		14,730	(2,046)
a) Impact of pension costs:			
i) USS Pension (provision)/release	7	(915)	28,804
ii) USS Pension net finance costs	8	(239)	(956)
iii) S&LAS net pension charge	(b)	(2,837)	(2,279)
iv) S&LAS Pension net finance costs	8	(1,114)	(1,091)
Pension (loss)/gain		(5,105)	24,478
b) S&LAS pension costs charged to statement of consolidated income:			
i) Total operating charge	32	(7,482)	(6,899)
ii) Employer contributions	32	4,645	4,620
		(2,837)	(2,279)

The Financial Plan for 2020/21, which recognised the impact Covid-19 had on the University, required savings of £10.8m for the year with £5.8m from non-staff operational budgets, deferral of £2.0m of planned investment, and a further £3.0m of non-recurring savings. All recurring and non-recurring savings targets and deferral of planned investments were met during the year, with Covid-19 restrictions reducing the ability to spend further increasing savings beyond that planned.

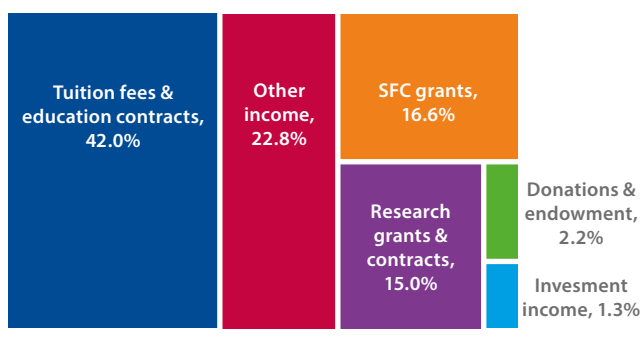
The 2021/22 Financial Plan presents a more positive picture, benefitting from the growth in student numbers and delivery of substantial recurring savings over the last twelve months, thus enabling planned investments to support delivery of the University Strategy. Whilst it is recognised that risks remain, positive feedback from current students together with high student retention and strong application numbers across all cohorts, supports confidence in delivering this Financial Plan with a small recurring surplus across each of the next three years.

As part of the Financial Plan, we will look to grow income outside of the core student body whilst we continue to consolidate the long-term financial sustainability of the University. We anticipate benefitting from non-recurring income growth in 2021/22 as St Andrews hosts the 150th Open Golf Championship. Risks in relation to the delivery of the Financial Plan concerning USS pension scheme contributions, appear to have receded, at least for the time being, with a new revised proposal supported by the Joint Negotiating Committee (JNC) for implementation. The USS Trustee will be announcing results of the consultation later this autumn on proposed reforms to scheme benefits from April 2022. The new proposal out for consultation will sit within the provision made in the Financial Plan.

Income

Total income increased by 11% to £290.4m.

Sources of income



Refer to Consolidated statement of comprehensive income, page 50

Tuition fee income rose by 11.7% to £121.9m (2019/20: £109.2m), reflecting growth in all areas. Application levels from high quality overseas students continues to grow

year on year 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 £48.2m (2019/20: £38.8m), a £9.4m increase year on year as a result of additional non-recurring funding to mitigate against the effects of Covid-19 on Scottish Universities. The Covid-19 support, which has been very welcomed, equated to £8.5m of this, and has supported restarting research, rent rebate support and additional funding for SQA places and capital. Excluding this, the underlying recurring SFC grant of £39.7m, reflects a small increase of £0.9m from the prior year predominantly related to increased student numbers in postgraduate research. 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 is identified as one of the key risks for the University.

Research income has increased by 9.1% to £43.7m (2019/20: £40.0m) mainly due to an increase in capital funded grants and the recognition of income for research equipment that was commissioned in year, following the easing of lockdown restrictions. Research has held up well in the context of Covid-19 with activity continuing remotely, where possible, during lockdown. Higher activity from unbudgeted research contracts such as our large Transport Scotland Hydrogen Train award of £3.5m has offset some of the decreases in other research activity areas as a result of Covid-19 and the need to furlough staff. Covid-19 has affected applications, mostly to UK charities, likely as a result of less funding being available. Overall application numbers have however, picked up, suggesting a return to more normal levels. Now that there is less uncertainty around Brexit, EU applications are recovering close to previous levels.

Other income increased by 6.7% to £66.3m for the year, however included within this are two significant capital receipts. During the year, £16.2m was received in relation to the final settlement for the BMS fire insurance claim (2019/20: £16.0m) and £11.8m Tay Cities Deal income for capital development works at our Eden Campus site. Excluding these, underlying other income has decreased year on year by £7.6m and reflects the effects of Covid-19. St Andrews released students from their accommodation contracts, for the second time during the pandemic as a result of Scottish Government lockdown instruction which resulted in a reduction of £10.0m accommodation income. It also impacted across other areas with £4.4m loss of summer school, conference and hotel, sports and theatre income. This was partly offset by £2.0m (2019/20: £2.9m) income from the Coronavirus Job Retention Scheme (CJRS). Capital donations (excluding Tay Cities

Deal) of £1.0m were received with £0.7m towards the Madras redevelopment and £0.2m towards Younger Hall refurbishment works.

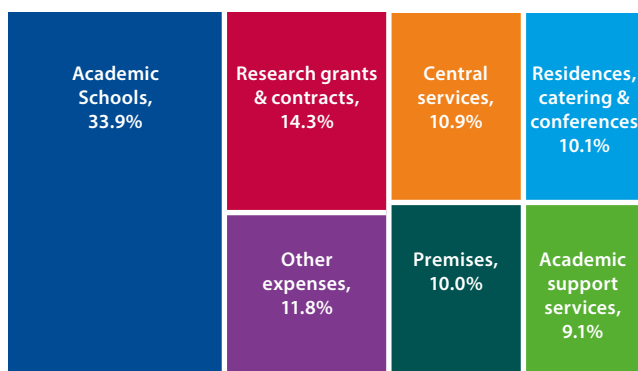
Investment income, derived mainly from the University's endowment fund, helps to support scholarships across the University, along with widening access initiatives and providing help with accommodation costs through student bursaries. This income increased by 2.9% to £3.9m.

Income from donations and endowments increased by £1.3m to a total of £6.5m (2019/20: £5.2m). £2.2m of this relates to new permanent endowments with £4.3m being expendable donations. Expendable donations are mainly given towards scholarships, but this year we received a donation in relation to our new Centre for Energy Ethics which aims to address one of the most urgent challenges facing humanity today: how to balance our energy demands with our concerns for anthropogenic climate change. We have also continued to receive donations in relation to our Covid-19 Student Support Fund which provides financial support to students affected by Covid-19 and the University Community Fund. This supports the local needs of the community by supporting individuals and organisations who are providing vital aid such as food, medication, PPE, IT equipment and guidance to students staying in St Andrews.

Expenditure

Total expenditure increased by £19.2m (8.3%) to £249.9m in the year, this is predominantly due to pension accounting adjustments in 2019/20 relating to our USS and S&LAS pension schemes, as shown in the staff costs reconciliation table below. Excluding these pension movements, and BMS fire expenditure of £4.1m (2019/20: £11.9m, note 9) offset by a released provision of £3.7m, underlying expenditure has remained static at £245.7m (2019/20: £245.3m). Included within this was a small increase in staff costs offset by decreases in other operating expenditure.

Analysis of total expenditure by activity



Refer to Note 9, Analysis of expenditure by activity, page 65

Excluding the pension adjustments, underlying staff costs have increased by £3.6m to £146.4m.

Reconciliation to underlying staff costs

	Note	31 July 2021 £000	31 July 2020 £000
Total staff costs	(7)	150,197	116,305
Pension adjustments:			
– USS pension adjustment	(7)	(915)	28,804
– S&LAS net pension charge	(b)	(2,837)	(2,279)
		(3,752)	26,525
Underlying staff costs		146,445	142,830

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. The small increase in USS pension liability reflects the completion of the 2018 actuarial valuation with up to date assumptions as at 31 July 2021 (note 32).

Other expenditure has decreased by £15.4m (16.5%) to £78.0m from last year's figure of £93.5m. This includes expenditure relating to the BMS fire of £3.3m (2019/20: £10.8m) offset by a released provision of £3.7m in relation to the Willie Russell Laboratories (note 22). Excluding BMS fire costs from both this year and last, other expenditure has decreased year on year by £4.3m (5.5%). This was a result of general underspend across all areas, notably in residencies (maintenance and provisions), but also travel, recruitment and outreach work across the University due to continuing Covid-19 restrictions. There were areas of additional spend specifically related to Covid-19 mainly in relation to IT, supporting online teaching and working from home, the 'Can Do' initiative, additional accommodation rental costs to support the growth in student numbers, transport costs and general increase in cleaning and PPE.

Depreciation increased by £1.5m to £16.2m for the year in line with expectation, reflecting capital investment in accordance with the University's plans. Buildings that were due to be completed in 2019/20 but were delayed, have now been completed and are operational in 2020/21. Included within this is £0.7m (2019/20: £0.8m) relating to depreciation of the Willie Russell temporary laboratories which is part of the response to the BMS fire.

Interest and other finance costs have decreased slightly from £6.1m to £5.4m. £4.1m is interest payable on long-term debt and is unchanged from the prior year with the balance of £1.3m being the net finance charge related to both USS and S&LAS pension schemes.

Non-operational income and spend

Endowment Investments

Covid-19 impacted on investment values as the pandemic hit the global economy in early 2020. Since that point we have seen our investment values recover significantly, with our endowment fund growing by 24.3% and net investment values increasing by £21.2m offset by a £2.5m release of appreciation to revenue in the year. It's been an exceptional year of returns across our respective fund managers. Over the year the Endowment fund has supported spend of £2.3m towards scholarships, chairs, lectureships, prizes and other specific spend. Investment properties were revalued at 31 July 2021 resulting in an increase of £0.1m.

Disposal of Associate

During the year the University sold 39% of its shares in one of its spin out company's, Xelect Ltd, that resulted in a gain of £0.5m. Proceeds from the disposal are being used to enable the delivery of our Entrepreneurial Strategy.

S&LAS Local Defined Benefit Pension Scheme

Actuarial changes relating to the S&LAS pension scheme have decreased the assessed liabilities by £7.7m. Increases in inflation expectations are offset by a better than expected investment return. .

Balance Sheet

Total net assets increased by £67.3m to £376.5m at year end. The increases reflect higher capital investment, endowment fund appreciation and an increase in net current assets together with a decrease in pension, and other provisions.

The University continued to invest in the estate in line with its strategic capital investment plan, with around £28.8m (2019/20: £50.1m) of capital additions in the year. Covid-19 has slowed capital spend in year due to government restrictions. The Laidlaw Music Centre and Walter Bower House at Eden Campus that were delayed completing in 2019/20, due to Covid-19, became operational in 2020/21. Investment continues to be made in reducing our carbon footprint through reduced carbon emissions whilst also seeking operational efficiencies.

Spend from the Tay Cities Deal continues to drive the redevelopment of Eden Campus. By the summer of 2022, two buildings should be re-purposed and fully occupied by university and private sector tenants. A third brand new building will house a dry laboratory, unique to Scotland, for the development of next generation fuel batteries. All these buildings, as well as Walter Bower House and others in the future, will be heated from a new district heating network connected to the existing Energy Centre with certain buildings drawing electricity from a ground mounted solar PV facility that will be

commissioned in October 2021. Additional funding has been secured from the Low Carbon Challenge Fund enabling work to continue between industry and academia. This manifested itself during Covid-19 as a virtual Industry Club with approximately 100 members meeting informally each month. Leveraging support from others is key to maintaining momentum in the redevelopment of the Campus. This work sits alongside building the case for future major investments to support the University's Entrepreneurial Strategy.

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.

Our longer-term investments – primarily endowments invested in sustainable and socially responsible funds increased in value by around £21.9m in the year with a combination of new donations, investment income together with a strong performance by our fund managers.

Net Current Liabilities

Net current liabilities have improved by £21.4m in the year to £5.0m. Most of the improvement comes from an increase in net cash compared to this time last year, predominantly as a result of receiving the first tranche of the Tay Cities Deal income along with the final BMS fire insurance settlement. These were partly offset by a reduction in cash following the repayment of the £10.0m Revolving Credit Facility (RCF) which was drawn down as a precautionary measure this time last year. As a result, liquidity headroom for the University, as at 31 July 2021, remains robust at £76.7m (£51.7m cash and £25m RCF) reflecting our financially strong and stable position. Liquidity continues to increase post year end with headroom of £111.1m (£86.1m cash and £25.0m RCF) as at 30 September 2021. This is further outlined in the going concern assessment on pages 43-44.

Creditors: amounts falling due after one year

Long term creditors have decreased by £2.9m during the year to £108.3m comprising wholly of borrowing. The decrease relates to a voluntary repayment of capital to our Amber loan together with partial repayments of our SFC sustainability funding.

Provision and Pension Schemes

Pension provisions have decreased by a net £2.6m in the year to £106.1m, with a decrease in the S&LAS pension obligation of £3.8m offset by an increase in the USS provision of £1.2m.

The S&LAS liability was recalculated at the end of the year following a valuation of the scheme by Isio. The decrease in net liabilities are as a result of higher than expected return on scheme assets more than offsetting an increase in future inflation expectations, which increases liabilities.

The USS pension liability was recalculated, based on the 31 March 2018 valuation, as agreed by the Trustees, but using up to date assumptions at 31 July 2021 (note 32). The 2018 schedule of contributions, which covers the period from 1 October 2019 to 31 March 2028, decreased the deficit recovery contributions from 5% to 2% from October 2019 to 30 September 2021 and then up to 6% from 1 October 2021 to 31 March 2028. Mercer (on behalf of the British Universities Finance Directors Group) issued guidance in August 2021 regarding current year discount factor rates resulting in an increase from 0.73% to 0.87%. Further adjustments were made to payroll growth assumptions increasing salary inflation from nil to 2.0% and increasing head count assumptions by 0.75% to 1.5% resulting in a small increase in forecast liabilities of £1.2m for the year.

Other provisions decreased by £5.9m largely due to the release of the provision made for the Willie Russell Laboratories following the finalisation of the BMS fire insurance settlement. In addition, the provision for the estimated additional cost of University funded studentships beyond the original contract end dates (due to Covid-19) made in 2019/20 has been released as the cost of this was met by additional SFC funding received in 2020/21.

USS update

The 2020 valuation of USS produced substantial increases in the cost of the current benefit package, potentially of up to 56% of the salary bill. To contain costs and preserve the strength of the covenant, employers were required to agree a package of additional covenant support measures, including debt monitoring, a moratorium on exiting the scheme, and *pari passu* arrangements on new secure debt. On 31 August 2021, the [Joint Negotiating Committee](#) (JNC) voted to accept a package of benefit changes that would constrain the growth in contribution rates from 30.7% to 31.2%. Following a short consultation with employers (ending 20 September) the USS Trustee has agreed to reduce to this new level the contribution increase to 34.7% (11% (member) and 23.7% (employer)) [otherwise scheduled](#) under the 2018 valuation from 1 October 2021.

This means that members will contribute 9.8% of salary from 1 October 21 and employers will pay 21.4%. That is an increase of 0.2% and 0.3% respectively on current rates.

The changes in benefits under the JNC package, if implemented, would take effect from 1 April 2022. These would see a reduction in the DB salary cap to £40,000, the accrual rate reducing from 1/75 to 1/85 and index linking capped at 2.5% CPI. Contributions to the DC

element of the pension would remain at 20% of salary above the DB salary cap. Work would also begin on longer term reforms and flexibilities of the scheme. Under law, previously accrued benefits will remain unaffected. A statutory employer-led consultation with affected employees and their representatives, will be launched later this year. Although UCU reported in early September to have an alternative set of proposals, they have not formally tabled these for costing and consideration. 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 reforms to the governance of the scheme.

Cashflow and financing

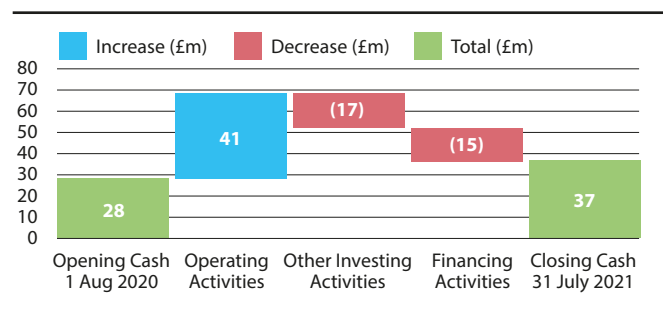
Cash and short-term investment balances increased by £15.3m in the year and was £28.8m higher than expected mainly as a result of receiving the BMS fire insurance settlement, lower capital spend (as a result of Covid-19 restrictions), underspends in other operating expenditure and £9.2m of additional Covid-19 sustainability funding. This was partly offset by the loss of student accommodation income along with summer school, conference and hotel, sports and theatre income.

A £2.2m voluntary capital repayment towards long-term loans was made this year along with £0.7m towards SFC solar and carbon reduction funded loans.

The £10m draw down in July 2020 on our four year £25m Revolving Credit Facility which was established to support the University's liquidity position through the Covid-19 pandemic, was repaid in full in September 2020. There were no further drawdowns throughout the year, and it is not anticipated that we will utilise the RCF during 2021/22. The establishment of the RCF continues to underpin medium term cash resilience of the University, whilst we navigate through the pandemic.

As a result of the forthcoming removal of LIBOR in December 2021, and the introduction of SONIA, the University has negotiated transition terms in relation to the calculation of interest for the RBS Revolving Credit Facility and is currently negotiating the terms for the Barclays £60m loan, ahead of the transition date. Other long-term debt is not affected by this transition.

Cashflow Statement 2020/2021



Refer to Consolidated statement of cash flows, page 56

As shown in the cashflow statement above, our operating activities generated a cash inflow of £40.7m (2019/20: £19.4m). Having taken account of capital investment, investment income and borrowing costs, the overall net group cash inflow for the year was £9.4m (including the repayment of £10m to the RCF), compared with a £3.6m inflow in the prior 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, with 2019 being the first year. A summary of the relevant status is set out below.

World-Leading

Overall, this Pillar presents as amber at the year end, the same status as the prior year. The National Student Survey has named St Andrews the UK's top mainstream university in the UK for the thirteenth time in the past 15 years. More than 93% of St Andrews final year students were satisfied with the quality of the learning and teaching experience. St Andrews was the only mainstream multi-faculty institution to achieve above 90% satisfaction rating, in pandemic times. [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. 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.

In relation to Graduate Outcomes, whilst overall our results show an improving picture, we remain below the Russell Group median. We are actively engaged with the SFC and other initiatives, including employers, which are expected to impact these outcomes positively.

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 individual academic connections and through this contribute to our increasing reputation. Due to travel restrictions caused by the pandemic, international mobility was significantly restricted during 2020/21. It is expected that a number of postponed trips will take place during the 2021/22 academic year instead.

Our performance in the THE world rankings (now ranked in the 201–250 bracket for the second consecutive year) remains static. Performance in the QS world rankings increased slightly on the previous year, from 96 to 91, due to the improvement to reputation indicators. The Academic Reputation Action Group continues its focus on improving league table performance, with citation rates and reputation high on the agenda.

Diverse

This Pillar presents as amber overall. The thresholds for the underpinning measures for this indicator were developed in alignment with the People strategy. Our priority is achieving greater ethnic diversity in the staff body and seeking to identify where there may be progress, retention, and experience gaps for BAME staff with the view to taking meaningful actions to address identified gaps.

The percentage of Scottish domiciled undergraduate entrants from SIMD20 areas dropped below the 2020 interim COWA target of 10%, reflecting unanticipated increased recruitment from non-SIMD20 areas due to Covid-19. At the time of this report, we expect to be above the 10% threshold for SIMD20 entrants for 2021 entry.

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 BAME students, although attainment remains very high across all cohorts at St Andrews (all above 90%). 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; require mandatory unconscious bias and diversity training for recruitment and promotion board members.

We continue to monitor the performance associated with the retention of young UK students with disabilities due to a significantly lower retention rate in 2019/20, although no student cohort has a retention rate of less than 92%. The People Strategy continues to define actions aimed at greater well-being and resilience amongst our community. Steps already taken include commitment to

an academic workload audit and additional staff resource for occupational and mental health for staff.

The median pay gap has 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. Despite the impact of the Covid-19 pandemic, international recruitment targets were achieved in all cohorts for academic year 2020/21.

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.

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.

The proportion of students enrolled on Global PhDs is increasing year-on-year, and the number of staff members participating in international staff mobility programmes has also increased. The travel restrictions as a result of the pandemic has impacted on increasing international opportunities for staff and students, although they have continued their international collaborations wherever possible remotely.

Entrepreneurial

Overall, this Pillar presents as amber. The developing action plans associated with the Entrepreneurial theme will seek to achieve our ambitious strategic aims. One of the significant steps will be the creation of an environment in which we become more approachable to industry. Our suite of Policies on External Work has also been simplified and it incentivises such engagement. We have implemented streamlined support for staff in their engagement with consulting activities. In addition to generating modest levels of income, this may provide another route for future research activity.

Eden Campus will provide a visible 'front door' for the University, especially to companies where

previous engagement has been limited or non-existent. Development of Eden Campus is continuing apace. Progress over the first 5 months (with minimal marketing) has generated a modest £0.1m of revenue to date. We expect to see this grow significantly as we roll out our marketing plan in the coming months. We continue to position the University so it is well-placed to respond positively as part of the Eden Campus redevelopment. We are advancing a new model that will fuse together expertise with internal and external knowledge, into an environment for experimentation, for 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 £1.8m and the creation of the Eden Campus Industry club. Following delays resulting from the pandemic, contractors have recommenced their activities on the Eden campus site.

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 at Guardbridge to establish a regional focus for innovation. This is in addition to the £29.8 million allocated to infrastructure works through the Tay Cities Deal supported by £24.5m from the UK and Scottish Governments and Fife Council. It is our aim that 90% of the Eden Campus site will host a mix of science and technology-based industry and commerce activity underpinned by skills training services and mentoring programmes, access to high-speed network for research (JANET), and reliable upgraded power and renewable heating supplies. Of the total investment, the Scottish Government is committing £2.0m and Fife Council a further £3.0m. New funding, over and above the infrastructure investment, in excess of £5.0m has been secured for solar, advanced manufacturing, low carbon, hydrogen and energy management projects. There are currently four new bids for funding awaiting outcomes.

Size, shape and sustainability

Overall, this set of indicators continue to present as amber. Student numbers planning is led by the Master with cognisance to space and staffing resource constraints. Targets for 2021 entry were finalised with

the impact of the pandemic and Brexit being factored in. The impact of teacher assessed grades and the conversion of students is very closely monitored as the admissions cycle draws to a close. The HESA student/staff ratio for the institution continues to be below the Russell Group median. Our ratio of non-academic to academic staff is also well below the Russell Group median. In relation to staff costs as % of income, a decrease of 4.6% is mainly due to a year-on-year increase in total income, which includes several large non-recurring items. 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, we continue to have a balanced spread of income across the range of sources. No single category of income source is above 30% of total income. Continuation of homeworking for staff results in below typical energy consumption, with reduction in expenditure following implementation the Non-Domestic Energy Efficiency (NDEE) project. Following the formation of the Environmental Sustainability Board (ESB) in January 2021, the University agreed a vision to be Net Zero by 2035. This is bold in terms of both its timeline – it's 10 years ahead of Scottish legislation – and scope – it addresses all our 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 'Climate Positive' by 2035. Based on early data we estimate our carbon footprint for the academic year 2020/21 to be 50-55,000 tCO₂e, a reduction of approximately 25% from the previous year. This is largely attributable to reductions in business and international student travel as a result of the pandemic. The last academic year also saw the first trees planted in the 'St Andrew's Forest' project, a key element to offsetting our unavoidable carbon as part of a sustainable net zero approach. A new research network for sustainability launched has also been launched – StA-CEES, and our prize recognising excellent teaching in sustainability expanded.

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. This section outlines some of our key achievements and areas in which we have been recognised during the academic year:

- The University is ranked 91 in the world in the latest edition of the QS World University rankings, an improvement of 5 places on last year. This represents our highest rank since 2018. Employer Reputation is our most improved rank, moving up 13 places to 108, from 121 in 2021. Our Academic Reputation has also seen a small improvement in rank up by 1 to 169.
- The University has been 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.
- As outlined in an earlier section of this report, the National Student Survey (NSS) has placed St Andrews as the UK's top mainstream university for the thirteenth time in the past fifteen years. More than 93% of St Andrews' final year students were satisfied with the quality of the learning and teaching experience. St Andrews was the only mainstream multi-faculty institution to achieve an above 90% satisfaction rating during the pandemic. We are ranked top in 9 subject areas, up from 5 in 2020 (these are Ecology and Environmental Biology, Molecular Biology, Neuroscience, Computer Science, Astronomy, International Relations, German, Russian and Arabic & Persian). 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.
- Over 1,000 members of our community engaged in the creation of a new People Strategy, which was developed in consultation with the community and is driven by the needs of staff and students.
- Although we know the journey ahead is long, the steps we have taken towards closing the mean Gender Pay gap has resulted in a 1.9% reduction in the gap overall.
- 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.
- 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.

In addition to our achievements, the University has also had considerable success in relation to social responsibility. Following the initial launch of the University Community Fund in 2019/20, 2020/21 saw the conclusion of two further rounds to complete the inaugural year of the fund. Within Rounds 2 and 3 of the fund, the University has supported 27 organisations/projects. Applications came from across Fife, for a diverse range of activities which included projects that focused on accessibility, sustainability, health and culture. Successful applications included singing workshops to support those suffering from long Covid-19; an online Conversation Café for refugees and asylum seekers and the development of a new woodland in a community park on the outskirts of St Andrews. One of the primary aims of the fund is to help build resilience within communities across the region and create sustainable relationships with those whom the University supports. Following the decision to cancel Raisin Weekend, a Students' Association Tradition, due to ongoing coronavirus restrictions, the Students' Association undertook a Community Action Day in October 2020 which saw up to 50 students volunteering within the local community for the day. Principally undertaking conservation activities with University Community Fund funded projects, the students' philanthropic activities featured in the STV news. Digital Communications colleagues supported the development of the local Community Aid St Andrews group, crucially helping to set up and develop the volunteering database and website.

Following the continued impact of Covid-19 on our internal and external communities, the University and Students' Association under the 'Can Do' initiative consistently sought opportunities to support both students and staff who were impacted by restrictions. The initiative, an ambitious collaboration between the University and the Students' Association, supported students and staff to organise educational, co-curricular and extra-curricular events, by providing safety training, creative solutions, and resources. The erection of the 'Can Do' marquee and subsequent events programme allowed activities to continue in a safe and managed environment. As part of the wider response to Covid-19, the University purchased licences for Track and Trace as well as the virtual event platform Hopin. The University also built trust by taking a socially responsible and transparent approach to communications including: producing a clear and simple Covid Code, FAQs, weekly publication of Covid stats, and regular communications to staff and students from the senior management team.

The University appreciated what the return of students to the town would mean to the community and developed several initiatives to ensure that our students, staff, and the local community would remain as safe as possible. The University provided free transportation

from Edinburgh and Glasgow airports as well as Leuchars train station. Those in halls of residence who required a period of quarantine were able to complete the two-week stay for free and the Countdown to St Andrews initiative saw departments, schools, and societies create a mix of interactive live and static content, primarily for those who were quarantining or isolating. Once the students had arrived in town, the University needed to continue its support in regard to Covid-19. In partnership with the Scottish Government, a Testing Centre was established at the Sports Centre and was supported by collection points across the Campus. A Covid-19 helpdesk was created to relieve pressure on NHS services by providing triage and support for students and staff. The University created 'Covid Saints', student ambassadors, who were based around University buildings and were able to provide advice and guidance where required.

Throughout the pandemic, the University has worked with the local Police to ensure restrictions were adhered to. The University financially supported additional Police patrols over the Martinmas semester. This particular activity enabled the University to clearly demonstrate to the local community the importance of a safe return to St Andrews, teaching, and general University life.

Recognising the impact the pandemic had on festive travel, the St Andrews Students' Association (SA) worked with the University's 'Can Do' team to open the Union for food service for all staff and students throughout the holidays. Any student, staff member, and their family (including children) could get a voucher for a free meal or Christmas dinner, with hot and cold drinks, every day at the Union throughout the festive break. Saints Sports supported the 'Can Do' initiative in its entirety, by running online exercise classes, Festive Programmes as well as providing free places for the children of students and staff at their Summer Junior Sports Camp. This included providing free places for 119 different children belonging to 86 staff/students of the University, across the three weeks.

Following the refurbishment of University Hall's kitchen, the Residential and Business Services team were delighted to support the North East Fife's Community Hub with a donation of the old equipment. The NEF Community Hub has recently successfully managed a community asset transfer of the St David's Centre and run a range of community activities out of the base, including a community café. The equipment provided has enabled the charity to re-establish the service in their new location following a pause due to Covid-19 restrictions.

In November 2020, the University launched a new reporting tool to support a community-centred approach to inclusion and diversity. The Report + Support platform provides access to support regarding harassment, abuse, sexual violence, and discrimination of any kind;

a reporting route for welfare concerns; and a secure channel for making named or anonymous reports. The system can be used by staff, students and members of the local community.

Children of staff members across the University of St Andrews were given free laptops and digital devices to use for home-schooling during the pandemic, thanks to donations from alumni and friends of the University who supported the Principal’s Strategic Response Fund. Recognising the challenges of home-schooling, the University purchased more than 100 Chromebook laptops to help staff and postgraduate research students who were unable to source additional devices to assist with their children’s home learning.

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.

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 22.

Risk and Resilience provided two of the underpinning principles for our mitigation of Covid-19, along with Quality, Safety and the Student Experience. Throughout the pandemic, the University has taken appropriate 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 are able to anticipate the introduction of lighter touch controls and a gradual transitioning towards a state of affairs closer, but certainly not identical, to pre-pandemic.

Last year, and prompted by the pandemic, we introduced the concept of ‘black swan’ events which are very severe and essentially unpredictable occurrences. This can, and should, be differentiated from ‘white swan’ events which are also very severe and low frequency. Covid-19 was to some extent a white swan event, but although pandemics have

predictably occurred every few generations, and epidemics every few years, the likelihood and indeed severity was difficult to discern in context of modern communications, virology and global interconnectivity. The answer to surviving such events lies in building Resilience. For Resilience to operate successfully, we do not need decision-makers to pick and choose which black and white swans to address, but rather accept that an event of this nature will periodically happen, that we don’t know which one it will be, but that we need to be in a position to soften or ride out the downstream effects of these events. The implication is that we must maintain, for example, strong financial reserves, multiple ways of teaching which are all palatable to students, remote systems to obviate the need for a workspace, robust IT systems with high resilience and automatic failover where possible, and strong management to maintain that resilience and build it into ‘business as usual’ so these are not optional add-ons but rather part of our core business.

A full review of all risks on the register in context of the revised operating environment imposed by Covid-19 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	Score	Risk Rating	Controls
Pandemic virus	25	■ ■ ■ ■ ■	Moderate

This risk encompasses a range of pathogenic illnesses, including exotic diseases, influenza and meningitis outbreaks involving one or more staff or students. It also extends to bio-terrorism. The global Covid-19 pandemic has had a significant impact on the University since early 2020. In 2019/20 this saw the effective closure of much of the estate, the departure of most of our students, the cancellation of Graduation, the suspension of most research activities and the wholesale move to remote learning and assessment. Disruption continued throughout 2020/21. In common with the rest of the HE sector, the University’s suffered significant financial losses, including accommodation fees and commercial activities. The lifting of most restrictions by the Scottish Government as the country moves to “beyond level 0” has allowed us to plan for the resumption of most in-person teaching for the beginning of the new academic Year.

The Covid-19 pandemic is seriously affecting all aspects of the University’s business, and whilst our business continuity arrangements have served us well in responding to the crisis and planning for the future recovery, the impacts will be profound and long lasting.

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

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-19 pandemic has highlighted the flaws in the Government's funding model for higher education, which is now widely recognised as broken.

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.

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

Cyber security 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. Weaknesses arise from system/software management, human error and failure to follow guidelines, but are magnified by the ubiquitous use of ICT.

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. GDPR fines and penalties are also relevant in this space. Phishing, whether broad spectrum or targeted (spearphishing), remains the most common threat to the University, although a successful Ransomware attack would have a much higher impact, as evidenced with publicised cases including in 2020 and 2021: Garmin; Hackney and Redcar Councils; Blackbaud; SEPA; the Universities of California, Utah, Newcastle, Northumbria and the University of Highlands & Islands.

In 2020, 15 universities and colleges were hit by ransomware attacks and in the first seven months of 2021, already 16 have been attacked. This exposure has resulted in the insurance industry viewing HE as extremely high risk and withdrawing cover or applying punitive premium and terms. In 2021, we at St Andrews suffered 113 compromised academic staff accounts in a single phishing attack.

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, often related to human factors and sharing of

data. Information classification schemes are therefore essential to simultaneously set risk appetite and guide a proportionate response to this risk.

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

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. Currently, around 20% of our funding comes from EU grants, covering circa £2m variable costs p.a. The announcement of accession of the UK to the Horizon Europe research programme means that EU funding should be accessible to our researchers however it may take some time to rebuild networks where confidence has been damaged through the Brexit process.

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.

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

Pay is subject to national collective bargaining, although the last round of industrial action was activated through disputes raised by UCU with individual institutions on the twin issues of pay 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. Should industrial action be mandated at the current time, level of disruption to university activities, overall, is considered significantly less than in 2018.

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

Risk	Score	Risk Rating	Controls
USS pension liabilities	20	■ ■ ■ □	Low

The USS scheme continues to face significant challenges in maintaining current levels of benefit provision without substantial further increases in employer and employee contributions. Contributions have increased to a total of 30.7% of salaries from October 2019. Employers now contribute 21.1% and scheme members 9.6%. Each 1% increase to the pay bill costs the University around c£0.8m a year. Although we lobby UUK and engage with colleagues, as one of 350 institutional members of USS we have little influence on implementation of changes.

Although the October 2021 increase in employer contributions (to 23.7%) is provided for in the University’s financial plan, longer-term reforms of USS governance will be essential to avoid future crises in the funding of the scheme. Our capacity to accommodate further increases in costs has been severely constrained by the financial impact of the Covid-19 pandemic.

Risk	Score	Risk Rating	Controls
Unplanned IT outages	16	■ ■ □ □	Moderate

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 “Return 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 (more so than ever during the current Covid-19 pandemic), 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.

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

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

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 second year in a row.

Despite travel restrictions, a second significant national lockdown immediately following the Christmas period, and the subsequent impact on student accommodation and on-line teaching resources, the University, its staff and students, worked comprehensively with the local community in ensuring a safe environment for research and teaching, whilst respecting the safe social distancing

guidance. Not only did this ultimately ensure, given the circumstances, a positive financial outturn, the learning we have taken from this has underpinned our confidence in our approach and allowed us to plan positively for 2021/22 and beyond.

We continue to embrace our new digital environment across the University, whilst looking to deliver the intimacy of face to face teaching, and small group interaction as fully as circumstances allow. Our staff and students deserve no less. We will continue to look to expand our reach using the approaches to digital teaching developed over the last eighteen months.

Our ambitions for capital investment remain as aspirational as originally planned, whilst reflecting on what we have learnt through the Covid-19 pandemic. The use of space, the approach to large lectures, the social space, and flows within buildings are being reviewed to ensure new investments match the expectations of users, whilst reflecting on how our approach to teaching may

be enhanced through the adoption of a greater digital approach. Investment plans will also be reviewed in light of our commitment to achieve carbon neutrality by 2035. The climate crisis is all of our respective responsibilities to own and contribute towards averting. This University will lead from the front on how this can be delivered.

The University will continue to look after its staff and students, preserve its heritage and enhance its teaching and research capabilities, continually striving for excellence in everything that it does.

Ever to Excel.

Andy Goor
Chief Financial Officer
22 October 2021

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](http://gov.uk). 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 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. As at the date of this report, thirteen of the twenty-six members of Court are women, and three are BAME.

As reported in the 2019/20 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.¹ 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*”.

As reported in the 2019/20 statement, the Covid-19 pandemic required the University to cancel the 2020 annual public stakeholder meeting. This was reinstated in Spring 2021 and held online. The 2019/20 statement also reported that the University had extended to the end of the calendar year, the terms of office of three of its lay members (two non-executive members and one General Council Assessor) which were due to expire on 31 July 2020 to maintain continuity of expertise on Court through a critical period, and to avoid running a complex recruitment exercise during the lockdown period. This resulted in two members slightly exceeding the normal 8-year tenure set down in Court’s standing orders. Replacement lay members took up office from 1 January 2021.

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 2021.

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 risk awareness training. 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 strategic 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:

¹ 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 2020/21 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 2021.

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. Court monitors an agreed suite of Key Performance Indicators at each meeting as outlined in the Strategic Report on pages 3-18.

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.

All identified risks were reviewed to take account of the impact of the Covid-19 pandemic, with regular updates provided to Court, Audit & Risk Committee and Planning & Resources Committee (see below). The management of the risks presented by Brexit were overseen by a Brexit Preparedness Committee chaired by the Senior Vice-Principal. This met regularly until Spring 2021 when the impact of Brexit was mainstreamed and reflected in relevant risks on the risk register.

Court had five regularly scheduled meetings during the year ended 31 July 2021, one of which was a strategic away day. All were held on-line. The overall attendance rate was 94%.² 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.

To provide regular oversight of the impact of Covid-19 on the University's activities, Court, at its meeting of 3 April 2020, approved the establishment of a Reinforced Extraordinary Committee of Court (RECC) to operate between Court meetings and over the summer period. The RECC was given the same decision-making authority as the Extraordinary Committee of Court. RECC met on a total of ten occasions during the period 3 April 2020 to 7 September 2020, with a final report to Court's meeting in October 2020. The attendance rate was 94%.

During the post-Christmas lockdown, the Principal met weekly with the Senior Lay Member and Deputy Chair of Court, along with the Quaestor and Factor, to keep them apprised of the University's response to the Covid-19 pandemic. A report on these meetings was provided to Court at its April 2021 meeting. In addition, updates on Covid-19 were provided to regular meetings of Court, the Planning and Resources Committee, and the Audit and Risk Committee.

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. In October 2020, Dr Leyla Hussein OBE was elected as Rector and assumed office on 1 November 2020 for an initial period of 3 years. Ms Catherine Stihler OBE assumed office as Senior Lay Member on 1 August 2020 for a four-year term of office. 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.

² Attendance percentages do not include vacancies.

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	-

As stated in the 2019/20 report, from the beginning of the 2020/21 academic year, a new **Assurance Group on People and Diversity** was established, reporting directly to Court and overseeing the delivery of the People Enabling Strategy and progress on the Diverse St Andrews strategic theme. The group met three times during the 2020/21 academic year and provided an annual report on its first year of operation to Court at its June 2021 meeting.

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

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 four scheduled meetings in the year ending 31 July 2021. All meetings were quorate and the overall attendance rate was 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 Standing Financial Instructions, 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 2020/21 focused particularly on the management of the financial and operational risks posed by the Covid-19 pandemic and Brexit.

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 2020/21 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 2021, 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 the development of the University's Health & Safety Policy and associated KPIs. The Group reviews all 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 research³, and the University's engagement with the Concordat to Support Research Integrity. It met three times in 2020/21 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 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 externally facilitated review is due in 2022/23. 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, one of whom acts as convener. 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 2021. All meetings were quorate, and the attendance rate was 95%.

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

³ This also applies to University sponsored activities wherever geographically undertaken.

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 2021. All meetings were quorate and the attendance rate was 100%.

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 2021.

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 2021). 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 2021. The attendance rate was 85%.

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](#). The 2018-23 Strategy is now in implementation phase; progress 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 structures: Workforce Planning Group, Business Transformation Board, and Space and Asset Management Group. 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 Director of Strategy and Policy 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 formation of the Environmental Sustainability Board (ESB) in January 2021 the University agreed a vision to be Net Zero by 2035. This is bold in terms of both its timeline – it's 10 years ahead of Scottish legislation – and scope – it addresses all our 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 'Climate Positive' by 2035.

Based on early data we estimate our carbon footprint for the academic year 2020/21 to be 50-55,000 tCO₂e, a reduction of approximately 25% from the previous year. This is largely attributable to reductions in business and international student travel as a result of Covid-19. Whilst it builds on past work, the 45% reduction this represents since our baseline year of 2015 may well be challenged as operations normalise in 2021/22. The 2020/21 academic year also saw the first trees planted in the St Andrew's Forest project, a key element to offsetting our unavoidable carbon as part of a sustainable net zero approach, a new research network for sustainability launched (StA-CEES) and our prize recognising excellent teaching in sustainability expanded.

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 places staff and students, as well as our research and education programmes, at the centre of our emissions reduction roadmap, and ensures alignment with Scottish legislative frameworks and adaptation programmes.

Statement on equality and diversity

The University is 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. 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 successfully renewed its Athena SWAN Institutional Bronze Award in November 2017, and all schools have now achieved Athena SWAN status (sixteen at Bronze level, two at Silver and one at Gold). The University holds the Carer Positive Employer award at the highest 'Exemplary' level, the LGBT Charter, and is a Stonewall Diversity Champion.

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 and Diversity Inclusion Policy](#). In compliance with equalities legislation, the University published its [Equality Mainstreaming Report](#) on 30 April 2021. This reports 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 and Ethnicity Pay Gap were also published in Spring 2021 and are available online – [Equality, Diversity and Inclusion progress reports](#).

The University provides guidance for staff assessing students with disabilities on its [website](#). At 31 July 2021, 79 (2.6%) individuals employed by the University declared a disability. A Staff Disability Policy is currently being developed, with consultations undertaken with both the trade unions and staff feedback (including through the newly established Staff with Disabilities Network) which could also improve disclosure rates.

Training of Court Members

The University encourages Court members to maintain and develop their skills through formal and informal training. Details of courses attended by Court members and co-opted members of Court Committees are set out in the table below.

Date	Training	Member
1 July 2020	Bullying and Harassment	Dr Derek Ball
12 August 2020	KPMG's HE Technical Update (re Covid-19)	Professor Stuart Monro
24 August 2020	Cultural Awareness and Sensitivity	Dr Derek Ball
2 September 2020	The Climate Commission – Discussion with the Further and Higher Education Sector Governors and Chairs	Professor Stuart Monro
9 September 2020	Governor Development Programme – Student Governor (part 1, online)	Dan Marshall
9 September 2020	Governor Development Programme – Student Governor (part 1, online)	Amy Gallacher
9 September 2020	BDO Audit Committee – Self Assessment	Professor Sir David Wallace
24 September 2020	Court induction meetings completed	Alex Duncan
8 October 2020	Court induction meetings completed	Dr Malcolm Petrie
8 October 2020	Court induction meetings completed	Papa Obeng Sabah
8 October 2020	Court induction meetings completed	Amy Gallacher
21 October 2020	Court induction meetings completed	Dan Marshall
22 October 2020	Diversity & Inclusion – the critical governance role	Professor Stuart Monro
22 October 2020	Diversity & Inclusion – the critical governance role	Nigel Morecroft
26 October 2020	Interpreting the art of Pathology with AI – lecture to the Royal Scottish Society of Arts	Professor Stuart Monro

Date	Training	Member
12 November 2020	GDP Role and Responsibilities of Staff Governors (online)	Dr Morven Shearer
18 November 2020	Science in the Parliament	Professor Stuart Monro
20 November 2020	Governance Conference 2020: Transforming Governance for a new normal (online)	Dr Morven Shearer
26 November 2020	HE Webinar	Professor Stuart Monro
22 January 2021	Court Inductions completed	Dr Leyla Hussein
22 January 2021	Court Inductions completed	Stella Maris
22 January 2021	Court Inductions completed	Jenny Stewart
22 January 2021	Court Inductions completed	Iain Anderson
22 January 2021	Court Inductions completed	Lord Duncan of Springbank
27 January 2021	Governor Development Programme – Student Governor (part 2, online)	Dan Marshall
27 January 2021	Governor Development Programme – Student Governor (part 2, online)	Amy Gallacher
9, 16 & 23 February 2021	Charity training for Chairs run by Arts and Business Scotland	Jenny Stewart
14 April 2021	Leading the Board for new and aspiring Chairs	Catherine Stihler
15 April 2021	Transforming organisations from student to board	Catherine Stihler
15 April 2021	Transforming organisations from student to board	Professor Stuart Monro
4-6 May 2021	Financial Times Global Boardroom conference – “Strategies for a world transformed by crisis”	Jenny Stewart
21 May 2021	Scottish Governance Symposium	Catherine Stihler
21 May 2021	Scottish Governance Symposium	Professor Stuart Monro
26 June 2021	Mental Health Awareness	Eve McCurrich
6-7 July 2021	CDM-Principal Designer	Eve McCurrich
13 July 2021	Equality and Diversity	Eve McCurrich
21 July 2021	Building Resilience	Eve McCurrich
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	Dr Lorna Dargan
14 September 2021	Court Inductions completed	Alison Johns
14 September 2021	Court Inductions completed	Professor Anu Ojha
30 September 2021	Spotlight on conflict	Catherine Stihler

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 26 days (2019/20: 25 days, 2018/19: 24 days).

Conclusion

The University has considered the impact of Covid-19 on the adoption of the going concern basis (see pages 43-44). 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)
22 October 2021

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 22.
- 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 2021 and who served up to the date of approval of the reports and financial statements are detailed below. Also shown is the Committees 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 & Assurance Groups	Court meetings attended 2020/21
The Rector (President)	Mr Srdja Popovic (until 30 October 2020)	-	1/1
	Dr Leyla Hussein OBE (from 2 November 2020)	-	1/3
Senior Lay Member (new post – replaced Senior Governor from 1 August 2020)	Ms Catherine Stihler OBE (from 1 August 2020)	Governance & Nominations Planning & Resources Committee Remuneration Committee Reinforced Extraordinary Committee of Court	4/4
The Principal & Vice-Chancellor	Professor Sally Mapstone	Governance & Nominations Planning & Resources Committee Reinforced Extraordinary Committee of Court	4/4
Deputy Chair of Court	Professor Stuart Monro OBE	Ethics & Research Integrity Assurance Group (observer) Governance & Nominations Planning & Resources Committee Reinforced Extraordinary Committee of Court Academic Assurance Group (from 26 November 2020)	4/4
Master & Deputy Principal	Professor Lorna Milne	Planning & Resources Committee (in attendance) Audit & Risk Committee (in attendance) Reinforced Extraordinary Committee of Court (in attendance)	4/4
Chancellor’s Assessor	Mr Adrian Greer	Health & Safety Assurance Group Planning & Resources Committee Remuneration Committee Reinforced Extraordinary Committee of Court	4/4
The Rector’s Assessor	Mr Papa Obeng Sabah (until 30 October 2020)	-	1/1
	Ms Stella Maris (from 26 November 2020)	-	3/3
Fife Council Representative	Cllr Altany Craik	Academic Assurance Group	3/4

Membership of the University Court (cont'd)

Status	Member	Membership of Standing Committees & Assurance Groups	Court meetings attended 2020/21
Assessors of the General Council (2)	Mr Jonathan Hewitt	Superannuation & Life Assurance Group Investment & Treasury Assurance Group (from 3 September 2020) Reinforced Extraordinary Committee of Court Audit & Risk Committee (from 1 January 2021)	4/4
	Mr Nigel Christie (until 31 December 2020)	Audit & Risk Committee Investment & Treasury Assurance Group Remuneration Committee	1/1
	Mr Iain Anderson (from 1 January 2021)	People & Diversity Assurance Group Audit & Risk Committee (from 1 August 2021)	3/3
Assessors of the Senatus Academicus (4)	Professor Sharon Ashbrook	Planning & Resources Committee	3/4
	Dr Derek Ball	Governance & Nominations	4/4
	Professor Mark Harris	Planning & Resources Committee (in attendance) Reinforced Extraordinary Committee of Court	4/4
	Dr Morven Shearer	People & Diversity Assurance Group	4/4
Non-Academic Staff Member	Ms Donna Pierz-Fennell (until 31 July 2021)	Governance & Nominations Reinforced Extraordinary Committee of Court	4/4
	Dr Lorna Dargan (from 1 August 2021)	Governance & Nominations Health & Safety Assurance Group Reinforced Extraordinary Committee of Court	n/a
Trade Union Representatives (2) (new post)	Mr Alex Duncan (from 1 August 2020)	Health & Safety Assurance Group People & Diversity Assurance Group	4/4
	Dr Malcolm Petrie (from 1 August 2020)	Academic Assurance Group People & Diversity Assurance Group (from 1 August 2021)	4/4
Student Representatives (2)	Mr Dan Marshall (President, until 30 June 2021)	Governance & Nominations Planning & Resources Committee Reinforced Extraordinary Committee of Court	4/4
	Ms Lottie Doherty (President, from 1 July 2021)	Governance & Nominations Planning & Resources Committee	n/a
	Ms Amy Gallacher (Director of Education, until 30 June 2021)	Planning & Resources Committee (in attendance)	4/4
	Ms Leonie Malin Höher (Director of Education, from 1 July 2021)	Planning & Resources Committee (in attendance)	n/a

Membership of the University Court (cont'd)

Status	Member	Membership of Standing Committees & Assurance Groups	Court meetings attended 2020/21
Non-Executive Members (8)	Mr Tim Allan	Planning & Resources Committee Remuneration Committee (from 1 August 2021)	4/4
	Mr Ken Dalton (until 31 July 2021)	Governance & Nominations Remuneration Committee Superannuation & Life Assurance Group	2/4
	Ms Alison Johns (from 1 August 2021)	-	n/a
	Mr Frank MacInnis	Audit & Risk Committee Health & Safety Assurance Group (from 1 August 2021)	4/4
	Ms Eve McCurrich	Planning & Resources Committee	3/4
	Professor Stuart Monro OBE	<i>See above for Deputy Chair of Court</i>	<i>See above</i>
	Mr Nigel Morecroft (until 31 December 2020)	Investments & Treasury Assurance Group People & Diversity Assurance Group Remuneration Committee Reinforced Extraordinary Committee of Court	1/1
	Professor Anu Ojha OBE (from 1 August 2021)	-	n/a
	Dame Anne Pringle (until 31 December 2020)	Planning & Resources Committee Reinforced Extraordinary Committee of Court	1/1
	Lord Duncan of Springbank (from 1 January 2021)	Remuneration Committee (from 1 January 2021)	2/3
	Ms Jenny Stewart (from 1 January 2021)	Remuneration Committee (from 1 August 2021) Investments & Treasury Assurance Group (from 1 January 2021)	3/3
	Professor Sir David Wallace (until 31 July 2021)	Audit & Risk Committee Remuneration Committee Reinforced Extraordinary Committee of Court	4/4

Membership of Standing Committees

The Committees reporting to the University Court are as follows: Audit & Risk Committee; Governance & Nominations Committee; Planning & Resources Committee and Remuneration Committee. The responsibilities of the following Committees are outlined in the Corporate Governance Statement on pages 19 to 27.

Audit & Risk Committee

Status	Member	Meetings attended 2020/21
Non-Executive Members of Court	Professor Sir David Wallace (convenor and member until 1 August 2021)	4/4
	Mr Frank MacInnis	4/4
Assessor of the General Council	Mr Nigel Christie (until 31 December 2020)	2/2
	Mr Iain Anderson (from 1 August 2021)	n/a
	Mr Jonathan Hewitt (from 1 January 2021, convenor from 1 August 2021)	2/2
Co-opted External Members	Ms Lynn Brown (until 28 April 2021)	1/3
	Ms Nicola Catterall	3/4
	Ms Jane Pearce	4/4

Governance & Nominations Committee

Status	Member	Meetings attended 2020/21
External Convenor	Professor Stuart Monro OBE	3/3
<i>ex officio</i> members:		
Senior Lay Member	Ms Catherine Stihler OBE (from 1 August 2020)	3/3
Principal	Professor Sally Mapstone	3/3
President of the Students' Association	Mr Dan Marshall (until 30 June 2021)	3/3
	Ms Lottie Doherty (from 1 July 2021)	n/a
Non-Executive Members of Court	Mr Ken Dalton (until 31 July 2021)	2/3
	Professor Stuart Monro OBE	See above
Non-Academic Staff Member	Ms Donna Pierz-Fennell (until 31 July 2021)	3/3
	Dr Lorna Dargan (from 1 August 2021)	n/a
Assessor of the Senatus Academicus	Dr Derek Ball	3/3

Membership of Standing Committees (cont'd)

Planning & Resources Committee (PARC)

Status	Member	Meetings attended 2020/21
<i>ex officio</i> members:		
Senior Lay Member	Ms Catherine Stihler OBE (convenor from 1 August 2020)	4/4
Principal	Professor Sally Mapstone	4/4
Quaestor & Factor	Mr Derek Watson	4/4
President of the Students' Association	Mr Dan Marshall (until 30 June 2021)	4/4
	Ms Lottie Doherty (from 1 July 2021)	n/a
Non-Executive Members of Court	Mr Tim Allan	4/4
	Ms Eve McCurrich	4/4
	Professor Stuart Monro OBE	4/4
	Dame Anne Pringle (until 31 December 2020)	2/2
Lay Member (The Chancellor's Assessor)	Mr Adrian Greer	4/4
Assessor of the Senatus Academicus	Professor Sharon Ashbrook	4/4

Remuneration Committee

Status	Member	Meetings attended 2020/21
<i>ex officio</i> members:		
Senior Lay Member	Ms Catherine Stihler OBE (from 1 August 2020)	2/2
Non-Executive Members of Court	Mr Nigel Morecroft (until 31 December 2020)	1/1
	Lord Duncan of Springbank (from 1 January 2021)	0/1
	Mr Ken Dalton (until 31 July 2021)	1/2
	Professor Sir David Wallace (until 31 July 2021)	2/2
	Mr Tim Allan (from 1 August 2021)	n/a
	Ms Jenny Stewart (from 1 August 2021)	n/a
Lay Member (The Chancellor's Assessor)	Mr Adrian Greer (Convenor from 1 August 2020)	2/2
Assessor of the General Council	Mr Nigel Christie (until 31 December 2020)	1/1
Co-opted External Member	Ms Lynne Dalgarno (until 31 July 2021)	2/2
	Ms Moira Maguire (from 1 August 2021)	n/a

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

Membership of Reinforced Extraordinary Committee

Reinforced Extraordinary Committee of Court (RECC)

The RECC was an emergency committee convened to deal with the emergency circumstances arising out of the Covid-19 pandemic and was approved by Court on 3 April 2020. Further details of this Committee are outlined in the Corporate Governance Statement on pages 19-27. The RECC was established to operate between Court meetings and over the summer period and has not been convened since its last meeting of 7 September 2020. The potential remains to reconvene the RECC should circumstances dictate, and with the approval of Court.

Status	Member	Meetings attended 2020/21
<i>ex officio</i> members:		
Senior Lay Member	Ms Catherine Stihler OBE (from 1 August 2020)	3/3
Principal	Professor Sally Mapstone	3/3
President of the Students' Association	Mr Dan Marshall (until 30 June 2021)	3/3
Non-Executive Members of Court	Professor Stuart Monro OBE	2/3
	Mr Nigel Morecroft (until 31 December 2020)	2/3
	Professor Sir David Wallace (until 31 July 2021)	2/3
	Dame Anne Pringle (until 31 December 2020)	3/3
Non-Academic Staff Member	Ms Donna Pierz-Fennell (until 31 July 2021)	3/3
Lay Member (The Chancellor's Assessor)	Mr Adrian Greer	3/3
Assessor of the Senatus Academicus	Professor Mark Harris	3/3
Assessor of the General Council	Mr Jonathan Hewitt	2/3

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 2021 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 state of affairs as at 31 July 2021 and of the group and parent institution's income and expenditure, recognised gains and losses, changes in reserves, and of the group's statement of cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution 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 parent institution's ability to continue as a going concern for a period of 21 months to 31st July 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors 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 set out on pages 3-36, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

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 there is 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 the University Court

As explained more fully in the Statement of Responsibilities of Court set out on page 28 and 29, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Court is responsible for assessing the group'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 intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 income and expenditure. 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 and a review of Court minutes to identify any non-compliance with laws and regulations.

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 of St Andrews 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

Date:

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

FINANCIAL STATEMENTS

Statement of Principal Accounting Policies

(for the year ended 31 July 2021)



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 cashflows of the University, as a result of the Covid-19 pandemic, 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 terms of attracting and maintaining student numbers, sustaining research activity as well as strong demand for residential accommodation and the delivery of substantial recurring and non-recurring savings over the last 12 months, 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 2023 which Court believe to be appropriate for the following reasons:

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 2020/21, even during the pandemic. The University's dual-mode delivery teaching model, with all lectures (more than 35 students), delivered online, supplemented by face-to-face and remote small group tutorials and seminars affords students the ability to learn on campus or remotely, mitigating the risk of Covid-19 on its teaching activity. Worldwide travel restrictions continue to be unpredictable for overseas students. The University's ability to offer quarantine and self-isolation accommodation facilities for students has reduced this risk to some extent whilst also mitigating against any potential risk of under occupancy. Demand for residential accommodation in 2021/22 is therefore strong with capacity full and a waiting list of students still looking to secure university accommodation.

In the 12 months to 31 July 2021, the University generated total comprehensive income for the year of £67.3m (2019/20: £8.1m) and at 31 July 2021 held net assets of £376.5m (2019/20: £309.2m) and net current liabilities of £5.0m (2019/20: £26.4m). We would never fail to pay a

liability as we have a £25m RCF in place should we require it. Borrowings amounted to £109.3m (2019/20: £122.1m) of unsecured loans (note 21 – long term liabilities of £108.3m, and short term of £1.0m), equivalent to 38.0% (2019/20: 38.4%) of turnover in the year. In addition, the University held cash and cash equivalents and investments of £51.7m (2019/20: £36.4m) and a Revolving Credit Facility of £25.0m, expiring in 2024. At the year end the full facility of £25m was available for draw down. The £10m draw down in July 2020 was repaid at the end of September 2020 without being utilised. No further drawdowns were made throughout the year. Liquidity headroom for the group as at 31 July 2021 was £76.6m (£51.6m cash and £25.0m RCF) and the current position as at 30 September 2021 is £111.1m (£86.1m cash and £25.0m RCF).

The unsecured debt is subject to financial covenants as set out in note 21. As at 31 July 2021 all financial covenants continue to be met and are projected to be met throughout the going concern period to 31 July 2023.

A Financial Plan for 2021/22 through to 2023/24 has been approved by Court and reflects plans for a more normal year ahead. Although the University, and indeed the sector, has gone through a period of significant uncertainty due to the Covid-19 pandemic, and that uncertainty has not yet concluded, the Financial Plan presents a more positive picture, benefiting from the growth in student numbers and delivery of substantial savings over the last twelve months thus enabling planned investments supporting the delivery of the University Strategy. Any potential impacts of Covid-19 have been minimised through dual-delivery teaching, and with recent government guidance supporting a resumption of in-person teaching and student activities, this further strengthens management's positive view.

The USS pension scheme risks to the delivery of the Financial Plan regarding contributions, appear to have receded with a new revised proposal, this has been agreed between the Joint Negotiating Committee (JNC) and USS Trustees. The USS Trustee will be announcing details of the consultation later this autumn on proposed reforms to scheme benefits from April 2022.

In light of the recent Scottish Government announcement moving Scotland beyond level zero and relaxing all social distancing measures, University management remain positive about the outlook. Some guidance and restrictions remain in place, like the potential use of travel restrictions to protect against the spreads of outbreaks or the importation of new variants, however any potential impacts have been minimised through dual-delivery teaching, funding quarantine costs for students and the ability to offer quarantine and self-isolation accommodation facilities to students in St Andrews.

In support of this plan, cashflow projections have been prepared to the 31 July 2023. 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 £36.6m throughout the going concern period to 31 July 2023. The University continues to carefully monitor the impact of Covid-19 on its financial position. Senior management have considered the impact of Covid-19 on 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 delivery of substantial savings over the last 12 months, 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 £21.7m in 2021/22. The use of similar mitigating actions has already been evidenced through decisive management action during the second half of 2019/20.

The University has strong investment grade credit ratings, as demonstrated by our 'eligible in principle' status of our paused application to the UK Government's Corporate Covid Financing Facility. In addition, an extremely competitively priced RCF, and 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. The current Capital Plan includes a number of aspirational capital programmes which will only go ahead if sufficient financing is in place and is kept under review by management. An assessment will be made whether to proceed with these schemes closer to the time. We will continue to strengthen our liquidity and balance sheet to place us in a strong position as we continue to emerge from this 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 2023.

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 2021. 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:

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

The amount recognised as a provision is 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, 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 taxation is based on the taxable profit or loss for the year after the cost of any Gift Aid payment paid to the University.

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**

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 profit and loss 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**

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 32 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 32.

- **Other provisions**

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**

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**

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 2021)



Consolidated and University Statement of Comprehensive Income

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees & education contracts	1	121,945	121,945	109,219	109,219
Funding body grants	2	48,167	48,167	38,777	38,777
Research grants & contracts	3	43,656	43,872	40,030	40,085
Other income	4	66,262	62,191	64,707	59,192
Investment income	5	3,855	3,954	3,748	3,890
Donations and endowments	6	6,493	6,493	5,192	5,476
Total income		290,378	286,622	261,673	256,639
Expenditure					
Staff costs	7	149,282	146,950	145,109	142,378
USS deficit provision/(release)	7	915	915	(28,804)	(28,804)
Other operating expenses		78,024	77,090	93,473	92,991
Depreciation	11	16,211	15,146	14,715	13,657
Interest and other finance costs	8	5,429	5,432	6,145	6,144
Total expenditure	9	249,861	245,533	230,638	226,366
Surplus before other (losses)/gains		40,517	41,089	31,035	30,273
Loss on disposal of assets		(186)	(186)	(346)	(346)
Gain/(loss) on investment property		118	118	(212)	(212)
Gain on investments		18,677	18,677	3,147	3,147
Gain on sale of associate		486	486	-	-
Surplus before tax		59,612	60,184	33,624	32,862
Taxation	10	(40)	-	(48)	-
Surplus for the year		59,572	60,184	33,576	32,862
Actuarial gain/(loss) in respect of pension schemes	32	7,732	7,732	(25,487)	(25,487)
Total comprehensive income for the year		67,304	67,916	8,089	7,375
Represented by:					
Endowment comprehensive income for the year	23	22,160	22,160	5,676	5,676
Restricted comprehensive income for the year	24	2,365	2,365	195	195
Unrestricted comprehensive income for the year		42,779	43,391	2,218	1,504
		67,304	67,916	8,089	7,375

All items of income and expenditure relate to continuing activities.

Consolidated and University Statement of Changes in Reserves

(for the year ended 31 July 2021)



Consolidated and University Statement of Changes in Reserves

Income and expenditure account				
Consolidated	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Balance at 1 August 2019	89,897	17,465	193,708	301,070
Surplus for the year	5,676	4,659	23,241	33,576
Other comprehensive expenditure	-	-	(25,487)	(25,487)
Release of restricted funds spent in the year	-	(4,464)	4,464	-
Total comprehensive income for the year	5,676	195	2,218	8,089
Balance at 1 August 2020	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	-
Total comprehensive income for the year	22,160	2,365	42,779	67,304
Balance at 31 July 2021	117,733	20,025	238,705	376,463

University	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Balance at 1 August 2019	89,897	17,465	194,179	301,541
Surplus for the year	5,676	4,659	22,527	32,862
Other comprehensive expenditure	-	-	(25,487)	(25,487)
Release of restricted funds spent in the year	-	(4,464)	4,464	-
Total comprehensive income for the year	5,676	195	1,504	7,375
Balance at 1 August 2020	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	-
Total comprehensive income for the year	22,160	2,365	43,391	67,916
Balance at 31 July 2021	117,733	20,025	239,074	376,832

Consolidated and University Statement of Financial Position

(as at 31 July 2021)



Consolidated and University Statement of Financial Position

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Tangible Fixed assets	11	446,672	428,470	434,163	414,935
Heritage assets	11	38,808	38,808	38,808	38,808
Investments	14	112,163	130,931	90,268	108,092
		597,643	598,209	563,239	561,835
Current assets					
Stock	16	968	753	1,027	793
Trade and other receivables	17	28,628	34,221	29,398	36,640
Current Investments	18	14,270	14,270	8,275	8,275
Cash and cash equivalents	25	37,453	30,919	28,103	23,656
		81,319	80,163	66,803	69,364
Less: Creditors: amounts falling due within one year	19	(86,320)	(85,456)	(93,236)	(94,731)
Net current liabilities		(5,001)	(5,293)	(26,433)	(25,367)
Total assets less current liabilities		592,642	592,916	536,806	536,468
Creditors: amounts falling due after more than one year	20	(108,343)	(108,248)	(111,258)	(111,163)
Provisions					
Pension provisions	22	(106,129)	(106,129)	(108,756)	(108,756)
Other provisions	22	(1,707)	(1,707)	(7,633)	(7,633)
Total net assets		376,463	376,832	309,159	308,916
Restricted reserves					
Income and expenditure reserve – endowment reserve	23	117,733	117,733	95,573	95,573
Income and expenditure reserve – restricted reserve	24	20,025	20,025	17,660	17,660
Unrestricted reserves					
Income and expenditure reserve – unrestricted		238,705	239,074	195,926	195,683
Total reserves		376,463	376,832	309,159	308,916

Approved by the University Court of the University of St Andrews on 22 October 2021 and signed on its behalf by:

Professor Sally Mapstone,
Principal and Vice-Chancellor

Ms Catherine Stihler,
Senior Lay Member

Mr Andy Goor,
Chief Financial Officer

Consolidated and University Statement of Cash Flows

(Year ended 31 July 2021)



Consolidated and University Statement of Cash Flows

	Notes	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Cash flow from operating activities			
Surplus for the year before tax		59,612	33,624
Adjustment for non-cash items			
Depreciation	11	16,211	14,715
(Gain)/loss on investment property	11	(118)	212
Gain on investments	23	(21,182)	(5,137)
Decrease in stock	16	59	9
Decrease/(increase) in debtors	17	770	(297)
Increase in creditors	19	4,193	686
Increase/(decrease) in pension provisions	22	5,105	(24,478)
(Decrease)/increase in other provisions	22	(5,926)	6,582
Adjustment for investing or financing activities			
Investment income	5	(3,855)	(3,748)
Endowment income	6	(2,231)	(1,418)
Interest payable	8	4,076	4,098
Loss on the sale of fixed assets		186	346
Capital grant income	2/4	(16,163)	(5,747)
Cashflows from operating activities		40,737	19,447
Taxation		(40)	(48)
Net cash inflow from operating activities		40,697	19,399
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	265
Capital grant receipts	2/4	16,163	5,747
Additions to non-current asset investments		(673)	(5,718)
(Increase)/decrease in cash on deposit		(5,995)	25,406
Investment income	5	3,855	3,748
Payments made to acquire fixed assets		(29,932)	(52,592)
Net cash outflow from investing activities		(16,582)	(23,144)
Cash flows from financing activities			
Interest paid	8	(4,076)	(4,098)
Endowment cash received	6	2,231	1,418
New unsecured loans	21	-	10,000
Repayments of amounts borrowed	21	(12,920)	(5)
Net cash (outflow)/inflow from financing activities		(14,765)	7,315
Increase in cash and cash equivalents in the year		9,350	3,570
Cash and cash equivalents at beginning of the year	25	28,103	24,533
Cash and cash equivalents at end of the year	25	37,453	28,103
		9,350	3,570

Notes to the Accounts

(as at 31 July 2021)



1. Tuition fees and education contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time home and EU students	13,436	13,436	11,441	11,441
RUK students (new fee rates)	21,302	21,302	19,406	19,406
Full-time international students	79,765	79,765	72,204	72,204
Part-time home and EU students	397	397	340	340
Part-time international students	45	45	85	85
Research training support grant	3,612	3,612	2,992	2,992
Short course fees	3,202	3,202	2,472	2,472
Other tuition fees	186	186	279	279
	121,945	121,945	109,219	109,219

2. Funding body grants

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Recurrent grant				
Teaching	15,660	15,660	15,512	15,512
Research	19,988	19,988	19,104	19,104
Specific grants				
Covid-19 support grants – restarting research	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	1,493	1,493	1,553	1,553
Capital grants	2,512	2,512	2,608	2,608
	48,167	48,167	38,777	38,777

3. Research grants and contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Research councils	19,492	19,492	15,297	15,297
UK Government bodies, local & health authorities	5,618	5,618	4,285	4,285
UK based charities	4,658	4,658	4,534	4,534
UK industry, commerce & public corporations	937	1,153	1,165	1,220
EU government bodies	7,248	7,248	7,123	7,123
EU other	1,284	1,284	3,358	3,358
Other overseas	4,265	4,265	4,135	4,135
Other sources	154	154	133	133
	43,656	43,872	40,030	40,085

Included in the Statement of Financial Position is £4.3m (2019/20: £4.0m) in relation to government grants with time, performance or milestone conditions where the conditions were unfulfilled as at 31 July 2021 and where income will be released over the coming financial periods as these conditions are met. Research grant and contract income disclosed above includes several 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 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences fees	20,874	20,874	26,273	26,273
Insurance compensation	16,156	16,156	15,913	15,913
Capital donations	12,857	12,857	3,139	3,139
Consultancy, knowledge transfer and cultural engagement	4,391	584	3,888	420
Third party contributions to operational activities	2,740	2,163	3,071	2,659
External contribution to salaries	2,152	2,230	1,409	1,487
Coronavirus Job Retention Scheme	1,990	1,925	2,910	2,816
Non research prizes and awards	1,157	1,144	765	765
Royalties	781	781	930	930
Miscellaneous sales	728	194	1,200	578
Other services provided	675	690	664	719
Other income	643	643	614	614
Memberships	532	532	797	797
Foreign exchange gains	469	531	27	95
Conference sales	343	75	1,242	-
Rental	335	335	312	434
Hire and facilities	253	253	309	309
Continuing professional development	128	128	335	335
Academic conferences	60	60	199	199
Bar sales	32	32	638	638
Subscription income	4	4	72	72
(Loss)/profit share	(1,038)	-	75	-
	66,262	62,191	64,782	59,192

Under the Coronavirus Job Retention Scheme (CJRS) grant income may be claimed in respect of certain costs to the University of furloughed employees. The CJRS income included above reflects the costs incurred during the year that are eligible to be included in CJRS grant claims to the extent the University considers there to be reasonable certainty that the grant will be received. The costs of furloughed staff are reported within staff costs (note 7).

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

5. Investment income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Interest from short-term investments	329	251	579	524
Interest from long-term investments	-	177	-	197
Investment income on restricted endowments	3,225	3,225	2,881	2,881
Investment income on unrestricted endowments	301	301	288	288
	3,855	3,954	3,748	3,890

6. Donations and endowments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
New endowments (note 23)	2,231	2,231	1,418	1,418
Donations with restrictions (note 24)	3,030	3,030	2,760	2,760
Restricted donations with performance conditions	466	466	404	404
Unrestricted donations	766	766	610	894
	6,493	6,493	5,192	5,476

7. Staff costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Staff Costs:				
Salaries	114,725	112,665	112,036	109,591
Social security costs	10,481	10,338	10,280	10,147
Other pension costs (note 32)	24,076	23,947	22,793	22,640
	149,282	146,950	145,109	142,378
Movement on USS deficit provision	915	915	(28,804)	(28,804)
	150,197	147,865	116,305	113,574

7. Staff costs (cont'd)

Included within other income (note 4) is funding for staff costs reclaimed through the Coronavirus Job Retention Scheme (CJRS) of £2.0m (2019/20: £2.9m). The total number of staff who were subject to furlough at any point during the year was 687 (2019/20: 920) as detailed below:

	Total
Salaried/permanent staff	575
Casual staff	112
Total	687

Of these staff, around 66% 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 32.

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Emoluments of the Principal:		
Salary	266	256
Payment in lieu of employers pension contributions	32	32
Other taxable benefits:		
Payments to third parties	-	1
Non-taxable benefits:		
Living accommodation	7	7
Total emoluments	305	296

As outlined above the Principal receives a non-taxable benefit for living accommodation. 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. 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 pays a contribution towards the running costs of the accommodation noted above, with the balance being paid by the University on behalf of the Principal, as reflected by the payments to third parties. The Principal contributed fully to the running costs during the year.

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 shown in the table above is the reduced amount, taking account of the waiver for the one month falling within the year ended 31 July 2021. The amount of the waiver for the year ended 31 July 2021 was £4,500.

The Principal's total remuneration is 7.53 times (2020: 7.53 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 and the Principal's salary is based on the annual full time equivalent rather than the reduced amount shown above. The Principal's remuneration (net of waiver) is 7.41 times the median pay of staff, as defined above. There is no change in median compared to the prior year.

7. Staff costs (cont'd)

	2020/21 No.	2019/20 No.
Remuneration of other higher paid staff, excluding employer's pension contributions:		
£100,001 to £105,000	13	17
£105,001 to £110,000	7	9
£110,001 to £115,000	3	4
£115,001 to £120,000	4	5
£120,001 to £125,000	7	6
£125,001 to £130,000	2	1
£130,001 to £135,000	1	1
£135,001 to £140,000	2	2
£140,001 to £145,000	1	-
£145,001 to £150,000	1	1
£150,001 to £155,000	-	1
£175,001 to £180,000	-	1
£180,001 to £185,000	1	1
£185,001 to £190,000	1	-
£190,001 to £195,000	1	-
£195,001 to £200,000	-	1
£235,001 to £240,000	-	1
£240,001 to £245,000	1	-
	45	51

The Principal has been excluded from the table above.

	No.	No.
Average staff numbers by major category:		
Academic	1,145	1,154
Academic support services	330	332
Research	412	336
Administration	433	417
Premises	252	249
Catering and residencies	258	278
	2,830	2,766

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 & Innovation); Vice-Principal (Collections, Music and Digital Content); Assistant Vice-Principal (Provost); Assistant Vice-Principal (Diversity); Assistant Vice-Principal (Dean of Learning and Teaching); Assistant Vice-Principal (Dean of Arts and Divinity) and Assistant Vice-Principal (Dean of Science).

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Salaries	1,405	1,257
Employer's pension contributions	230	202
Total compensation	1,635	1,459

	Year ended 31 July 2021 No.	Year ended 31 July 2020 No.
Number of posts (expressed as full-time equivalents) that are included as key management personnel	11.2	10.1

During the year, three new posts were established, the positions of Assistant Vice-Principal (Dean of Learning and Teaching) in February 2021, Assistant Vice-Principal (Dean of Science) in March 2021 and Assistant Vice-Principal (Dean of Arts and Divinity) in May 2021.

8. Interest and other finance costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Loan interest	4,061	4,064	4,085	4,084
Interest paid to endowment funds	15	15	13	13
Net charge on USS pension scheme	239	239	956	956
Net charge on S&LAS pension scheme (note 32)	1,114	1,114	1,091	1,091
	5,429	5,432	6,145	6,144

9. Analysis of total expenditure by activity

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic and related expenditure	84,786	84,786	72,325	72,325
Academic support services	22,674	22,674	20,771	20,771
Administration and central services	27,163	27,163	24,482	24,482
Premises (including service concession costs)	24,590	26,209	23,787	25,601
Research grants and contracts	35,795	35,795	27,394	27,394
Residences, catering and conferences	25,187	26,488	24,230	25,930
Other expenses	29,274	22,026	25,734	17,948
BMS fire expenditure	392	392	11,915	11,915
	249,861	245,533	230,638	226,366

Other operating expenses include:	2020/21	2019/20
External auditor's remuneration in respect of:		
audit services	165	177
assurance related non-audit services	10	40
Internal auditor's remuneration in respect of:		
audit services	143	94
non-audit services	65	78
Hire of plant and equipment	218	336

The non-audit assurance related services provided by the external auditors in 2019/20 include the triennial review of the US GAAP accounts. The non-audit services provided by internal auditors included both tax and actuarial pension advice.

10. Taxation

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Tax charge on subsidiary profits	40	-	48	-

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
Cost							
At 1 August 2020	459,058	64,722	107,490	2,650	633,920	38,808	672,728
Additions	405	23,352	5,064	-	28,821	-	28,821
Transfers	59,015	(60,014)	999	-	-	-	-
Revaluation	118	-	-	(40)	78	-	78
Disposals	(1,764)	-	(176)	-	(1,940)	-	(1,940)
At 31 July 2021	516,832	28,060	113,377	2,610	660,879	38,808	699,687
Depreciation							
At 1 August 2020	110,080	-	89,677	-	199,757	-	199,757
Charge for Year	11,928	-	4,283	-	16,211	-	16,211
Disposals	(1,585)	-	(176)	-	(1,761)	-	(1,761)
At 31 July 2021	120,423	-	93,784	-	214,207	-	214,207
Net Book Value							
At 31 July 2021	396,409	28,060	19,593	2,610	446,672	38,808	485,480
At 31 July 2020	348,978	64,722	17,813	2,650	434,163	38,808	472,971

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
Cost							
At 1 August 2020	441,108	64,722	101,972	2,650	610,452	38,808	649,260
Additions	421	23,352	5,009	-	28,782	-	28,782
Transfers	59,015	(60,014)	999	-	-	-	-
Revaluation	118	-	-	(40)	78	-	78
Disposals	(1,764)	-	(176)	-	(1,940)	-	(1,940)
At 31 July 2021	498,898	28,060	107,804	2,610	637,372	38,808	676,180
Depreciation							
At 1 August 2020	107,658	-	87,859	-	195,517	-	195,517
Charge for Year	11,233	-	3,913	-	15,146	-	15,146
Disposals	(1,585)	-	(176)	-	(1,761)	-	(1,761)
At 31 July 2021	117,306	-	91,596	-	208,902	-	208,902
Net Book Value							
At 31 July 2021	381,592	28,060	16,208	2,610	428,470	38,808	467,278
At 31 July 2020	333,450	64,722	14,113	2,650	414,935	38,808	453,743

Included within fixed assets is an amount of £3.5m (2019/20: £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 2021 by the District Valuer and the net movement of £40,000 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:

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Acquisitions purchased with University funds	-	-	45	60	-
Total cost of acquisitions purchased	-	-	45	60	-
Value of acquisitions by donation	-	-	-	-	270
Total acquisitions purchased	-	-	45	60	270

12. Heritage assets (cont'd)

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
- The Special Collections – 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, £6.5m of 2021/22 rental costs has been recorded within other operating expenses, with a corresponding income of £6.5m. In the Statement of Financial Position, the University has recorded a liability of £6.5m which has been offset by £6.5m debtor in relation to service concession arrangements.

14. Non-current Investments

	Subsidiary companies £000	Other fixed asset investments £000	Total £000
Consolidated			
At 1 August 2020	-	90,268	90,268
Additions	-	26,645	26,645
Disposals	-	(27,188)	(27,188)
Appreciation	-	21,222	21,222
Debtor movement	-	219	219
Cash movement	-	997	997
At 31 July 2021	-	112,163	112,163
University			
At 1 August 2020	17,824	90,268	108,092
Additions	944	26,645	27,589
Disposals	-	(27,188)	(27,188)
Appreciation	-	21,222	21,222
Debtor movement	-	219	219
Cash movement	-	997	997
At 31 July 2021	18,768	112,163	130,931

14. Non-current Investments (cont'd)

Additional Analysis of other fixed asset investments	£000
Endowment Equities	89,298
Non-Endowment Equities	63
Multi-asset Investments	9,403
Property Trust	10,758
Creditors	342
Cash and cash equivalent	2,299
Total Investments	112,163

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

Subsidiary companies

The University owns the following subsidiary companies directly:

Company	Country of incorporation	Activity
St Andrews University Services Ltd	Scotland	Vacation letting
St Andrews Applied Research Ltd	Scotland	Applied Research

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

Company	Country of incorporation	Activity
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
St Andrews Lean Consulting Ltd	Scotland	Management Change Consultancy
Drochaid Research Services Ltd	Scotland	Contract Research
Eden Campus Properties Ltd	Scotland	Property Rental
Eden Campus Consultancy Ltd (51% owned)	Scotland	Management Consultancy
St Andrews West Properties Ltd	Scotland	Property Development
SUMAC Mentoring Ltd	Scotland	Mentoring Programme
Smart History Ltd (60% owned)	Scotland	Computer Science & History
SOI Ltd	Scotland	Marine Science
SMRU Ltd	Scotland	Marine Science
St Andrews Instrumentation Ltd	Scotland	Marine Science
StAAR Inc	USA	Applied Research
SMRU (Hong Kong) Ltd	Hong Kong	Marine Science
SMRU (Canada) Ltd	Canada	Marine Science
SMRU LLC	USA	Marine Science

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 losses of £1.0m (2019/20: £0.1m share of profit) has been recognised as an expense and is reported in the Consolidated Statement of Comprehensive Income.

16. Stock

	As at 31 July 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of:				
Consumables	753	753	793	793
Goods for resale	215	-	234	-
	968	753	1,027	793

17. Trade and other receivables

	As at 31 July 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts receivable within one year				
Research grants receivables	8,794	8,794	7,970	7,970
Debts due from students	1,499	1,499	1,432	1,432
Trade receivables	2,024	1,271	2,296	1,593
Amounts due from subsidiary companies	-	1,485	-	1,458
Other receivables	3,290	385	2,328	269
Prepayments and accrued income	13,021	11,993	15,372	14,630
	28,628	25,427	29,398	27,352
Amounts receivable after more than one year				
Amounts due from subsidiary companies	-	8,794	-	9,288
Total trade and other receivables	28,628	34,221	29,398	36,640

Interest of £0.2m (2019/20: £0.2m) which relates to the long-term receivable due from subsidiaries has been credited to the University's Statement of Comprehensive Income (note 5). Interest on the receivable accrues at 2% per annum and is due to be repaid in November 2023.

18. Current investments

	As at 31 July 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Deposits maturing:				
In one year or less	14,270	14,270	8,275	8,275
	14,270	14,270	8,275	8,275

19. Creditors: amounts falling due within one year

	As at 31 July 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Trade payables	8,983	8,470	5,558	5,099
Social security and other taxation payable	2,792	2,701	2,880	2,729
Amounts owed to group undertakings	-	397	-	1,493
Accruals and deferred income	73,585	72,928	73,833	74,445
Unsecured loans (note 21)	960	960	10,965	10,965
	86,320	85,456	93,236	94,731

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 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Donations with performance conditions	2,088	2,088	3,243	3,243
Doctorial training grants	1,674	1,674	1,549	1,549
Student receipts in advance	11,677	11,677	11,224	11,224
Grant income (including pooling)	1,804	1,804	24	24
Other income with performance conditions	2,819	2,819	2,503	2,503
Research grants received on account	27,724	27,724	30,242	30,242
Other accruals and deferred income	19,313	18,656	18,495	19,107
Service concession arrangement	6,486	6,486	6,553	6,553
	73,585	72,928	73,833	74,445

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

	As at 31 July 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loans	108,248	108,248	111,163	111,163
Cumulative convertible preference shares	95	-	95	-
	108,343	108,248	111,258	111,163

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

21. Loans

Analysis of unsecured loans:

	As at 31 July 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Due within one year (note 19)	960	960	10,965	10,965
Due between one and two years	960	960	960	960
Due between two and five years	8,438	8,438	10,638	10,638
Due in five years or more	98,850	98,850	99,565	99,565
Due after more than one year	108,248	108,248	111,163	111,163
Total unsecured loans	109,208	109,208	122,128	122,128
Unsecured loans repayable by 2022	1,257	1,257	1,257	1,257
Unsecured loans repayable by 2023	4,300	4,300	6,500	6,500
Unsecured loans repayable by 2026	3,781	3,781	4,261	4,261
Unsecured loans repayable by 2028	70	70	75	75
Unsecured loans repayable by 2029	1,840	1,840	2,070	2,070
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
	108,248	108,248	111,163	111,163

Included in loans are the following:

Lender	Amount £000	Repayments Commence	Interest Rate
Amber Green SPRUCE 2 LLP	4,300	2023	2.00%
Northwestern Mutual Life Insurance	37,000	2033	2.43%
Barclays Bank Plc	60,000	2039	5.06%
SFC (Salix carbon reduction loan)	4,501	2021	-
SFC (Salix original loan)	1,257	2022	-
Lawn Tennis Association	80	2019	-
SFC (Solar farm loan)	2,070	2021	0.25%
Total	109,208		

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

Lending arrangements with Amber Green SPRUCE 2 LLP, 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 2021.

In July 2020, the University drew down £10m of its £25m four-year Revolving Credit Facility (RCF). This was repaid in full on 28 September 2020. The University does not intend to make any further draw downs on its facility over the going concern period to 31 July 2023.

22. Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations (note 32) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2020	(32,672)	(76,084)	(108,756)	(7,295)	(338)	(7,633)
Utilised in year	1,287	24,423	25,710	6,745	338	7,083
Additions	(2,441)	(20,642)	(23,083)	(1,052)	(105)	(1,157)
Balance at 31 July 2021	(33,826)	(72,303)	(106,129)	(1,602)	(105)	(1,707)

University	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations (note 32) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2020	(32,672)	(76,084)	(108,756)	(7,295)	(338)	(7,633)
Utilised in year	1,287	24,423	25,710	6,745	338	7,083
Additions	(2,441)	(20,642)	(23,083)	(1,052)	(105)	(1,157)
Balance at 31 July 2021	(33,826)	(72,303)	(106,129)	(1,602)	(105)	(1,707)

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 32(a).

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 32(a). This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. Since the year end, a number of changes have been proposed in order to address the schemes funding position as part of the 2020 actuarial valuation. Further details are set out in note 32.

During the year, the University reached agreement with the insurance company regarding the BMS fire, and the provision made in relation to BMS fire related assets was released. In addition, the provision for the estimated additional cost of 2019/20 University funded studentships beyond the original contract end dates (due to Covid-19) was also released as the cost of this was met by additional SFC funding.

23. Endowment reserves

Consolidated and University	Unrestricted permanent endowments £000	Restricted permanent endowments £000	2021 Total £000	2020 Total £000
Balances at 1 August 2020				
Capital	7,556	81,962	89,518	84,953
Accumulated income	-	6,055	6,055	4,944
	7,556	88,017	95,573	89,897
New endowments	305	1,926	2,231	1,418
Transfers	(218)	(2,287)	(2,505)	(1,990)
Investment income	301	3,226	3,527	3,169
Expenditure	(301)	(1,974)	(2,275)	(2,058)
Increase in market value of investments	1,842	19,340	21,182	5,137
Total endowment comprehensive income for the year	1,929	20,231	22,160	5,676
Balances as at 31 July 2021	9,485	108,248	117,733	95,573
Represented by:				
Capital	9,485	100,941	110,426	89,518
Accumulated Income	-	7,307	7,307	6,055
	9,485	108,248	117,733	95,573
Analysis by type of purpose:				
	£000	£000	£000	£000
Chairs and Lectureships	-	27,116	27,116	21,794
Academic Schools / Unit Support	-	10,903	10,903	9,444
Scholarships and Bursaries	-	65,359	65,359	52,269
Prize funds	-	2,260	2,260	1,860
General	9,485	-	9,485	7,556
Endowment Property	-	2,610	2,610	2,650
	9,485	108,248	117,733	95,573

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 2020 £000	New/ Additions £000	Change in market value £000	Transfer of realised appreciation £000	Income £000	Expenditure £000	As at 31 July 2021 £000
United College Chairs	9,943	-	2,422	(287)	395	(395)	12,078
Lapsed Bursaries Fund	6,703	-	1,555	(184)	255	(122)	8,207
Robert T Jones Memorial Trust Scholarship	5,386	2	1,297	(154)	212	(6)	6,737
General Unrestricted Fund	4,045	-	986	(117)	161	(161)	4,914
Shelby Cullom Davis Chair	3,013	723	700	(83)	115	-	4,468
The R&A Ransome Scholarship	2,768	-	671	(80)	110	(74)	3,395
600th Anniversary Endow Fund	2,575	25	628	(74)	102	(102)	3,154
American Literature Fund	2,401	-	509	(60)	84	(171)	2,763
600th Anniversary Scholarship Fund	1,937	109	436	(50)	70	(53)	2,449
PhD Studentships (Anonymous)	1,985	-	452	(54)	74	(92)	2,365
Maitland Ramsay PG Scholarship	1,997	-	412	(49)	68	(71)	2,357
D & G Bonnyman PG Scholarship	1,933	-	450	(53)	74	(75)	2,329
Prof & Mrs Purdie's Bequests	2,191	1	(60)	(5)	40	(28)	2,139
Gifford Bequest	1,509	-	302	(36)	50	(5)	1,820
John & Aileen Irving Fund	1,301	-	274	(32)	45	-	1,588
Moncrieff Travelling Scholarship	1,318	-	284	(34)	47	(32)	1,583
Barbara Bennett Ure Scholarship	1,251	-	281	(33)	46	(28)	1,517
The R&A International Scholarship	961	-	227	(27)	37	-	1,198
Don Scholarship	968	-	193	(23)	32	-	1,170
Harold Mitchell Fellowship	969	-	208	(25)	34	(27)	1,159
	55,154	860	12,227	(1,460)	2,051	(1,442)	67,390

24. Restricted reserves

Reserves with restrictions are as follows:

Consolidated and University	Unspent capital grants £000	Restricted donations £000	2021 Total £000	2020 Total £000
Balances at 1 August 2020	11,505	6,155	17,660	17,465
New grants	12,857	-	12,857	3,139
New donations	-	3,030	3,030	2,760
Capital grants utilised	(11,944)	-	(11,944)	(4,464)
Expenditure	-	(1,578)	(1,578)	(1,240)
Total restricted comprehensive income for the year	913	1,452	2,365	195
Balances as at 31 July 2021	12,418	7,607	20,025	17,660

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

	2021 Total £000	2020 Total £000
Chairs and Lectureships	8	2
Academic Schools / Unit Support	3,924	3,175
Scholarships and Bursaries	3,458	2,823
Prize funds	217	155
	7,607	6,155

25. Cash and cash equivalents

Consolidated	At 1 August 2020 £000	Cash Flows £000	At 31 July 2021 £000
Cash and cash equivalents	28,103	9,350	37,453

26. Consolidated statement of net debt

	As at 31 July 2021 £000
Net debt at 1 August 2020	(100,673)
Increase in cash and cash equivalents	9,350
Repayment of unsecured loans	12,920
Other non-cash changes	67
Net debt at 31 July 2021	(78,336)
Change in net debt	22,337

Analysis of net debt:

	As at 31 July 2021 £000	As at 31 July 2020 £000
Cash and cash equivalents	37,453	28,103
Borrowings: amounts falling due within one year		
Unsecured loans	(960)	(10,965)
Service concession arrangements (note 13 and 19)	(6,486)	(6,553)
	(7,446)	(17,518)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(108,343)	(111,258)
Net debt	(78,336)	(100,673)

27. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2021:

Consolidated and University	As at 31 July 2021		As at 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	32,444	32,444	11,764	11,764
Authorised but not contracted for	5,106	5,106	24,495	24,495
	37,550	37,550	36,259	36,259

28. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Plant and Machinery £000	Total as at 31 July 2021 £000	Total as at 31 July 2020 £000
Payable during the year	946	164	1,110	507
Future minimum lease payments due:				
Not later than 1 year	371	154	525	357
Later than 1 year and not later than 5 years	317	153	470	559
Later than 5 years	928	-	928	984
Total lease payments due	1,616	307	1,923	1,900

29. Events after the reporting period

As set out in note 32, a new schedule of contributions based on the 2020 actuarial valuation has been agreed in respect of the USS pension scheme. These proposals were a result of the 2020 valuation and are in response to proposed changes to scheme benefits. In accepting these changes, this will result in lower contributions to those otherwise scheduled under the 2018 valuation from 1 October 2021. The consultation of the changes proposed to scheme benefits are expected to begin in November and is legally required to run for at least 60 days.

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed. Under the new plan, deficit recovery contributions cease from 1 October 2021 and recommence 1 April 2022 at 6.3%

of salaries payable for the length of the recovery plan until 31 March 2038. As at 31 July 2021, and with all other assumptions used to calculate the provision unchanged, if the Benefit Change Deed was entered into, the provision for the obligation to fund the deficit would increase by £70.2m to £104.0m. This assumes the proposed Benefit Change Deed is entered into by 28 February 2022. If no Benefit Change Deed is entered into by 28 February 2022, the new plan would require further increased deficit recovery contributions from 1 October 2022 until 31 July 2032. The movement will be updated at 31 July 2022 for the latest position, including updating of all key assumptions and inputs, and will be reflected in the University's financial statements for the year ending 31 July 2022.

30. Amounts disbursed as an agent

Consolidated and University	Year ending 31 July 2021	Year ending 31 July 2020
	£000	£000
Discretionary fund		
Income		
Excess of income over spend at 1 August 2020	-	-
Funding Council grants	1,369	384
	1,369	384
Expenditure		
Disbursed to students	(951)	(340)
Transferred to Childcare Fund	(35)	(43)
Fund running cost	-	(1)
	(986)	(384)
Excess of income over expenditure at 31 July 2021	383	-
Childcare fund		
	£000	£000
Income		
Excess of income over spend at 1 August 2020	-	-
Funding Council grants	-	-
	-	-
Expenditure		
Disbursed to students	(35)	(43)
Transferred from Discretionary Fund	35	43
	-	-
Excess of income over expenditure at 31 July 2021	-	-

Included in the Funding Council grants figure is £1,031,452 additional funding received in respect of Covid-19 to support students facing hardship as a result of the pandemic. Of the balance remaining on the discretionary fund £380,949 relates to Covid-19 grants that will be disbursed in the next financial year. The remaining balance is due to be returned to the SFC.

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.

31. Disclosure of related party transactions

Due to the nature of the University's activities and the composition of Court, (members being drawn from public and private sector organisations), transactions may take place with organisations in particular with similar public bodies, which a member of Court 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 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 may have an interest have been 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 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.

No material transactions have taken place during the year and there were no material balances at the year-end.

32. 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 2021 £	Year ended 31 July 2020 £
USS	16,012	15,213
S&LAS (including FRS 102 adjustments)	7,482	6,899
Other pension schemes	582	681
Total operating charge	24,076	22,793

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 £17.2m (2019/20: credit of £12.6m) being £1.2m increase to the deficit provision and £16.0m of contributions, £1.4m of which were outstanding at the reporting date (2019/20: £15.2m and £1.3m

respectively). Deficit recovery contributions due within one year for the University are £4.2m (2019/20: £1.5m).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the Projected Unit Method.

The 2018 valuation was the fifth valuation for the scheme under scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7bn and the value of the scheme's technical provisions was £67.3bn indicating a shortfall of £3.6bn and a funding ratio of 95%.

32. Pension schemes (cont'd)

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.14% reducing linearly to CPI – 0.73%
	Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
	Years 21+: CPI +1.55%

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

	2021	2020
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
	Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females	Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	As at 31 July 2021 Years	As at 31 July 2020 Years
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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

	As at 31 July 2021 £	As at 31 July 2020 £
Scheme assets	£63.7bn	£63.7bn
Total scheme liabilities	£67.5bn	£67.5bn
FRS 102 total scheme deficit	£3.6bn	£3.6bn
FRS 102 total funding level	95%	95%

32. Pension schemes (cont'd)

Key assumptions used are:

	As at 31 July 2021	As at 31 July 2020
Discount rate	1.05%	2.59%
Pensionable salary growth	7.45%	4.20%

USS – deficit recovery position

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. In the year ended 31 July 2020, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

A further full valuation as at 31 March 2020 is currently underway. There is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation has not met its statutory deadline of 30 June 2021. It is anticipated that there will be an increase in the deficit provision and impact on cashflow as a consequence of the new schedule of contributions. On 31 August 2021, the Joint Negotiating Committee voted to accept a package of benefit changes that would limit the growth in contribution rates from 30.7% to 31.2%. Following a consultation with employers, the USS Trustee has agreed to reduce to this new level from 1 October 2021.

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

	As at 31 July 2021	As at 31 July 2020
Discount rate	0.87%	0.73%
Salary growth – year 1	2.00%	0.00%
– year 2	2.00%	1.00%
– year 3	2.65%	2.00%
– thereafter	2.65%	1.85%

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	683
0.5% pa increase in salary inflation over duration	670
0.5% pa increase in salary inflation year 1 only	166
0.5% increase in staff changes over duration	675
0.5% increase in staff changes year 1 only	167
1% increase in deficit contributions to September 2021	131
1% increase in deficit contributions to March 2028	5,725

32. 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 2018 and updated to 31 July 2021 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 2021	As at 31 July 2020
Rate of increase in salaries	1.50% ¹	0.00% ¹
	2.00% ²	1.00% ¹
	-	2.00% ¹
	2.70% ³	1.85% ³
Pension increases (RPI max 9.00%)	3.20%	2.85%
Pension increases (RPI max 2.50%)	2.20%	2.10%
Discount Rate	1.60%	1.50%
Inflation assumption (RPI)	3.20%	2.85%
Inflation assumption (CPI)	2.70%	1.85%

¹ for one year; ² for two years; ³ thereafter.

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 2021 Years	As at 31 July 2020 Years
Retiring today:		
Males	21.2	21.1
Females	23.2	23.2
Retiring in 20 years:		
Males	22.5	22.5
Females	24.8	24.7

The table below shows the effect that changing the most significant assumptions at 31 July 2021 would have had on the defined benefit obligation.

Decrease/(increase) in defined benefit obligation at 31 July 2021
£000

Increase of 0.25% in the discount rate	9,723
Decrease of 0.25% in the discount rate	(10,410)
Increase of 0.1% in inflation	(1,927)
Decrease of 0.1% in inflation	1,976
Increase of one year in life expectancy*	(8,859)

* Life expectancies would increase from 21.2 years to 22.2 years for a male currently aged 65, and from 22.5 years to 23.5 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 2021 £000	Value at 31 July 2020 £000
Equities	77,797	37,718
Multi-Asset Credit Fund	19,062	18,693
Asset backed securities	16,481	-
Mortgage-backed securities	8,656	-
Infrastructure	1,401	-
Cash	568	8,170
Diversified Growth Fund	-	32,575
Commodities	-	7,393
Property	-	3,965
	123,965	108,514

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. Diversified growth funds invest in a wide range of asset classes to deliver capital growth in line with global equities but with low volatility.

The Trustees completed a detailed investment strategy review during 2020 and considered the output of an asset and liability modelling exercise. The Trustees agreed to a long-term strategic asset allocation which resulted in a full redemption from the Scheme's existing mandate and the proceeds invested across new investment managers.

32. Pension schemes (cont'd)

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

	As at 31 July 2021 £000	As at 31 July 2020 £000
Total fair value of scheme assets	123,965	108,514
Present value of scheme liabilities	(196,268)	(184,598)
Deficit in scheme – Net pension liability	(72,303)	(76,084)

	As at 31 July 2021 £000	As at 31 July 2020 £000
Changes in the present value of the defined benefit assets:		
Opening fair value of scheme assets	108,514	111,178
Interest income on scheme assets	1,627	2,508
Return on plan assets in excess of interest income	13,867	(5,157)
Contributions by employer	4,645	4,620
Contributions by members	144	134
Benefits paid	(3,847)	(3,980)
Administrative expenses paid	(985)	(789)
Closing fair value of scheme assets	123,965	108,514

	As at 31 July 2021 £000	As at 31 July 2020 £000
Changes in the present value of the defined benefit liabilities:		
Opening defined benefit liability	184,598	158,405
Current service cost	6,497	6,110
Interest cost	2,741	3,599
Employee contributions	144	134
Actuarial loss – change in financial assumptions	6,428	17,036
Actuarial (gain)/loss – change in demographic assumptions	(293)	506
Experience loss on benefit obligation	-	2,788
Benefits paid	(3,847)	(3,980)
Closing defined benefit liability	196,268	184,598

32. Pension schemes (cont'd)

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Amounts charged to statement of consolidated income:		
Current service cost	6,497	6,110
Administrative expenses	985	789
Total operating charge	7,482	6,899
Net finance charge on pension scheme:		
Interest income on scheme assets	1,627	2,508
Administrative expenses	(2,741)	(3,599)
Total operating charge	(1,114)	(1,091)

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

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Deficit on scheme at 1 August	(76,084)	(47,227)
<i>Movement in year:</i>		
Current service cost	(6,497)	(6,110)
Administrative expenses	(985)	(789)
Contributions	4,645	4,620
Net finance charge	(1,114)	(1,091)
Actuarial gain/(loss)	7,732	(25,487)
Deficit on scheme at 31 July	(72,303)	(76,084)

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

	Year ended 31 July 2021	Year ended 31 July 2020
	17.93%	17.93%

The estimated contribution to be paid to the scheme for the next accounting period is £3.2m (2019/20: £3.1m). The employer's contribution to be paid next year is based on the current members of the scheme at 31 July 2021.

32. Pension schemes (cont'd)

History of gains/(losses)	2021	2020	2019	2018	2017
Difference between the expected and actual return on scheme assets					
Amount (£000)	13,867	(5,157)	2,907	972	5,428
Percentage of scheme assets	11.2%	4.8%	2.6%	0.9%	5.3%
Experience (losses) and gains on scheme liabilities					
Amount (£000)	-	(2,788)	-	-	4,649
Percentage of the present value of the scheme liabilities	-	1.5%	-	-	3.4%

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



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