



Annual Report

For the year ended 31 July 2020



ROYAL
HOLLOWAY
UNIVERSITY
OF LONDON



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Royal Holloway and Bedford New College is a Charity Incorporated in the United Kingdom by Act of Parliament.
Registered Office: Royal Holloway and Bedford New College, Egham Hill, Egham, TW20 0EX

Our Purpose

At Royal Holloway, students and staff join a close community of inspiring people with a truly global outlook. Our beautiful campus, human scale and balanced portfolio of programmes and activities make for a very special experience, where students learn and grow as individuals to achieve their highest potential.

Royal Holloway, University of London, is ranked as one of the top universities in the UK and the top 300 universities in the world according to the Times Higher Education World University Rankings 2020. It rose 10 places this year to reach 32nd in the Guardian University Guide 2021 and was ranked 22nd in the Times and Sunday Times Good University Guide 2021. Through world-class research that expands minds and changes lives, the dedication of our teachers and the feel of the Royal Holloway experience, ours is a community that inspires individuals to succeed academically, socially and personally.

The university was founded by two social reformers who pioneered the ideal of education and knowledge for all who could benefit. Their vision lives on today. As one of the UK's leading research-intensive universities (ranked in the top 25% of UK universities for research rated 'world leading' or 'internationally excellent') we are home to some of the world's foremost authorities in the sciences, arts, business, economics and law. We are strengthened by diversity, and welcome students and academics who travel from all over the world to study and work here, ensuring an international and multicultural perspective within a close-knit and historic campus.

A successful university today

Royal Holloway is one of the UK's leading universities, with a global reputation

**TOP 25 UNIVERSITY
IN THE UK**

(Times and Sunday Times Good University Guide, 2021)

**21st IN THE UK
FOR INTERNATIONAL
OUTLOOK**

(Times Higher Education World University Rankings, 2020)

Research Excellence Framework, 2014

**81% OF OUR RESEARCH
IS RATED WITHIN THE
TOP TWO CATEGORIES
OF WORLD LEADING
OR INTERNATIONALLY
EXCELLENT**

**WITHIN THE TOP
25% OF ALL UNIVERSITIES
IN THE UK
FOR RESEARCH**

(Times Higher Education, REF 2014: Overall ranking of institutions)

National Student Satisfaction Survey, 2020

**87%
OVERALL
STUDENT
SATISFACTION**

(National Student Survey, 2020)

**HIGHER STUDENT
SATISFACTION
RUSSELL GROUP
INSTITUTIONS**

(National Student Survey, 2020)

Highlights of 2020

	Year ended 31 July 2020	Year ended 31 July 2019
	£000	£000
Results, Cash Flows and Reserves		
Total income	188,941	188,683
Net cash flow from operating activities	17,610	22,777
as % of income	9.3	12.1
Net liquidity (cash plus current asset investments)	49,264	41,082
Net liquidity / (total expenditure - depreciation) days	120	72
External borrowing	140,000	140,000
as % of income	74.1	74.2
General reserve	73,145	56,651
As % of income	38.7	30.0
Payments to acquire tangible and intangible fixed assets	9,589	21,373
as % of income	5.1	11.3
Other Key Statistics		
	Number	Number
Number of full-time equivalent students	10,629	10,232
Average number of full-time equivalent staff	1,598	1,601

TOTAL INCOME
IN 2019-20
£189M

10,629
STUDENTS
IN 2019-20

NET LIQUIDITY AT
31 JULY 2020
£49.3M

Introduction

Foreword by Dame Margaret Hodge, Chair of Council



This year's annual report provides me with the opportunity to reflect on the resilience of the Royal Holloway community and, on behalf of the Council, to commend and thank students and staff alike for how they have confronted and succeeded in their goals despite, and alongside, the unprecedented challenges created by the outbreak of Covid-19.

At the start of the academic year 2019/20 we achieved our Strategy 2015 to 2020 target of 10,500 students by 2020. This growth was achieved alongside significant and consistent improvement; Royal Holloway rose ten places to number 32 in The Guardian University League Table 2021 and for the third year in a row, the university exceeded the sector average score for overall satisfaction in the National Student Satisfaction Survey.

Our commitment to widening participation to enable all students from all backgrounds to benefit from higher education continues and we see that as an important challenge over the coming period. For entry 2019/20 our percentage of UK undergraduate BAME students had a modest increase, from 40% in 2018/19 to 43%, and our proportion of students with disabilities increased from 12% to 15% over the same period. Thanks to a substantial legacy from an alumnae of the university we were able to offer the first Barbara Raw English Scholarship for Black UK students. Generous additional funding donated by Santander funded grants to enable students to purchase vital IT equipment to address digital disadvantage and enable access to online teaching and assessment.

In autumn 2019 – before the pandemic hit us – the university Executive had led a programme of discovery, Framing the Future, designed to stimulate conversation and debate across the whole university community leading to a new, ambitious strategy for the university. By early 2020, we had embarked on an extensive consultation on the substance of that strategy.

But that was halted as we turned our full attention to ensuring our students completed the academic year in good order, and then work began to adapt all courses to combine face-to-face and online teaching and learning support in direct response to the pandemic.

In the last six months we have adapted and reimagined almost every aspect of delivery, and it has enabled us to affirm the robustness of our early thinking in relation to our new strategy. Our focus now will be three years rather than ten, reflecting the need to be agile in this volatile environment, but we remain committed to dual excellence in education and research and the public good that it delivers.

The pandemic forced us to quickly adopt digital approaches to teaching and learning support. I expect that digital journey to continue, although students and staff both want to maintain face to face teaching as an integral part of the teaching offer.

The population of 18 years olds in the UK is increasing and they have been described as 'hyperdiverse'. Our strategy will enable us to engage, motivate and inspire this population on their terms, this includes improving our provision for students who for reasons of choice or circumstance commute regularly to campus. We will continue to challenge the attainment gap and seek to enable our students to achieve in a rapidly transforming job market.

The pandemic has proven the importance of the challenge-led research agenda. Our strategy must support more international and cross-discipline approaches that draw on our strengths and support knowledge exchange.

As we go into a year of continued and unprecedented levels of uncertainty, one where agility, creativity and high levels of collaboration will be required, I am confident that Royal Holloway has the leadership and strength of purpose to ensure that we continue to inspire every individual in our community to succeed academically, socially and personally.

Principal's foreword



As I take this opportunity to reflect on the last year, no one could have predicted that we would witness such an extraordinary period, nor foreseen its far-reaching consequences.

The health and well-being of our community is our priority, and as the national lockdown came into force, we made rapid, difficult decisions to manage it and the impact of the Covid-19 pandemic.

We moved swiftly to online teaching, then assessment and we developed initiatives to support graduates to secure employment or undertake further study. Our goal was to ensure no student was academically disadvantaged as a consequence of Covid-19, and equality, fairness and practicality underpinned all of our decisions. We also held our first ever virtual graduation celebrations.

For the start of the new academic year, we adapted our courses to combine face-to-face and online teaching and learning support; many students choose Royal Holloway because of the campus experience, and we want to deliver that as far as is safe and practical.

Despite the challenges, our community has gone from strength to strength, both in league table rankings and research successes. This is reflected in our score for overall student satisfaction in the National Student Survey 2020. With an overall satisfaction rating of 87%, we sit four percentage points above the sector average. For the third year in a row, feedback on the quality of our course teaching is amongst the highest across UK universities.

We place a high value on the quality of our research-led teaching, which is reflected in The Guardian University League Table 2021, where we rose ten places to number 32.

Our academics too are making great strides in addressing challenges that affect individuals and humanity as a whole.

The sound of a mummified priest was heard for the first time in 3,000 years, thanks to ingenious research by Professor David Howard, from the Department of Electronic Engineering alongside academics from the University of York and Leeds Museum and Galleries. Professor Robin Walker, from the Department of Psychology, created an improved version of EV News, a free web app for people with Age-related Macular Degeneration. Professor Harriet Hawkins, Co-Director of the Centre for GeoHumanities, was awarded a prestigious five-year Consolidator Grant, worth 1.95m Euros, to help researchers understand underground environments and the opportunities they provide for us.

Lockdown, and the subsequent loss of income from student accommodation and commercial bookings, required us to make necessary adjustments to reduce our expenditure. This has provided a bulwark for 2020/21, when we will be navigating the continued uncertainty of the pandemic.

In recent years, we have leveraged our considerable reserves and refinanced our shorter-dated bank borrowing to secure both an £80m private placement in 2015 and a £60m private placement in 2019. Despite this year's challenges, the university's underlying financial performance in 2019-20 was strong, with income of £189m and healthy cash reserves.

In early 2020, we embarked on an internal consultation to go live with a new ten-year strategy for 2020/21. However, the pandemic required us to divert our attention to the immediate issues and has been a catalyst for positive change.

Reflecting the need to be agile, we will now focus our strategy on the next three years; while we have shortened our horizons, we have accelerated our ambition for the delivery of education and research for the public good.

I am proud of what our whole community of students, staff and alumni have achieved during the most challenging of years, and I am confident the resilience, passion and commitment of my colleagues will enable us to continue to deliver an invaluable experience for our students.

Royal Holloway at a glance

Our constitution

Royal Holloway, University of London (“the College”) is a multi-faculty Higher Education Institution, offering undergraduate and postgraduate degrees and carrying out academic research. It is one of seventeen

self-governing Colleges and nine smaller specialist research institutes of the University of London. It is financially independent, competes internationally, and has a diverse student population from over 140

countries. The College is a Charity Incorporated in the United Kingdom by Act of Parliament: Royal Holloway and Bedford New College Act 1985.

Our Vision and Strategy

Building on our history

Today’s university is rooted in the purpose and ethos of our two founding colleges, Bedford College (1849) and Royal Holloway College (1886).

In 1985, the colleges combined their heritages of academic excellence, social justice, philanthropy and entrepreneurship, together with their shared tradition of challenging social and cultural norms by being the first to open the doors to higher education for women, to form one university – Royal Holloway and Bedford New College, now known as Royal Holloway, University of London.

Royal Holloway today retains the pioneering spirit of our founders and has become one of the UK’s leading universities, combining world-class research with a distinctive educational and campus experience. We have also retained the human scale of our original colleges, whilst expanding our intake of the best students and staff from around the world.



However, higher education now operates in a very different environment. Universities are expected not only to deliver a first-class educational experience, but also to act as agents of economic growth, social change and cultural enhancement. This has to be delivered in an increasingly complex environment in which students pay for their education, demographic and global trends are changing the student

population and deregulation is challenging conventional patterns of operation and business modelling.

In order to continue to thrive in this competitive and challenging world, we must draw on our history of excellence, imagination and innovation; we must do justice to the vision and ambition of our founders so that we can continue to achieve excellence, in their names, into the future.

Our future

At the heart of our institution lie principles of academic excellence (in teaching and research), focusing upon the needs of our students and creating an environment in which we are all inspired to succeed. Our behaviours are driven by fairness and equity, innovation, and freedom to explore new ideas and ways of thinking. Our last Strategy saw us become a highly-ranked university and, through student number growth, remain financially sustainable.

During the year the College began to develop its strategy up to 2030. As part of this development a consultation took place with the College community – the staff, students, Council members, alumni and partners – on five key areas, through a ‘green paper’ consultation document. The five areas were: student needs 2030, challenge-led research and knowledge exchange, environmental sustainability, scale and reach, and equality diversity, inclusion and the staff environment.

Inspired by our history, our new strategy will celebrate and build on our dual excellence in “Education and Research for the public good” and our highly-ranked community for students and staff.

Once finalised, the new strategy will give particular emphasis to:

- Modernising our Education and Student Experience in light of demographic changes and the rapid transformation of the job market,

challenging attainment gaps, and the potential for innovation.

- Establishing the intent and infrastructure to substantially increase the outcomes from Challenge-Led Research and Knowledge Exchange, drawing on our strengths in investigator-led Research.

The success of the new strategy will be enabled by:

- A substantial increase in scale and reach, facilitated by growing our traditional student base, developing our online capability to deliver an excellent education, and entering into new partnership arrangements.
- An agile, open and outward looking culture, with a particular emphasis on partnering.

- New thinking on the staff environment, Equality, Diversity and Inclusion, and Environmental Sustainability.

The Covid-19 pandemic significantly altered our strategic landscape and as a result we will now focus on a three-year plan that has been developed to encompass the new challenges that we face.



Royal Holloway at a glance

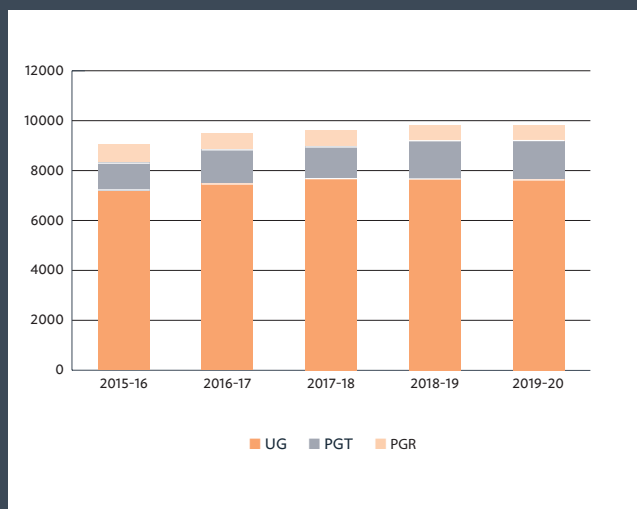


Student numbers

During 2019/20 the College met our ambitious strategic plan target of 10,500 students by 2020.

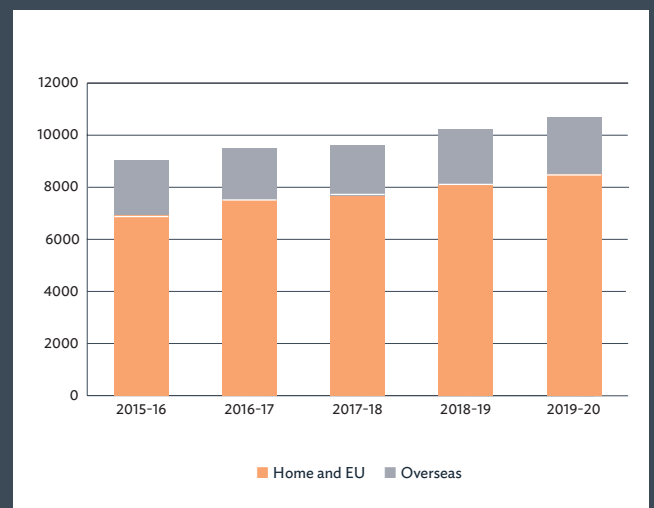
In 2019/20 student numbers were 10,629 full-time equivalents (FTEs) compared with 10,232 FTEs in 2018/19. Postgraduate (PG) student FTEs were 20.2% of the total, including research postgraduates at 6.1% (figure 1).

Figure 1: Student FTEs by category of undergraduate and postgraduate teaching and research



There was an increase of 438 Home and EU (HEU) FTEs and a decrease of 42 overseas students (figure 2). Overall, the annual growth in total students FTE was 3.9%.

Figure 2: Student FTEs by domicile





Strategic Report

Scope of the financial statements

The financial statements comprise the consolidated results of the College (including funds for which the College is a trustee) and its subsidiary company Royal Holloway Enterprise Limited, for the year ended 31 July 2020.

Operating results

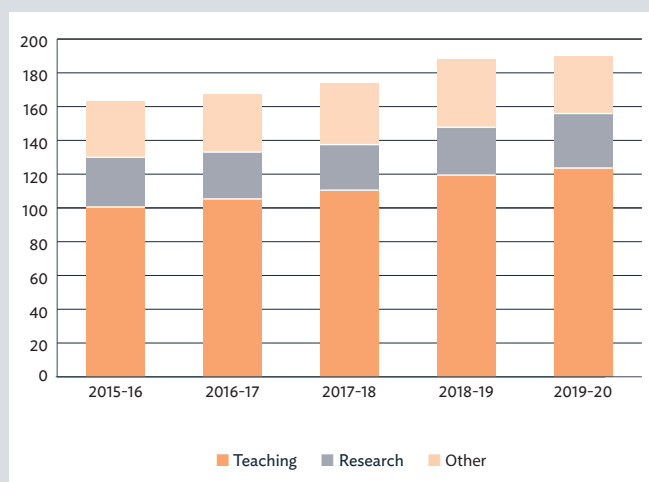
The College's underlying financial performance in 2019/20 was sound. Before provisions and other gains and losses, the College achieved a surplus of £1.8m, with net cash inflow from operating activities of £17.6m (2018/19: £22.8m).

The operating results include a positive material movement of £18.7m in the USS pension provision, based on the 2018 valuation, contributing to a surplus of £21.2m. This compares with a deficit of £35.2m in 2018/19 due to a material negative movement in this provision of £31.1m, combined with one off swap break costs of £7.5m last year.

Total income remained broadly similar to the previous year at £189.0m. This was below budget due to the impact on commercial income of the closure of the College campus due to the Covid-19 pandemic. In 2019/20 teaching accounted for 65% of total income and research was 17% of the total (figure 3).

Figure 3: Annual income by major category (£m)

"Teaching" is defined as the Office for Students (OfS) teaching grant plus tuition fees and contracts and "research" as OfS and Research England grant plus research grants and contracts



Tuition fees

Income from tuition fees and education contracts increased by £5.0m (4%) to £119.6m from £114.7m in 2018/19. Home/EU fee income increased by £4.8m (7%), and overseas fee income increased by £1.4m (4%).

Research Training Support Grants were £6.2m, compared with £6.5m in 2018/19 (4.7% decrease) – this is in line with a slight reduction in PGR students (4.6%).

Office for Students (OfS) and Research England (RE) grants

Income from the OfS and RE increased to £18.6m (7.5%) from £17.3m.

Research income

Income from research grants and contracts was £0.8m higher at £17.2m in 2019/20 compared with £16.4m in 2018/19.

Other income

Other operating income reduced by £7.2m this year due to the impact of Covid-19. The campus closure adversely affected the College's commercial income streams (catering and conferences) and accommodation fees were reduced due to the College's decision to refund student accommodation fees where students had vacated.

Investment, donations and endowment income was also partially affected by the market turbulence arising from the pandemic, falling slightly to £2.3m from £2.6m last year.

Expenditure

Total expenditure reduced by £56.1m (25.1%) to £167.8m from £223.9m in 2018/19. Excluding the significant shifts in the USS pension provisions in both years, and the one off swap break costs in the prior year, total expenditure rose by 1%.

Excluding the pension provision adjustments, staff costs increased by £5.1m (4.9%). A nationally agreed pay increase from August 2019 of 1.8% for all staff was paid. Average staff FTEs were slightly lower at 1,598 (2018/19: 1,601).

Other operating expenses reduced by £6.6m to £56.1m due to campus closure and the impact of ongoing travel restrictions due to Covid-19. This included £15.9m expenditure on student maintenance and awards.

Depreciation and amortisation costs were £1.4m higher at £19.0m compared with £17.6m in 2018/19.

Capital investment and the Estate plan

A plan for the long-term development of the main campus, most of which is located on Green Belt land, was approved by the Local Authority in January 2015.

Total capital investment in the year was £10.2m compared with £21.4m the previous year. The reduction reflects the fact that a number of projects were cancelled or suspended due to the impact of Covid-19, including the Enterprise Centre, Eastern Gateway Building, refurbishment of Reid and Runnymede 2 and replacement of the campus main spine road.

Total refurbishment expenditure was £7.0m (£17.0m in 2018/19). This includes Bedford and McCrea refurbishment, which was completed in 2019 (£1.6m in 2019/20) and Reid Hall block 1 (£2.0m). Residual spend on other projects such as the Founder's Library refurbishment and the Centre for Digital Creativity totalled £1.8m in 2019/20. £1.6m was spent on Estates small works (refurbishment and equipment replacements).

£1.0m was spent on IT projects within Intangible assets during the year (2018/19: £3.0m).

Investment property

In July 2016 College acquired Rusham Park, a site of great strategic importance to College based on its proximity, value and development potential, adjacent to its campus in Egham. The acquisition cost was £20.4m.

The site was acquired with tenants. At the time of acquisition it was anticipated that over time these tenants would leave the site. The tenants were specialist tenants and long-term occupiers and the facilities on the site were customised for their occupation. The specialist nature of the site means that it is impractical and contrary to the tenants' leases for the site to be leased to another occupier.

One of the tenants vacated during 2018/19, and one tenant remained at the balance sheet date. Inevitably, a consequence of the departure of the tenants impacts, in the short term, the carrying value of the investment. The College takes a long-term view about the strategic importance of Rusham Park. It is in the process of developing a long-term development plan for the site which it anticipates will realise significant value.

Cash flow, liquid assets and treasury management

The net cash flow generated from operating activities was £17.6m compared with £22.8m in 2018/19.

Capital expenditure was reduced as part of the expenditure control measures introduced in response to

the pandemic in order to preserve cash levels; there were £10.2m capital additions during the year compared to £21.4m in the prior year.

The total of current asset cash and current asset investments (cash held on deposit) at the year end was healthy, increasing during the year by £8.2m to £49.3m.

The College's treasury management policy has been kept under active review by the Finance Committee, partly in the light of changing credit ratings. The main principles of the policy are to place cash only with A-rated Money Market Funds and UK regulated banks and building societies that meet agreed credit rating criteria, to achieve diversification of deposits between counter-parties and in relation to maturity, and to limit exposure to a single counter-party or Fund.

Endowment assets

College's endowment assets comprise the Art Collection and investment assets managed by professional fund managers. The balance sheet value of the College's endowment assets at the year end fell by £2.4m since the prior year to £78.8m, largely due to the impact of Covid-19 on the financial markets.

During the year the endowment assets (excluding the Art Collection) were transferred from two fund managers, Aberdeen Standard Investments and Rathbone Investment Management, to an ethical and sustainable fund manager, Rathbone Greenbank. Their market value at 31 July 2020 was £47.0m.

Endowment asset investment performance is monitored by the Investment sub-Committee. The primary objective is to achieve a total return, including dividends, interest, rent or other income, and capital appreciation, of Inflation +4% per annum, gross of fees, over 5 years.

Trade Union facility time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College, as a public sector employer is required to collate and publish a range of data on the amount and cost of time spent by Trade Union Officials on facility time. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake TU duties and activities.

The publication year runs from 1 April 2019 to 31 March 2020. This information is to be published every year by 31 July.

Strategic Report

The relevant Trade Unions with whom the College has a Collective Bargaining Agreement are GMB, Unite and Universities and Colleges Union (UCU). The number of employees who were relevant union officials during the relevant period was 17 with an FTE of 15.

The number of employees who were relevant union officials during the relevant period spent the following percentages of their working hours on facility time:

Percentage of time	Number of employees
0%	5
1-50%	12
51%-99%	0
100%	0

The total cost of facility time was £0.1m of a total pay bill of £104m.

The percentage of the total pay bill spent on facility time was 0.86%.

Principal risks and uncertainties and future prospects

The risk management objectives of the College are to support the achievement of the strategic priorities of the College, to assist in planning and decision-making, to allow the College to anticipate and adapt to changing circumstances, to identify areas of concern (or opportunity), to reduce the cost of risk and to provide assurance to stakeholders.

The College has revised and developed its Strategic Risk Framework during the year, with the aim of developing an active programme of risk management, which can detect and act upon situations of deteriorating risk and thereby protect the interests of the institution and its future. Through this new framework, risk management will be embedded throughout the organisation, through integration with the annual planning process, ensuring that all decision-making processes include a consideration of risk and supporting staff across the College to become risk managers.

The Strategic Risk Framework establishes a risk management structure aligned to the College's governance and line management structures from Council, through Executive Board, to supporting committees within Schools and Departments. The College aims to identify risks and their possible consequences, early warning mechanisms and countermeasures that mitigate the risks identified.

Due to the substantial amount of work during the year on developing the Strategic Risk Framework, the internal auditors have not been able to provide an opinion on whether or not the College has an adequate and effective system of risk management in place. However, since the year end the framework has been finalised and will be fully embedded during this academic year.

The ongoing Covid-19 pandemic presents significant risks to the College. In response the College has developed a specific Covid-19 risk register which has been in use since the onset of the crisis. It covers risks to financial performance, reputation, assessments and examinations, quality of teaching, student services, the availability and wellbeing of staff at all levels, research, the provision of appropriate accommodation and infrastructure for students and staff, communications and IT-related risks.

In addition to Covid-19-specific risks, the highest residual risks to the College, after countermeasures, are considered to be as follows:

- **Student numbers:** failure to meet planned student recruitment targets, including international targets, through increased competition, reputational factors, changing student need or expectation, student demographics, changes in international markets such as the far east, and student mobility issues linked to Brexit. This could impact the College's ability to meet strategic objectives in addition to reducing income targets. Mitigation includes improvements to external marketing activity and processes, continual review of the range of courses available, raising institutional profile with schools and colleges, and knowledge of competitor analysis and markets.
- **Research:** failure to deliver ongoing research outcomes leading to a decline in research ranking through the REF. This could impact the College's reputation and may lead to poor performance in league tables, as well as having a detrimental impact on the ability to attract good students and high calibre staff. Mitigation includes ambitious departmental research income targets, REF audits and departmental reviews, clear policies on REF inclusion and ensuring research expectations for all academic staff are clear.
- **Brexit:** Failure to implement changes that allow the College to successfully adapt following the UK's exit from the EU. This affects, among other aspects, the immigration status of EU students and staff, funding for research and financial support for EU students.

Mitigation includes a refocused international student recruitment strategy, growing research income from other areas, clear communication and support for EU staff, review of marketing materials and membership of a UUK working group which includes lobbying of the UK government.

- **Employability:** Failure to achieve sector norms for graduate employability which could impact upon league table rankings and therefore affect future TEF results. Mitigations include increased work experience opportunities, additional work with students post-graduation, improved engagement with employability activities and curriculum-based employability skills development.
- **Space:** Failure to ensure that the space on campus meets future requirements. This could impact the College's ability to deliver future strategic objectives and to maximise future income. Mitigations include the tactical reorganisation of space, prioritising the planning of a Covid-secure campus, implementation of the estate development plan, and the operation of flexible space usage plans in response to changing social distancing restrictions.
- **IT:** Inadequate IT infrastructure to meet growing demands of student expectation and teaching, learning and research ambitions. This could impact upon potential business capabilities, operational efficiency and future growth of the College. Mitigations include ensuring vulnerabilities in the system are identified and patched, ongoing investment in development of IT infrastructure, full review of governance, policies and procedures and continual improvement of project management and practice.
- **Cybersecurity:** Data breach or cybersecurity attack resulting in data breach under GDPR and/or outage of business critical systems. This impact of a GDPR breach could mean a significant fine and reputational damage. A cybersecurity attack could impact significantly on operational functions across the College. Mitigations include the establishment of an Information Governance Committee and a Cyber Security Team, continued development and implementation of the College's Information Security and Data Management Policies and processes, investment in the College's IT Security Operations Centre to monitor for breaches/potential attack, as well as increased IT security training for all staff.

- **Lack of long-term financial sustainability/going concern:** Reductions in income and increases to expenditure, including the impact of Covid-19, and rising staff costs due to increases in pension contributions, could lead to insufficient cash balances to ensure future sustainability and the required level of capital investment. Mitigations include tight financial control measures and clear budget targets (set and monitored), financial forecasts that include monitoring of covenant compliance, surplus improvement requirements, and detailed cash flow modelling. In response to Covid-19 the College has set up an Expenditure Control Committee reviewing all expenditure over a specified limit, imposed a recruitment freeze and paused on all non-essential capital expenditure.
- **Student satisfaction:** Failure of the College's education and experience to meet the expectations of our applicants. This could result in claims for refunds, low NSS results and complaints. Mitigations include the provision of clear and accurate information to applicants about the services and facilities available, accurate course information, transparency about how student fees are used, Support Services that meet the needs of different groups of students and effective personal tutoring.

All of these risk factors potentially have profound implications for UK-based Higher Education institutions. The College is well placed to respond to these risks and is satisfied that it is managing them effectively.

Professor P Layzell
Principal

Dame Margaret Hodge
Chair of Council

Public Benefit Statement

The College wishes to make a report on how it has delivered its charitable purposes for the public benefit. In making this statement, the Trustees (Council Members) have had regard to the Charity Commission's guidance on public benefit.

Charitable status

The College is an exempt charity and, as such, is exempt from registration with the Charity Commission. The College is monitored by the Office for Students as its Principal Regulator, in accordance with the Charities Act 2011.

The College was incorporated by the Royal Holloway and Bedford New College Act 1985. This defined the College's charitable objectives to be "to promote for the public benefit education and scholarship and...for that purpose to provide instruction leading to degrees of the University of London, to superintend postgraduate studies and to promote research."

Education, access and widening participation

The College provides education at undergraduate and postgraduate level across its six schools: Business & Management; Engineering, Physical and Mathematical Sciences; Humanities; Law and Social Sciences; Life Sciences and the Environment; Performing and Digital Arts. Students are selected based on their ability to successfully complete their programme of study to the

required standards. In the Times and The Sunday Times Good University Guide (TGUG) 2021, the College has been ranked as 22nd in the UK.

The College has a five-year Access and Participation Plan (APP) that covers the period to 2024/25. It sets out to improve equality of opportunity for all student groups, particularly those that are currently underrepresented in higher education: students from underrepresented or deprived areas, students from ethnic minority groups, mature students, disabled students and care leavers. Of the targets set in the College's latest APP, progress has been surpassed in four out of five target areas. The College is committed to achieving the ambitious targets set out in the five-year plan and has a detailed action plan covering all the key activities to be delivered across all stages of the student lifecycle.

Fees to Home and EU (HEU) students are charged at the rates permitted by the regulations, and overseas student fees and other discretionary fees take account of the competitive market and the requirement for activities to cover their full costs. A wide range of support for fees and living costs is provided in order to give opportunities to study at the College to those from underrepresented groups. Under the arrangements for charging fees of £9,250 to full-time undergraduate HEU students which are overseen by the Office for Students, awards to



students totalled £2.8m in 2019/20. Other awards funded from the College's resources and endowment income, mainly to support postgraduates, were £7.2m in 2019/20.

The College provides opportunities to students with non-traditional qualifications to study at the College. For example, Access Bursaries provide additional financial support to students with non-traditional educational backgrounds and who are often mature learners. There are also bursaries available to support students who face barriers to entering Higher Education because of their low household income or because they have spent time in local authority care.

For students whose first language is not English, the College provides English language support through pre-sessional programmes which aim to improve students' English language skills and prepare them for degree level study. In addition, English language and extensive study skills support is provided to students once they have enrolled on their degree programme.

The College provides Student Advisory and Wellbeing teams to provide assistance and guidance to students about their wellbeing and university life. The Student Counselling team provide students with the chance to talk about personal and emotional concerns in a confidential setting. Disability and Dyslexia Services provide advice and guidance to disabled students, including those with Specific Learning Difficulties. The Study Support Grant (previously called the Hardship Fund) is provided through earmarked funds and grants, and endowment fund income is used to provide additional support, including temporary loans.

Research

The contribution of the College's research to the advancement of knowledge and understanding was reflected in the outcome of the REF 2014 in which 81% of the research submitted was rated as world-leading or internationally excellent.

The following examples give an indication of the variety of the public benefits that are produced by the College's research and academic engagement activities:

Advances in Superconducting Quantum Physics

"SuperFab" is the College's nanofabrication facility, housed in the basement of the refurbished Bedford building it is a 300 m² nano-electronic grade cleanroom of Class 5 and better. SuperFab houses some of the world's best



electronic device manufacturing tools in one of the world's most highly controlled environments. This research facility is primarily focussed on the needs of future superconducting quantum devices, which aims at new types of ultra-sensitive sensors and the development of paradigm shifting 'quantum computing'. The activity links the research in the Physics and the Electronic Engineering Departments to the UKRI's National Quantum Technology Programme, the upcoming National Quantum Computing Centre and a host of national and international collaborators.

Since SuperFab opened in April 2019 the initial College investment has been supplemented by several significant research grants and collaborations, including several large capital awards, the Oxford University led UK national hub in Quantum Computing and Simulation (EPSRC), participation in Innovate UK's largest ever grant aimed at the commercialisation of superconducting quantum technologies, and a leading role in a new search for dark matter (funded by STFC/EPSRC). The total grant income enabled by our investment in SuperFab is heading towards £15m and positions Royal Holloway among the global leaders in this field. Commercial sales of access and products have also begun with a strong relationship developing with the start-up Oxford Quantum Circuits Ltd as the first commercial customer.

Public Benefit Statement

Psychology

Poor literacy is a pressing global challenge. Even amongst high-income countries, over 15% of children leave school with poor reading skills, bringing profound social economic costs. Research by Professor Kathy Rastle in the Department of Psychology is driving transformative changes in how we teach children to read. During 2019/2020, Professor Rastle's research has had demonstrative impacts at all levels of the literacy ecosystem: individual teachers and schools; educational leadership organisations; literacy advocacy groups and dyslexia charities; educational publishers; and policy. These impacts have arisen via changes to practitioner knowledge, capacity and practice impacts on literacy policy changes.

For example, Professor Rastle's work was central to the introduction of state-wide phonics screening in New South Wales, Australia in 2020. Further, Professor Rastle's work was debated in the Scottish Parliament, and is cited in the Inquiry into the Status of the Teaching Profession (Australia), in the Secondary Literacy Guidance (UK), and in the Literacy Unlocks Reading report issued by the All Party Parliamentary Group on Literacy (UK). Professor Rastle's work has also influenced the global literacy strategy of the World Bank. Professor Rastle's article is cited in the World Bank's Ending Learning Poverty strategy to halve global illiteracy by 2030, and Professor Rastle is working with the World Bank to operationalise this strategy across countries in the developing world.

Story Futures

StoryFutures is a major Research and Development consortium that brings together innovative creative businesses, university experts and leading organisations to develop new ideas, products and experiences in next-generation storytelling environments such as Virtual and Augmented reality. Launched in Autumn 2018, it is one of nine Creative Clusters supported by the UK government's Industrial Strategy Fund to fuel growth and innovation in the UK's creative sectors. The programme is led by Royal Holloway with a wide range of partners including Heathrow Airport, Local Enterprise Partnerships, Pinewood Studios, Immerse UK, Pact, Ukie, the BFI, Connect TVT, Imaginarium Studios, The National Gallery, Nesta, Brunel University, University for the Creative Arts, and many others.

StoryFutures offers creative businesses in the Gateway Cluster area and Greater London opportunities to develop new ideas with input from leading research experts on creative storytelling, technologies, audiences and business models. Since launch, the programme has supported 47 industry R&D collaborations and engaged over 650 creative businesses. Achievements so far include major collaborative projects with The National Gallery, Heathrow Airport and Discovery as well as a wide range of cutting-edge projects with creative SMEs on immersive mental health, heritage, haptics and theatre, AI-based storytelling and other topics.

The dissemination of research is a vital aspect of the College's academic purpose, and this has been improved by the implementation of an Open Access Repository. The provision of openly available research outputs and research data sets will be substantially enhanced as the College begins to make preparations for the Research Excellence Framework (REF) 2021.

Business and community engagement

The College engages in consultancy and technical services activity, which primarily provides advice and services to a specific customer. This commercial engagement with business is an important aspect of the College's activities, as it builds relationships and creates potential opportunities for further engagement involving research and teaching.

Community engagement and support continues to be central to many of the College services for 2019/20. Last year we continued to grow the provision of sport activity to local groups both on and off campus with multiple sports groups making use of facilities for training and fixtures as well as through the hosting of our community events and continued partnership with Active Surrey. We also hosted a number of coaching courses run by sporting national governing bodies which were all open to the public, building our reputation as a local training hub. Off campus we saw a big rise in the number of student sport volunteers delivering after school clubs, ensuring children in the local area have access to free sporting opportunities.

In 2019/20 the Volunteering team aligned to become part of the Careers service which will further assist in highlighting the dual benefits of student volunteering in the local community. At the start of the academic year a

new online volunteering management system was launched to provide a more 'self-service' experience for students to search roles from over 100 community partners who have registered as volunteer opportunity providers. Our Festival of Volunteering during Welcome Week with representatives from over 40 volunteer involving organisations recorded footfall of over 2,000 students.

Two new social action projects were launched with support of the College's Student Opportunities Fund: STEAM Stars ran as series of inclusive workshops to guide pupils in building robots at a local primary school, and Holloway Notes choir for local people with learning disabilities or social anxiety hosted weekly campus based rehearsals and organised a Christmas concert. Furthermore they won The Judge's Choice Award at the National Societies and Volunteering Awards.

Due to Covid-19 a number of our student-led initiatives were able to adapt to online or virtual sessions such as ESOL Tutoring Syrian refugee families, digital support for older people, and a virtual choir! We hosted our first online Volunteering Awards, to recognise and thank volunteers for their amazing contributions throughout the year and specifically in response to the coronavirus pandemic.

Enriching the student experience and employment

In 2019/20 the Careers Service arranged or hosted events attended by 8,552 students 112 employers and 37 alumni. A total of 2,636 individual appointments were delivered in the Centre or in Departments, providing careers guidance, CV/application checks, or practice interviews. At the time of writing, of the 700 undergraduate students registered for the Micro-Placements Scheme process, 112 were successful in securing a place on the programme. Despite the significant impact of the Covid-19 pandemic resulting in the limited availability of placement opportunities, 25 Micro-Placements and 15 Micro-Challenges were secured by the team, and an Employability Support Kit was developed for students on the scheme, with the aim of ensuring that they could still engage with meaningful opportunities over the summer and develop their skills. Furthermore, seven graduate internships with SMEs part-funded by Santander were secured. The Queen's Award-winning Volunteering Team officially joined the Careers Service in December 2019, with 734 registered student volunteers across five streams of activity and a Volunteering Leadership Programme for



50 student leaders. This will be the first year of the new *Graduate Outcomes Survey* (which assesses graduate destinations 15 months after graduation, as opposed to six months in the previous measure, *Destination of Leavers From Higher Education*): the most recent data we have indicates that 'graduate prospects' score (i.e. those in graduate-level employment or further study) that features in The Sunday Times league table (and informs the tables/metrics) will record Royal Holloway at 75.0% graduate prospects compared with the sector average 73.6% for graduates from 2017/18.

Acting responsibly

The College carries out its activities with the intention of avoiding detriment or harm. Research proposals involving human participants must be approved by an Ethics Committee before they can proceed. As part of our responsibility to the environment, the College uses a wide range of metrics relating to carbon and energy use which inform the College's carbon reduction strategy. We continue to operate a zero waste to landfill policy. At our Egham campus we continually invest to maintain and enhance the natural beauty and biodiversity of 135 acres of parkland. During the year the College committed to a new Statement of Investment Policy that ensures responsible investment in line with our Environmental, Social and Governance (ESG) responsibilities. As a response to this new policy, the College has transferred its entire endowment fund portfolio to Rathbone Greenbank, a dedicated ethical and sustainable fund manager.

The College purchases a wide range of goods, services and works which are sourced from both national and international suppliers.

The College recognises that it has a responsibility to take a robust approach in its supply chains and is committed to a zero tolerance policy in relation to modern slavery and human trafficking.

The College's Modern Slavery policy statement, which is updated annually, can be found here:

www.royalholloway.ac.uk/modern-slavery/

A Health and Safety Office is employed to ensure that there is best practice in health and safety standards including sound risk assessment practices. The Health and Safety Office has been at the heart of the College's response to Covid-19 and, with colleagues, continues to monitor the virus outbreak, following advice from the government, Public Health England, the NHS, the Foreign and Commonwealth Office (FCO) and industry bodies such as UUK, London Higher, and USHA. The protection of staff and students at home and on campus continues to be paramount and an extensive range of measures and controls are in place, informed by a dedicated Covid-19 risk register. The College has completed the NQA Covid Secure Guidance Certification to provide third party verification of our processes, and Commercial Services have completed Visit England's "We're Good To Go" standard.



Responsibilities and Membership of Council



Statement of Primary Responsibilities

In accordance with the Royal Holloway and Bedford New College Act 1985, the Council is the governing and executive body of the College. It has adopted the CUC Code of Governance and its Statement of Primary Responsibilities.

General Principles

1. The Royal Holloway and Bedford New College Act 1985 (RHBNCA '85) established the College as a body corporate with perpetual succession and a common seal. The College is a Statutory Corporation, i.e. a legal body that has the power to sue or be sued, own property and enter into contractual obligations. The Council is its governing body, with responsibility for the oversight of the business of the College and

for ensuring that it is done consistently with the Act and statutes and with the statutes, regulations and ordinances of the University of London.

Status of members

2. All members of the Council shall have equal status, rights, powers and duties and shall share collective responsibility for all the acts and decisions of the Council but subject to the limitation on the participation of student members specified in Statute 27 (exclusion from Reserved Area Business). All members shall speak and act in their own right contributing to the deliberations of the Council whatever special knowledge and advice they can, and exercising their own judgement to the best of their ability in the interests of and for the good of the College as a whole. (RHBNCA '85 S8).

Duties of Council Members

3. In order to fulfil its role and demonstrate effective governance the Council and the College require that all members of Council contribute fully by fulfilling their duties individually and collectively:
 - a. Council members are expected to comply with the seven principles of Standards in Public Life (the Nolan Principles) namely: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty and Leadership.
 - b. Members of Council have an overriding duty to act in the best interests of the College by ensuring that funds and property are used only in accordance with the RHBNC Act and standing Orders, the Memorandum of Assurance and Accountability between the College and the OfS and the College's charitable status. There is an obligation to act reasonably and this includes taking into account any guidance issued by such bodies as the OfS, CUC, the National Audit Office, the Public Accounts Committee et al.
 - c. All Members of Council have equal status and exercise their responsibilities in the interests of the University as a whole. No member of Council should act in a way that represents any particular internal or external constituency. Council members should participate in open and honest debate and all members have collective responsibility for the decisions reached by Council.
 - d. Members have a duty to attend the Council meetings and the meetings of any committees to which they have been appointed and to give timely apologies for absence on any occasion when they are unable to attend. Meeting dates are planned well in advance to support attendance.
 - e. Members are expected to use their knowledge and skills to make constructive and rational contributions to debate, to apply strategic insight to complex issues and to offer constructive challenge to the College, recognising the proper separation between governance and management. To this end members are expected to have prepared in advance of the meeting in order to be able to contribute to discussion, ask questions and influence informed collective decision making.
 - f. Members are expected to have a strong commitment to Higher Education and the values, aims and objectives of the College and take an interest in, and keep themselves up to date on, issues affecting the business of the College. They are expected to act as ambassadors and advocates for the College, promoting its activities and strategic aims in the wider community.
4. Council aims to conduct its business so far as possible in an open manner. Where particular items of business preclude this all members must respect the confidentiality of Council business.
5. External members have a wide range of expertise and specialist skills, and apply balanced and independent judgement to the Council's deliberations. Staff and student members bring the same broad range of qualities as external members and in addition they bring specific and general knowledge and understanding of the College work and culture.
6. It is recognised that the particular knowledge and understanding that staff and student members bring to Council debate, while valuable, can give rise to perceived conflicts of interest, and the fact that they are internal stakeholders of the College as well as governing body members can sometimes lead to uncertainty as to their role on Council. This duality should not, however, be allowed to confuse the key principle that all Council members have a corporate responsibility and that this overrides their role as representatives of particular groups within the College.
7. Council promotes equality and diversity throughout the institution, including in relation to its own operation and members are required to submit an annual return to the skills register.
8. Members have a general duty to avoid perceived or actual conflicts of interest between their own private, public and professional life and that of the College. Members are required to submit an annual declaration of interests and to declare, as soon as it arises, any conflict of interest with an agenda item.
9. Members may from time to time, and in accordance with the Regulations of Council and Financial Regulations, be asked to witness the application of the College seal and act as a formal signatory to sealed documents on behalf of the College.

Responsibilities and Membership of Council

Time Commitment

10. Membership of Council requires attendance, normally, at five Council meetings per year in addition to a 1.5 day residential Strategy day meeting. Council meetings usually last for no more than three hours and preparation in advance is required.
11. Members may be asked to serve on a Committee of Council. Committees meet throughout the year and the frequency of meetings varies dependent upon the committee's role; normally between two and five times per academic year. Committee meetings usually last for no longer than two hours and preparation in advance is required.
12. All Council members are required to attend an induction at the College before they may participate at Council. Members will be required to attend externally organised briefings or training if appropriate.

Professional indemnity of members of Council

13. Individual members of Council are covered by the College's Directors' and Officers' Liability insurance policy in respect of the costs of any claim of negligence which may be made against them in the carrying out of their duties as a member of Council.

Trustee responsibilities

14. The College has charitable status, and members of Council are charitable trustees, subject to the obligations this imposes under charity law. They are expected to discharge their duties of compliance, prudence and care and to accept ultimate responsibility for the affairs of the College and for ensuring that it delivers its charitable objectives for the public benefit.

The Founder's Endowment Fund:

15. The College acts as a Trustee of the Founder's Endowment Fund and is responsible, through members of Council, for the administration and management of the Trust fund.

The Hilda Martindale Trust:

16. Council is responsible for the appointment of the Trustees of the Hilda Martindale Trust and receives annual accounts and a report of awards made.

The Charity Commission provides detailed information about the responsibilities of charitable trustees.



Membership

During the period from 1 August 2019 and up to the date of the signing of the Financial Statements, the Council had the following membership:

Independent members

Dame Margaret Hodge (Chair of Council)
Ms Ann Ewing (Vice Chair of Council)
Mr Alistair Buchanan (to 13 January 2020)
Mrs Christine Goodyear
Ms Tina Harris
Mrs Margaret Jack (to 31 July 2020)
Ms Sarah King
Mr Jeremy McIlroy (to 31 July 2020)
Mr Gerry O'Hagan
Mr Nick Perryman (Vice Chair of Council from 1 August 2020)
Ms Chris Shoukry
Mr Balram Veliath (from 1 August 2020)
Mr David Williams
Mr Ian Wilson (from 1 August 2020)
Ms Colette Wilson (to 31 July 2020)

Elected staff members

Professor Sarah Ansari
Professor Bob Fitzgerald
Mrs Hazel Jessop
Mr John Gregory
Mrs Denise Keable
Professor Elizabeth Schafer (to 30 September 2020)

Elected student members

Mr Hammad Chaudhry, Student Representative (Academic Year 2019/20)
Miss Alissa Chohan, Students' Union Vice President Education and Student Representative (Academic year 2020/21)

Co-opted council members

Mr David Walker
Professor Michael Farthing
Mr Peter Saraga

Ex officio members

Professor Paul Layzell, Principal
Mr Jack O'Neil, President Students' Union (Academic year 2019/20)
Miss Kate Roberts, President Students' Union (Academic year 2020/21)

Membership of committees

Audit and Compliance Committee (Audit, Risk and Compliance Committee from 2020/21 onwards)

Chair Ms Colette Wilson (to 31 July 2020)

Chair Mr Balram Veliath (from 1 August 2020)

Ex officio members

Professor Paul Layzell, Principal (from 2020/21)

Mr Nick Perryman (from 2020/21)

Other members

Mrs Christine Goodyear (from 2020/21)

Ms Tina Harris

Ms Chris Shoukry

Ms Fiona O'Donnell (Co-opted)

Mr David Walker (Vice Chair from 2020/21)

Mr John Gregory (from 2020/21)

Professor Bob Fitzgerald (from 2020/21)

Capital Projects Assurance Committee (Committee disbanded from 2020/21*)

Chair Mr Nick Perryman

Other members

Ms Ann Ewing

Ms Sarah King

Mr Jeremy McIlroy (to 31 July 2020)

Ms Chris Shoukry

Ms Colette Wilson (31 July 2020)

President of the Students' Union:

Mr Jack O'Neil (Academic year 2019/20)

Council Academic Quality Assurance Committee (Students, Education and Research Committee from 2020/21)

Chair Mr Gerry O'Hagan

Ex officio members

Dame Margaret Hodge (2019/20)

Mr Nick Perryman (from 2020/21)

Professor Paul Layzell, Principal (from 2020/21)

Other members

Professor Sarah Ansari

Ms Ann Ewing

Mrs Margaret Jack (2019/20)

Mrs Denise Keable (from 2020/21)

Ms Sarah King (from 2020/21)

Mr David Walker (from 2020/21)

Mr Peter Saraga (Vice Chair from 2020/21)

Responsibilities and Membership of Council

Council Executive (Strategy and Governance Committee from 2020/21)

Chair Dame Margaret Hodge

Ex officio members

Ms Ann Ewing
Professor Paul Layzell, Principal
Mr Gerry O'Hagan (from 1 October 2020)
Mr Balram Veliath (from 2020/21)
Mr Ian Wilson (from 2020/21)
Mr Jeremy McIlroy (to 31 July 2020)
Ms Colette Wilson (to 31 July 2020)

Other members

Mrs Christine Goodyear (ex officio from 2020/21)
Mr Nick Perryman (ex officio from 2020/21)

Equality & Diversity Committee (Committee disbanded in 2020/21*)

Chair Mrs Christine Goodyear

Ex officio members

Students' Union Vice President Welfare & Diversity:
Ms Lucy Simpson (Academic year 2019/20)

Other members

Mrs Margaret Jack (to 31 July 2020)

Co-opted external adviser

Dr Katie Perry (to 31 July 2020)

Finance Committee

Chair Mr Jeremy McIlroy (to 31 July 2020)

Chair Mr Ian Wilson (from 1 August 2020)

Ex officio members

Dame Margaret Hodge (from 2020/21)
Ms Ann Ewing
Professor Paul Layzell, Principal
Dr David Ashton
Mr Andrew Jefferson (from 2 September 2019 to 31 December 2019)
Mr Nigel Alcock (from 2 January 2020 to 20 April 2020)
Ms Mary White (from 20 April 2020)
Professor Ken Badcock (to 31 July 2020)

Other members

Mrs Margaret Jack (to 31 July 2020)
Mr Nick Perryman
Mr David Williams (Vice Chair from 2020/21)
Mr Gerry O'Hagan (to 31 July 2020)
Mr Kevin Meehan (Co-opted)

Health, Safety and Wellbeing Assurance Committee (Committee disbanded from 2020/21*)

Chair Ms Chris Shoukry

Other members

Mr David Williams
Mr Gerry O'Hagan
Mrs Hazel Jessop (from 08 January 2020)

Co-opted External Adviser

Simon Whitehead (to 31 July 2020)

Remuneration Committee (Committee disbanded from 2020/21*)

Chair Ms Ann Ewing

Ex officio members

Dame Margaret Hodge
Mr Jeremy McIlroy (to 31 July 2020)

Other members

Mrs Christine Goodyear
Mr Nick Perryman

Principal's Pay Committee (Committee disbanded and work to be conducted by a sub group of members of the Strategy & Governance Committee from 2020/21)

Chair Ms Ann Ewing

Other members

Mr Jeremy McIlroy (to 31 July 2020)
Dame Margaret Hodge
Mr Ian Wilson (from 1 August 2020)

People Committee (from 2020/21)

Chair Mrs Christine Goodyear

Ex officio members

Dame Margaret Hodge
Professor Paul Layzell, Principal

Other members

Ms Ann Ewing
Professor Michael Farthing
Ms Sarah King (Vice Chair)
Ms Chris Shoukry
Mr David Williams

* Following a Governance Effectiveness review in 2019/20, the essential continuing work of committees that have been disbanded has been subsumed by the new committee structure from 2020/21.

Corporate Governance

Statement of Primary Responsibilities

The Council of Royal Holloway has adopted the CUC Code of Governance (2014). The Council will be reviewing governance in view of the new CUC Code of Governance published in September 2020. The Council's Statement of Primary Responsibilities as follows:

Planning Monitoring and Control

- To approve the mission and strategic vision of the College, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of the stakeholders and are compliant with the RHBNC Act (the Act) and the charitable objectives of the College.
- To delegate authority to the Principal, as Chief Executive, for the academic, corporate, financial, estate and personnel management of the College. To establish and keep under regular review the policies and procedures and limits within such management functions as shall be undertaken by and under the authority of the Principal.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the College against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.
- To conduct its business in accordance with best practice in higher education corporate governance, including ensuring transparency regarding corporate governance arrangements, and the principles of public life drawn up from the Committee on Standards in Public Life.
- To safeguard the good name and values of the College.
- To ensure that the Act and statutes of the College, and the statutes, regulations and ordinances of the University of London are followed at all times and that appropriate advice is available to enable this to happen.

Appointment and employment

- To appoint the Principal as Chief Executive and to put in place suitable arrangements for monitoring his/her performance.
- To appoint a secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the College, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.

Financial and Legal

- To be the principal financial and business authority of the College, to ensure that proper books of accounts are kept, to approve the annual budget and financial statements and to have overall responsibility for the College's assets, property and estate and investment policy.
- To be the College's legal authority and, as such, to ensure that systems are in place for meeting all the College's legal obligations, including those arising from contracts and other legal commitments made in the College's name.
- To act as trustee for any property, legal endowment, bequest or gift, in support of the work and welfare of the College.

Student Welfare

- To receive assurance that adequate provision has been made for the general welfare of Students.

Financial Statements and Accounting Records

The members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements are prepared in accordance with the College's Statutes, the Statement of Recommended Practice on Accounting in Higher Education Institutions and UK Generally Accepted Accounting Practice (UK GAAP). In addition, within the terms and conditions of the Terms and Conditions of Funding agreed between the Office for Students, Research England and the Council of the College, Council through its designated office holder, is required to prepare financial

Corporate Governance

statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the College and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Council has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable UK accounting standards have been followed; and
- Financial statements are prepared on the going concern basis.
- Council is satisfied that the College 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. Given the uncertainties due to Covid-19, the College undertook detailed scenario planning during the year. The ensuing budget was necessarily conservative and included appropriate savings and surplus improvement measures to ensure cash levels remained above target and no loan covenants were breached. In August the College outperformed its target for undergraduate home students, and continuing students, which has offset lower overseas recruitment levels.
- Cash levels at the start of the year are healthy at £49.3m and cash is not forecast to fall below the OfS 30 day limit at any point during the next year.
- The two main risks to College income are student retention and closure of College residences. Risks to expenditure include additional costs of running the campus, student hardship costs and additional staffing required/inability to deliver staff savings. The impact of these risks has been modelled and budgetary assumptions stress tested, and as a result mitigating actions are being planned, should they be required.
- In conclusion, in the light of the College's risk analysis and mitigating actions, Council is satisfied that the College 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.

Council has taken reasonable steps to:

- Ensure that funds from the Office for Students and Research England are used only for purposes for which they have been given and in accordance with the Terms and Conditions of Funding with the Office for Students and the Terms and Conditions of Research England and any other conditions which they may from time to time prescribe;
- Ensure management controls, including appropriate systems of approval, are in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the College and to prevent and detect fraud and other irregularities; and
- Secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College system of internal financial control, which are designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative schools and departments;
- A comprehensive medium- and short-term planning process, supplemented by income and expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for the approval and control of expenditure, with major investment decisions being subject to detailed appraisal and review;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee and the Council; and
- A professional Internal Auditor whose annual programme of work is approved by the Audit and Compliance Committee.

All of the current Council members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the College's auditors for the purposes of their audit and to establish that the

auditors are aware of that information. Council members are not aware of any relevant audit information of which the auditors are unaware.

The governing body of the College is Council. Council has a Chair and Vice Chair, who are not members of staff or students. The Principal, who is the chief academic and administrative officer of the College, is appointed by Council.

Council ensures that the College is governed in accordance with the Royal Holloway & Bedford New College Act 1985, its Statutes and Regulations, and under the Terms and Conditions of Funding with the Office for Students and Research England. The Council's role is to set the strategic direction of the College and, through the receipt of reports from its committees and officers, to be assured that its day to day operation is proceeding satisfactorily.

Council has responsibility for maintaining and reviewing an effective system of internal control and for supporting the achievement of the College's policies, aims and objectives, while safeguarding the public funds and other assets for which it is responsible. The system of internal control is designed to manage rather than eliminate the risk of not achieving policies, aims and objectives; it can, therefore, only provide a reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements, and accords with Office for Students guidelines. The process is reviewed by the Council Executive Committee and the Audit and Compliance Committee, which reports directly to Council. Council acknowledges continual improvements are required to its system of internal control and is committed to implementing necessary enhancements to the control environment.

The College's Strategic Risk Framework for the management of major operational, compliance and finance risks has been approved by Council, although as noted above the internal auditors have not yet been able to provide an opinion on the framework. Council's Audit

and Compliance Committee (Audit, Risk and Compliance Committee from 2020/21 onwards) keeps under review the effectiveness of the management of risk and receives reports on risk management and reports to Council as appropriate. Risk management is considered within the corporate planning and decision-making processes of the College. A departmental risk assessment procedure and a major incident management plan have been developed, and an organisation-wide risk register is maintained.

Council meets, as a minimum, five times a year. Its major committees are the Council Executive Committee (Strategy and Governance Committee from 2020-21 onwards), the Finance Committee, the Equality and Diversity Committee (Committee disbanded and subsumed within the People Committee in 2020-21), the Audit and Compliance Committee (Audit, Risk and Compliance Committee from 2020-21 onwards), the Remuneration Committee (disbanded and subsumed within the People Committee from 2020-21 onwards), the Principal's Pay Committee (Committee disbanded and subsumed into a sub group of the Strategy and Governance Committee in 2020-21), the Capital Projects Assurance Committee (disbanded in 2020-21), the Council Academic Quality Assurance Committee (Students, Education and Research Committee from 2020-21 onwards) and the Health, Safety and Wellbeing Assurance Committee (disbanded and subsumed within the Audit, Risk and Compliance Committee and the People Committee from 2020-21 onwards). In addition the People Committee has been set up from 2020-21 onwards. All of these committees are formally constituted, with terms of reference, and include independent members of Council. Independent members chair all of these committees.

The College is driven by the ambition reflected in its Strategy and the key outcomes set out there. Predominantly these are about continuously improving College's effectiveness, while being ever mindful to ensure the economic and efficient use of resources. To this end the College monitors and assesses activities against a broad definition of value for money including economy, efficiency, effectiveness and equity.

The Finance Committee, inter alia, recommends to Council the annual revenue and capital budgets and monitors performance in relation to the approved budgets.

Corporate Governance

During 2019/20 College committees have operated as follows.

The Council Executive Committee is responsible for strategic development, it appoints the members of the principal committees, and oversees the Council's effectiveness. It also makes nominations to Council for the conferral of honorary degrees and fellowships. Since 2nd October 2013 the Council Executive Committee has incorporated the responsibilities of the former Nominations and Honorary Awards Committee and puts forward recommendations to the Council for appointed members of the Council, and recommends to Council the appointment of the Chair and Vice Chair of Council.

The Remuneration Committee determines the remuneration, terms and conditions of employment of the Principal and Secretary to Council. The Principal and Secretary to Council are not present at the meeting for discussion of these matters. It is responsible for recommending the College's pay strategy to Council and for oversight of the College's various pay related policies.

The Equality and Diversity Committee provides assurance to Council on all issues relating to equality excluding pay.

The purpose of the Health, Safety and Wellbeing Assurance Committee is to satisfy itself that the College is managing all activities in accordance with its responsibilities in respect of health and safety of staff, students and any other persons who could be affected by such activities.

The Capital Projects Assurance Committee was established in 2015 to provide assurance to Council that the College was managing major projects effectively and that each stage of the governance process was properly completed.

The Council Academic Quality Assurance Committee was formally established in July 2017 to inform and facilitate Council's formal decision regarding the Annual Accountability Statement required by the OfS. The Committee considers and evaluates a report and accompanying enhancement plan relating to the continuous improvement of the student academic experience and student outcomes.

The Audit and Compliance Committee normally meets three times each year, including a meeting with the External Auditors to discuss audit findings, and with the Internal Auditor to consider detailed internal audit reports and recommendations for the improvement of systems of internal control, together with management's response and implementation plans. It also receives and considers reports from the OfS as they affect the College's business

and monitors adherence with the regulatory requirements. It reviews the annual financial statements together with the accounting policies.

Whilst senior officers attend meetings of the Audit and Compliance Committee as necessary, they are not members of the Committee, and the Committee has the opportunity to meet with the External Auditors on their own for separate discussions.

The College has an Internal Audit service, which operates to standards defined in the Office for Students Directives. The Internal Auditor submits regular reports to the Audit and Compliance Committee including an annual report to the Audit and Compliance Committee which is included in the Committee's report to the Council and the Accountable Officer. The reports to the Audit and Compliance Committee include the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Internal Auditor's opinion for 2019/20 was that they provide reasonable assurance that the College has an adequate and effective system of governance and limited assurance that the College has an adequate and effective system of internal control for the year ending 31 July 2020.

This was due to three limited assurance reports being issued during the year (Data Quality, Procurement and Tendering and Contracts Management) and six high priority recommendations being issued (relating to Data Quality, Procurement and Tendering, Cyber Security and Disaster Recovery & Resilience). In addition the Internal Auditors opinion is that there needs to be a greater focus on addressing outstanding management actions. Council is committed to improving the control environment and addressing control weaknesses identified. An action plan is in progress which aims to address the concerns raised and prioritise the outstanding management actions.

Council's view of the effectiveness of the system of internal control is informed by the work of the Internal Auditor and the managers within the College who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their management letter and in other reports.

Dame Margaret Hodge
Chair of Council
18 November 2020

Independent Auditor's Report to the Council of Royal Holloway and Bedford New College

Opinion

We have audited the financial statements of Royal Holloway and Bedford New College ("the Institution") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the Consolidated and Institution Statement of Comprehensive Income, the Consolidated and Institution Statement of Changes in Reserves, the Consolidated and Institution Statement of Financial Position, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Institution's affairs as at 31 July 2020 and of the Group's and the Institution's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Institution's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Council are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Public Benefit Statement, Responsibilities of Membership of Council and the Statement of Corporate Governance and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.

Independent Auditor's Report to the Council of Royal Holloway and Bedford New College

- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The Institution's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The Institution's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Council

As explained more fully in the Council members responsibilities for the financial statements and accounting records (set out on page 27), the Council 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 Council members 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 Council are responsible for assessing the Group and the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or the Institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are 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.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Institution have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the University Council, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and Institution Statement of Comprehensive Income

for the year ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £000	College £000	Consolidated £000	College £000
Income					
Tuition fees and education contracts	3	119,613	119,613	114,654	114,654
Funding body grants	4	22,531	22,531	20,533	20,533
Research grants and contracts	5	17,160	17,160	16,410	16,410
Other income	6	27,323	27,323	34,479	34,268
Investment income	7	1,635	1,635	1,839	1,839
Donations and endowments	8	679	679	768	768
Total income		188,941	188,941	188,683	188,472
Expenditure					
Staff costs	9	107,038	107,038	101,992	101,992
Staff costs - pension provision	9	(19,427)	(19,427)	30,783	30,783
Other operating expenses	11	56,128	56,128	62,715	62,490
Amortisation of intangible fixed assets	13	884	884	681	681
Depreciation	15	18,116	18,116	16,909	16,909
Interest and other finance costs	10	5,011	5,011	10,786	10,786
Total expenditure		167,750	167,750	223,866	223,641
Surplus/(deficit) before other gains and losses		21,191	21,191	(35,183)	(35,169)
Loss on disposal of fixed assets		(3,318)	(3,318)	(59)	(59)
(Loss)/gain on investments and picture collection	21	(2,443)	(2,443)	806	806
Change in market value of investment property	15	(1,500)	(1,500)	(2,500)	(2,500)
Surplus/(deficit) before tax		13,930	13,930	(36,936)	(36,922)
Taxation	12	(191)	(191)	(23)	(23)
Surplus/(deficit) for the year		13,739	13,739	(36,959)	(36,945)
Movement in cash flow hedge	19	-	-	6,264	6,264
Other comprehensive income for the year		-	-	6,264	6,264
Total comprehensive income/(expenditure) for the year		13,739	13,739	(30,695)	(30,681)
Represented by:					
Endowment comprehensive (expenditure)/income for the year		(2,443)	(2,443)	806	806
Restricted comprehensive income for the year		434	434	544	544
Unrestricted comprehensive income/(expenditure) for the year		15,748	15,748	(38,309)	(38,295)
Cash flow hedge		-	-	6,264	6,264
		13,739	13,739	(30,695)	(30,681)

The surplus and total comprehensive income for the year is attributable to College and its subsidiary and relates to continuing activities.

The notes on pages 37 to 55 form part of the financial statements.

Consolidated and Institution Statement of Changes in Reserves

for the year ended 31 July 2020

Consolidated	Income and expenditure account			Cash flow hedge reserve	Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>			
	£000	£000	£000			
Balance at 1 August 2018	80,415	-	94,265	(6,264)	125,827	294,243
Surplus/(deficit) from the income and expenditure statement	806	544	(38,309)	-	-	(36,959)
Hedge effective portion of change in fair value of designated hedging instrument	-	-	-	6,264	-	6,264
Release of restricted funds spent in year	-	(384)	384	-	-	-
Release of revaluation reserves in year	-	-	311	-	(311)	-
	806	160	(37,614)	6,264	(311)	(30,695)
Balance at 1 August 2019	81,221	160	56,651	-	125,516	263,548
Surplus from the income and expenditure statement	(2,443)	434	15,748	-	-	13,739
Release of restricted funds spent in year	-	(435)	435	-	-	-
Release of revaluation reserves in year	-	-	311	-	(311)	-
Total comprehensive income for the year	(2,443)	(1)	16,494	-	(311)	13,739
Balance at 31 July 2020	78,778	159	73,145	-	125,205	277,287

College	Income and expenditure account			Cash flow hedge reserve	Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>			
	£000	£000	£000			
Balance at 1 August 2018	80,415	-	94,161	(6,264)	125,827	294,139
Surplus/(deficit) from the income and expenditure statement	806	544	(38,295)	-	-	(36,945)
Hedge effective portion of change in fair value of designated hedging instrument	-	-	-	6,264	-	6,264
Release of restricted funds spent in year	-	(384)	384	-	-	-
Release of revaluation reserves in year	-	-	311	-	(311)	-
	806	160	(37,600)	6,264	(311)	(30,681)
Balance at 1 August 2019	81,221	160	56,561	-	125,516	263,458
Surplus from the income and expenditure statement	(2,443)	434	15,748	-	-	13,739
RHE retained earnings	-	-	90	-	-	90
Release of restricted funds spent in year	-	(435)	435	-	-	-
Release of revaluation reserves in year	-	-	311	-	(311)	-
Total comprehensive income for the year	(2,443)	(1)	16,584	-	(311)	13,829
Balance at 31 July 2020	78,778	159	73,145	-	125,205	277,287

The notes on pages 37 to 55 form part of the financial statements.

Consolidated and Institution Statement of Financial Position

as at 31 July 2020

	Notes	Year Ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £000	College £000	Consolidated £000	College £000
Non-current assets					
Intangible assets	13	5,455	5,455	7,544	7,544
Investments	14	46,993	46,993	51,592	51,592
Fixed assets	15	398,738	398,738	408,897	408,897
		451,186	451,186	468,033	468,033
Current assets					
Stock		220	220	299	299
Debtors	16	13,982	13,982	13,269	13,271
Investments	17	18,500	18,500	22,000	22,000
Cash and cash equivalents		30,764	30,764	19,082	18,990
		63,466	63,466	54,650	54,560
Less: Creditors: amounts falling due within one year	18	(44,491)	(44,491)	(45,481)	(45,481)
Net current assets		18,975	18,975	9,169	9,079
Creditors: amounts falling due after more than one year	19	(162,101)	(162,101)	(163,857)	(163,857)
Provisions					
Provisions for liabilities	20	(30,773)	(30,773)	(49,797)	(49,797)
Total net assets		277,287	277,287	263,548	263,458
Restricted Reserves					
Income and expenditure reserve – endowment reserve	21	78,778	78,778	81,221	81,221
Income and expenditure reserve – restricted reserve	22	159	159	160	160
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		73,145	73,145	56,651	56,561
Revaluation reserve		125,205	125,205	125,516	125,516
Total Reserves		277,287	277,287	263,548	263,458

The financial statements were approved and authorised for issue by the Governing Body on 18 November 2020 and were signed on its behalf on that date by:

Dame Margaret Hodge, Chair of Council

Professor Paul Layzell, Principal

The notes on pages 37 to 55 form part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 July 2020

	Notes	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Cash flows from operating activities			
Surplus / (Deficit) for the year before tax		13,930	(36,936)
Adjustment for non-cash items			
Amortisation of intangible assets	13	884	681
Depreciation	15	18,116	16,909
Revaluation of fixed assets	15	1,500	2,500
Revaluation of, and additions to, endowment assets	21	2,443	(806)
Decrease in stock		79	28
Increase in debtors	16	(713)	(1,239)
(Decrease)/increase in creditors	18	(1,894)	2,968
(Decrease)/increase in provisions	20	(19,024)	33,361
Adjustment for investing or financing activities			
Investment income	7	(1,635)	(1,839)
Interest payable	10	4,264	11,610
Interest (credit) on ineffective portion of hedging instruments	10	-	(1,173)
Loss on disposal of intangible assets	13	2,258	-
Loss on disposal of tangible fixed assets	15	1,106	59
Capital grant income		(3,513)	(3,323)
Cash flows from operating activities		17,801	22,800
Taxation		(191)	(23)
Net cash inflow from operating activities		17,610	22,777
Cash flows from investing activities			
Capital grants receipts		2,008	1,414
Investment income	7	1,635	1,839
Payments made to acquire intangible assets	13	(1,053)	(3,042)
Payments made to acquire tangible fixed assets	15	(8,536)	(18,331)
Proceeds of investments	14	31,557	4,341
Purchase of investments	14	(30,775)	(3,483)
Decrease/(increase) in current asset investments during the year	17	3,500	(18,000)
		(1,664)	(35,262)
Cash flows from financing activities			
Interest paid	10	(4,264)	(11,610)
Repayments of amounts borrowed	19	-	(36,110)
Increase in borrowed amounts		-	60,000
		(4,264)	12,280
		11,682	(205)
Cash and cash equivalents at beginning of the year		19,082	19,287
Cash and cash equivalents at end of the year		30,764	19,082
Increase/(decrease) in cash and cash equivalents in the year		11,682	(205)

The notes on pages 37 to 55 form part of the financial statements.

Notes to the Financial Statements

1 Statement of Principal Accounting Policies

i Basis of preparation

These financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019) and other applicable accounting standards. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

Given the uncertainties due to Covid-19, the College undertook detailed scenario planning during the year. The ensuing budget was necessarily conservative and included appropriate savings and surplus improvement measures to ensure cash levels remained above target and no loan covenants were breached. In August the College outperformed its target for undergraduate home students, and continuing students, which has offset lower overseas recruitment levels. Cash levels at the start of the year are healthy at £49.3m and cash is not forecast to fall below the OfS 30 day limit at any point during the next year. The two main risks to College income are student retention and closure of College residences. Risks to expenditure include additional costs of running the campus, student hardship costs and additional staffing required/inability to deliver staff savings. The impact of these risks has been modelled and budgetary assumptions stress tested, and as a result mitigating actions are being planned, should they be required.

In conclusion, in the light of the College's risk analysis and mitigating actions, Council is satisfied that the College 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.

ii Parent disclosure exemptions

In preparing the separate financial statements of the College, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the College; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the College as their remuneration is included in the totals for the group as a whole.

iii Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertaking Royal Holloway Enterprise Limited for the financial year to 31 July 2020. Intra-group transactions are eliminated on consolidation.

iv Income recognition

Income from the sale of services is credited to the Consolidated Statement of Comprehensive Income when the 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 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.

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

Revenue government grants including funding council block and government research grants are recognised within the Consolidated Statement of Comprehensive Income when the College is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income in line with such conditions being met.

Capital government grants are recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates.

Capital and revenue 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 College is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income in line with such conditions being met.

Donations and endowments are recognised within the Consolidated Statement of Comprehensive Income when the College is entitled to the income.

Income from donations and endowments with donor-imposed restrictions is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

v Accounting for retirement benefits

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally-qualified independent actuaries.

Notes to the Financial Statements

The USS and SAUL are multi-employer schemes for which it is not possible to identify the assets and liabilities to College as members due to the mutual nature of the scheme and therefore the schemes are accounted for as defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past service deficits.

vi Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

vii 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.

viii Foreign currency

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

ix Fixed and intangible assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives, usually fifty years.

Leasehold land and buildings are depreciated over the remaining life of the lease.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College and are depreciated over the period of the expected future benefits. This is usually twenty years for services and ten years for minor works.

For student residences where a cyclical refurbishment programme is in place, the original costs of the components are depreciated over their useful lives of five to twelve years, as appropriate, and the refurbishment spend is capitalised and depreciated in the same way.

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

Borrowing costs which are directly attributable to the acquisition, construction or production of a building are capitalised.

Picture Collection

The College houses a collection of paintings gifted by Thomas Holloway, the founder of Royal Holloway College.

The pictures are included in the balance sheet with the other fixed assets. An external professional valuation was carried out in 2019; the valuation is assessed on the basis of high auction value. The secondary collection has been added as a fixed asset this year. This collection includes items by and from the collection of Christiana Herringham presented to Bedford College in 1918 and acquired on merger with Bedford College in 1985 along with various other items purchased, commissioned and donated which do not form part of the main collection in the picture gallery. An external valuation of this collection was last carried out in June 2019. A professional valuation will continue to be carried out at least once every five years, with an update in year three, also performed by a qualified valuer.

Equipment

Equipment, including computers and software, costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over five years or its expected useful life if this is different.

Furniture and fittings are written off in the year of acquisition, except the costs of furniture and fittings for a new building or major refurbishment which are capitalised and depreciated over the expected lifetime of the asset, usually ten years.

Software costs that are directly attributable to bringing an item of hardware into productive use, such as laboratory equipment and computer operating systems, are classified as tangible fixed assets, and are depreciated over the same life as the hardware or equipment.

Intangible assets

Networked applications software that is provided using virtual server architecture, is classified as an intangible fixed asset and is depreciated over five years.

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

Investments

Fixed asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive Income.

x Derivatives

Derivatives are held on the Balance Sheet at fair value. The College has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within other Comprehensive Income, to the extent the hedge is effective, and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in surplus or deficit for the period.

xi Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value, typically with a term less than three months.

xii Taxation

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

The College's subsidiary, Royal Holloway Enterprise Limited, is liable to Corporation Tax in the same way as any other commercial organisation.

xiii Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund as the College must hold the fund to perpetuity.

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

Founder's Endowment Fund

The Founder's Endowment Fund was created from the proceeds of the sale of three pictures from the collection and is held in a separate trust. Income from the Fund is credited to the Consolidated Statement of Comprehensive Income on a receivable basis. Income is applied in accordance with the purposes of the Scheme; any unapplied income is disclosed as a restricted reserve.

xiv Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

xv Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

xvi Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

xvii Finance costs

Finance costs are charged to surplus or deficit over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements Council have made the following judgements:

- Determine whether leases entered into by College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance.
- The liability for the contributions in respect of the past service deficits of its USS and SAUL defined benefit schemes will be covered by the recovery plans agreed following the March 2018 valuations.

Other key sources of estimation uncertainty

- Rental and other trade receivables (see note 16)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on individual debtor balances to consider whether each debt is recoverable.

- Tangible fixed assets (see note 15)

The investment property is stated at fair value. The College confirms this valuation based on rental income receivable and market valuation of land.

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as the condition and future use of the asset are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

Notes to the Financial Statements

for the year ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £000	College £000	Consolidated £000	College £000
3 Tuition fees and education contracts					
Full-time home and EU students		73,108	73,108	68,356	68,356
Full-time international students		35,653	35,653	34,230	34,230
Part-time students		1,085	1,085	1,328	1,328
Research Training Support Grant		6,208	6,208	6,516	6,516
Short course and Other fees		3,559	3,559	4,224	4,224
		119,613	119,613	114,654	114,654
4 Funding body grants					
Recurrent grant					
Office for Students - Teaching		4,098	4,098	4,210	4,210
Research England - Research		14,491	14,491	13,043	13,043
Specific grants		1,534	1,534	1,013	1,013
Deferred capital grants released in year:					
Capital grant - Buildings		1,469	1,469	1,577	1,577
Capital grant - Equipment		939	939	690	690
		22,531	22,531	20,533	20,533
Income from funding body grants includes £3.5m in respect of capital grants released in the year (2018/19: £3.2m)					
5 Research grants and contracts					
Research councils		9,472	9,472	8,868	8,868
Research charities		1,546	1,546	1,622	1,622
Government (UK and overseas)		2,755	2,755	2,480	2,480
Industry and commerce		2,508	2,508	2,314	2,314
Other		879	879	1,126	1,126
		17,160	17,160	16,410	16,410
6 Other income					
Residences, catering and conferences		20,954	20,954	27,869	27,869
Other services rendered		949	949	1,218	914
Released from deferred capital grants		-	-	282	282
Other income		5,420	5,420	5,110	5,203
		27,323	27,323	34,479	34,268
Other income includes £0.7m income from the government's Coronavirus Job Retention Scheme (furlough).					
Grant and Fee income					
Grant income from the OfS		6,506	6,506	6,477	6,477
Grant income from other bodies		16,692	16,692	14,056	14,056
Fee income for research awards (exclusive of Vat)		17,160	17,160	16,410	16,410
Fee income from non-qualifying courses (exclusive of Vat)		9,767	9,767	10,740	10,740
Fee income for taught awards (exclusive of Vat)		109,846	109,846	103,914	103,914
		159,971	159,971	151,597	151,597
7 Investment income					
Investment income on endowments	21	1,249	1,249	1,559	1,559
Other investment income		386	386	280	280
		1,635	1,635	1,839	1,839

	Notes	Year Ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £000	College £000	Consolidated £000	College £000
8 Donations and endowments					
Donations with restrictions	22	434	434	544	544
Unrestricted donations		245	245	224	224
		679	679	768	768

9 Staff costs

Staff Costs:

Salaries	77,683	77,683	75,437	75,437
Social security costs	8,209	8,209	8,146	8,146
Movement on Pension Provisions	(19,427)	(19,427)	30,783	30,783
Other pension costs	21,146	21,146	18,409	18,409
Total	87,611	87,611	132,775	132,775

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Emoluments of the Principal:		
Salary	301	301
Taxable benefits - accommodation running costs	7	7
Non-taxable benefits - accommodation costs	-	23
Taxable benefits - accommodation costs	20	7
	328	338
Pension contributions to USS	6	6
	334	344

A Taxable benefit is provided to the Principal in the form of accommodation and accommodation running costs with a value of £27k (2018/19 £37k, of which £23k was non-taxable).

The College provides the Principal with accommodation which otherwise would yield an annual rental income in the local rental market. The value of this benefit has been calculated based on the market rent valuation. The College perceives the Principal's proximity to the College as essential in all operational and strategic matters. The provision of accommodation for the Principal was exempt from tax until 5 April 2019 under the 'better performance and customary exemption for living accommodation'; this exemption has been removed from higher education from 6 April 2019.

The College is a multi-faculty Higher Education Institution, offering undergraduate and postgraduate degrees and carrying out academic research. It is one of eighteen self-governing Colleges and nine smaller specialist research institutes of the University of London. It is financially independent, competes internationally, and has a diverse student population from

over 140 countries. The College is a Charity Incorporated in the United Kingdom by Act of Parliament: Royal Holloway and Bedford New College Act 1985. The College has an annual income of £189m and educates 10,629 FTE students, employing an average of 1,598 FTE staff. It is recognised consistently as being one of the top UK universities in major league tables, currently being ranked in the top 25, and excellent research informs its teaching.

The College Remuneration Committee determines, on appointment and annually, the remuneration of the Principal of the College. The terms of reference of the Remuneration Committee state that this will be done 'having regard to College policies, national and international trends and nationally negotiated terms, as well as the financial and operational circumstances of the College.' The Remuneration Committee is chaired by a Vice Chair of Council. Membership includes the Chair of the Finance Committee and two independent members of Council. Up to two additional members are co-opted in line with Council Regulations.

Notes to the Financial Statements

for the year ended 31 July 2020

9 Staff costs (continued)

In determining a salary which is fair, appropriate and justifiable in line with the requirements of the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code, the Committee takes into account data provided by the Senior Staff Remuneration Survey conducted by the Universities and Colleges Employers Association (UCEA) and the CUC Survey of Vice-Chancellors' Remuneration. The Committee additionally considers the annual pay award made to all staff following negotiation through the Joint Negotiating Committee for Higher Education Staff (JNCHES). The Committee also takes account of the College's financial position and therefore its ability to pay. In addition, the Committee has considered the pay multiple as detailed in the CUC Code and in relation to the median earnings of the whole Institution.

The Committee considers the Principal's performance in accordance with College policy. Objectives are set annually by the Chair of Council. They are specific and measurable and are reviewed in the annual appraisal of the Principal's performance by the Chair of Council. Performance metrics are used as part of the consideration of the Principal's performance, such as league table position (the College has risen ten places to number 32 in

the UK in The Guardian University League Table 2021), success in bidding for major grants (such as £6.85m funding from the Arts and Humanities Research Council to lead StoryFutures, an exciting research and development programme, supporting innovation and training in immersive storytelling), student numbers (which have increased in a competitive market), financial sustainability (cash flow, reserves, ability to service debt) and the completion of major capital projects to improve the College's estate. The Principal has been offered, but declined to accept, any pay rise over the last three years.

The Principal of the College's basic salary is 10.9 times (2018/19 11.4 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the College to its staff, including casual, agency and contract staff.

The Principal of the College's total remuneration is 7.9 times (2018/19 8.4 times) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the College of its staff.

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

	Year ended 31 July 2020	Year ended 31 July 2019
	Number	Number
£100,000 to £104,999	18	16
£105,000 to £109,999	7	10
£110,000 to £114,999	11	14
£115,000 to £119,999	9	4
£120,000 to £124,999	4	1
£125,000 to £129,999	1	1
£130,000 to £134,999	-	-
£135,000 to £139,999	-	2
£140,000 to £144,999	4	3
£145,000 to £149,999	-	1
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
£160,000 to £164,999	1	-
£165,000 to £169,999	-	3
£170,000 to £174,999	2	-

The analysis shows the number of staff with a full-time equivalent salary of over £100,000 as at 31 July. Where staff are on reduced pay due to parental, maternity or sickness leave, or work part time, this is disclosed on a full-time equivalent basis. To comply with additional OfS guidance the prior year figures have been updated to include market supplements. In addition, any visiting lecturers disclosed have been aligned with College standard payscales.

9 Staff costs (continued)

Employees are able to opt for a reduced contractual salary, with the College then making the pension contribution, formerly paid by the employee, as additional employer's contributions. Staff costs reflect the reduced contractual salary and increased employer contribution of £5.2m (2018/19 £5.4m) in total, as applicable.

The Emoluments of the Principal and Remuneration of Other Higher Paid Staff are shown prior to any salary sacrifice.

	Year ended 31 July 2020	Year ended 31 July 2019
Average FTE staff numbers by major category :	Number	Number
Academic, Research and Other	774	770
Management & specialist	648	651
Technical	68	65
Other	108	115
	<u>1,598</u>	<u>1,601</u>
	£000	£000
Compensation for loss of office payable to senior post-holders:	<u>-</u>	<u>84</u>

The total amount of compensation for loss of office across the College was £0.9m (2018/19 £0.3m), for 41 members of staff (2018/19 37).

	Year ended 31 July 2020	Year ended 31 July 2019
	£000	£000
Key management personnel compensation	<u>1,406</u>	<u>1,459</u>

Council Members

The College's council members are the trustees for charitable law purposes.

In 2019/20 expenses of £2,615 (2018/19 £6,000) were paid to 8 (2018/19 10) non-staff trustees for travel, subsistence and business entertaining.

There are no related party transactions relating to Council Members to be disclosed.

The Chair of Council, Dame Margaret Hodge, received honorarium payments totalling £20,000 (gross) during 2019/20 (2018/19: £15,000).

Notes to the Financial Statements

for the year ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £000	College £000	Consolidated £000	College £000
10 Interest and other finance costs					
Loan interest		4,264	4,264	4,066	4,066
Swap break cost		-	-	7,544	7,544
		4,264	4,264	11,610	11,610
Interest credit on ineffective portion of hedging instruments	19	-	-	(1,173)	(1,173)
Net charge on pension scheme		747	747	349	349
		5,011	5,011	10,786	10,786

Other financing costs through income and expenditure

Net gain on disposal of swap derivative instrument	-	-	72	72
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11 Analysis of total expenditure by activity

Academic, research and related expenditure	24,406	24,406	25,504	25,504
Administration and central services	11,426	11,426	14,430	14,430
Premises	11,721	11,721	11,305	11,305
Residences, catering and conferences	1,016	1,016	1,792	1,792
Other expenses	7,559	7,559	9,684	9,459
	56,128	56,128	62,715	62,490

Other operating expenses include:

External auditors remuneration in respect of audit services	58	58	56	55
External auditors remuneration in respect of non-audit services	7	7	3	3

11b Access and Participation

	Year Ended 31 July 2020	
	Consolidated £000	College £000
Access Investment	1,666	1,666
Financial Support	4,870	4,870
Disability Support	106	106
Research and Evaluation (i)	115	115
	6,757	6,757

(i) £3.4m of these costs are already included in the overall staff costs figures included in the financial statements, see note 9.

The College has spent £6.8m on Access and Participation during 2019-20, delivering support that takes into account the needs of students, especially students from underrepresented groups, including equal access to education and opportunity, financial support (bursaries and hardship funds), support for students with a disability and research and evaluation in order to improve access and participation overall.

The College's Access and Participation Plan for 2019-20 can be found here

www.royalholloway.ac.uk/media/6995/royalhollowayuniversityoflondon_app_2019-2020_v1_10005553.pdf

12 Taxation

Recognised in the statement of comprehensive income

Current tax

Singapore Corporate Tax	191	191	23	23
Current tax expense	191	191	23	23

As explained in the accounting policies, the College is potentially exempt from taxation because of its charitable status and no taxation on income or capital gains was payable for 2019/20 or 2018/19. A charge was made in 2019/20 of £191k in relation to Singapore Corporation Tax (2018/19: £23k).

13 Intangible assets

Consolidated and College

	Total
	£000
Networked Application Software Cost	
At 1 August 2019	9,729
Additions in the year	1,053
Disposals	(2,258)
At 31 July 2020	<u>8,524</u>
Amortisation	
At 1 August 2019	2,185
Amortisation charge for the year	884
At 31 July 2020	<u>3,069</u>
Net book value	
At 31 July 2020	<u>5,455</u>
At 31 July 2019	<u>7,544</u>

14 Investments

Consolidated and College

Endowment Assets

At 1 August 2019	51,592
Additions	30,775
Disposals	(31,557)
Loss on Investments	(3,817)
At 31 July 2020	<u>46,993</u>

Endowment assets comprise equities, fixed interest bonds, property, cash and unitised funds.

Name	Country of Incorporation	Principal Activity	% of shares held by
Subsidiary Undertakings			College & Group
Royal Holloway Enterprise Ltd	Great Britain	Consultancy	100
Associates and Joint ventures			
Abatis (UK) Limited	Great Britain	Business and domestic software development	19

College holds 99 shares in Royal Holloway Enterprise Limited, the remaining share is held by a nominee on behalf of College. The cost and net book value of Fixed Asset Investments are less than £1,000. The Council considers that the fair value of fixed asset investments is not materially different to cost.

Notes to the Financial Statements

for the year ended 31 July 2020

15 Fixed Assets

	Freehold Land and Buildings	Investment Property	Leasehold Land and Buildings	Picture Collection	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total Tangible Assets
	£000	£000	£000	£000	£000	£000	£000
Consolidated and College							
Cost or valuation							
At 1 August 2019	423,194	14,500	7,462	28,691	65,742	12,490	552,079
Additions	2,300	-	16	-	2,858	4,016	9,190
Additions to Picture collection	-	-	-	1,374	-	-	1,374
Completed Assets	11,282	-	-	-	2,789	(14,071)	-
Change in Market Value	-	(1,500)	-	-	-	-	(1,500)
Disposals	-	-	-	-	-	(1,106)	(1,106)
At 31 July 2020	436,776	13,000	7,478	30,065	71,389	1,329	560,037
Consisting of valuation as at:							
31 July 2020	162,706	13,000	1,800	30,065	795	-	208,366
Cost	274,070	-	5,678	-	70,594	1,329	351,671
	436,776	13,000	7,478	30,065	71,389	1,329	560,037
Depreciation							
At 1 August 2019	103,296	-	3,589	-	36,298	-	143,183
Charge for the year	11,422	-	423	-	6,271	-	18,116
Disposals	-	-	-	-	-	-	-
At 31 July 2020	114,718	-	4,012	-	42,569	-	161,299
Net book value							
At 31 July 2020	322,058	13,000	3,466	30,065	28,820	1,329	398,738
At 31 July 2019	319,898	14,500	3,873	28,691	29,444	12,490	408,897

At 31 July 2020, freehold land and buildings included £119.4m (2019 £119.4m) in respect of freehold land and is not depreciated. Freehold land and building at cost included £6,664k of capitalised finance costs (2019 £6,664K). Assets in the course of construction include £0k of capitalised finance costs (2019 £0k).

Investment Property

The investment property was purchased in July 2016 and the fair value is derived from an assessment of the current rental income and comparable real estate taking into consideration the location and existing lease agreements.

Picture Collection

The College's picture collection which is displayed in the picture gallery contributes to the appeal of the venue for functions and tours. The collection was left to the College by its founder, Thomas Holloway, and is disclosed as a fixed asset. The secondary art collection has been disclosed as a fixed asset this year at valuation. This collection includes items by and from the collection of Christiana Herringham presented to Bedford College in 1918 and acquired on merger with Bedford College in 1985 along with various other items purchased, commissioned and donated which do not form part of the main collection in the picture gallery.

16 Debtors

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	College £000	Consolidated £000	College £000
Amounts falling due within one year:				
Other trade receivables	5,096	5,096	3,996	3,996
Other receivables	-	-	23	-
Prepayments and accrued income	8,886	8,886	9,250	9,250
Amounts due from subsidiary companies	-	-	-	25
	13,982	13,982	13,269	13,271

17 Current Investments

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	College £000	Consolidated £000	College £000
Short term deposits	18,500	18,500	22,000	22,000

18 Creditors: amounts falling due within one year

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	College £000	Consolidated £000	College £000
Trade payables	2,225	2,225	3,527	3,526
Payments received on account	5,297	5,297	6,526	6,527
Social security and other taxation payable	4,106	4,106	3,978	3,978
Accruals and deferred income	32,863	32,863	31,450	31,450
	44,491	44,491	45,481	45,481

Notes to the Financial Statements

for the year ended 31 July 2020

19 Creditors: amounts falling due after more than one year

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	College £000	Consolidated £000	College £000
Deferred income	22,101	22,101	23,857	23,857
Unsecured loans	140,000	140,000	140,000	140,000
	162,101	162,101	163,857	163,857
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 18)	-	-	-	-
Due between one and two years	-	-	-	-
Due between two and five years	-	-	-	-
Due in five years or more	140,000	140,000	140,000	140,000
Due after more than one year	140,000	140,000	140,000	140,000
Total secured and unsecured loans	140,000	140,000	140,000	140,000

Loans comprise the following:

Lender	Amount £000	Term	Interest rate %
PIC Private Placement	60,000	2055	3.09
Pricoa Private Placement	27,500	2035	2.97
	27,500	2040	3.17
	25,000	2045	3.26
	80,000		
	140,000		

19 Creditors: amounts falling due after more than one year (continued)

	Consolidated and College	
	31 July 2020	31 July 2019
	£000	£000
Consolidated and College financial instruments may be analysed as follows:		
Financial Assets		
Financial assets measured at fair value through profit or loss	<u>46,993</u>	<u>51,592</u>
Financial assets measured at fair value through profit or loss comprises the fixed asset investments.		
Financial Liabilities		
Financial liabilities measured at amortised cost	140,000	140,000
Derivative financial instruments designated as hedges of variable interest rate risk	-	-
	<u>140,000</u>	<u>140,000</u>
Financial liabilities measured at amortised cost comprise bank loans.		
Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.		
	Notes	
Hedge of Variable Interest Rate Risk		
Fair value of hedging instrument at 1 August 2019		- 7,437
Effective portion of change in fair value recognised in the statement of reserves		- (6,264)
Interest credit on ineffective portion of hedging instruments	10	- (1,173)
At 31 July 2020		<u>- -</u>

Notes to the Financial Statements

for the year ended 31 July 2020

20 Provisions for liabilities

Consolidated and College	Obligation to fund deficit on USS Pension £000	Other £000	Employment Tax Liability HMRC £000	Total Provisions £000
At 1 August 2019	47,273	2,180	344	49,797
Utilised in year	(299)	-	(344)	(643)
Additions	(18,381)			(18,381)
At 31 July 2020	28,593	2,180	-	30,773

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	USS
Discount rate	0.73
Inflation	2.00

USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Sensitivity analysis

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

Change in assumptions at 31 July 2020	Approximate impact £000
0.5% pa decrease in discount rate	692
0.5% pa increase in salary inflation over duration	679
0.5% pa increase in salary inflation year 1 only	140
0.5% increase in staff changes over duration	689
0.5% increase in staff changes year 1 only	142
1% increase in deficit contributions from April 2021	4,838
1 year increase in term	4,519

21 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2020 Total	2019 Total
	£000	£000	£000	£000	£000
Balances at 1 August 2019	77,962	3,023	236	81,221	80,415
New endowments	-	-	-	-	-
Investment income	1,344	77	23	1,444	1,514
Expenditure	(1,344)	(77)	(23)	(1,444)	(1,514)
Decrease in market value of investments	(3,601)	(201)	(15)	(3,817)	(822)
Additions to the Picture Collection	1,374	-	-	1,374	1,628
	(2,227)	(201)	(15)	(2,443)	806
At 31 July 2020	75,735	2,822	221	78,778	81,221
Analysis by type of purpose					
Hilda Martindale Educational Trust	932	-	-	932	998
Other scholarship, prize and fellowship funds	6,547	-	221	6,768	7,040
Founder's Endowment Fund	38,191	-	-	38,191	41,468
Other funds	-	2,822	-	2,822	3,023
Picture Collection	30,065	-	-	30,065	28,691
	75,735	2,822	221	78,778	81,221
Analysis by asset					
Fixed assets – Picture Collection				30,065	28,691
Current and non-current asset investments				46,993	51,593
Cash & cash equivalents				1,720	937
				78,778	81,221

Hilda Martindale Educational Trust

The Trust was created under the Will of the late Miss Hilda Martindale in 1952 to provide opportunities for girls and women to train in a specialist field.

Other scholarship, prize and fellowship funds

These comprise a number of smaller funds donated to the College for a variety of purposes for the benefit of students, across a wide number of disciplines.

Founder's Endowment Fund

In May 1992 the Charity Commissioners authorised the sale of certain pictures, the proceeds of which were to be administered and managed as a separate charity as the Founder's Endowment Fund (FEF).

The income of the Fund is applied by College in the following order of priority:

- a - maintenance, security and upkeep of the pictures and picture gallery of the College
- b - in the maintenance and improvement of the original buildings and grounds of the College
- c - in any other way which will further the general charitable purposes of the College for which provision is not made out of Government fund or by other usual University funding sources.

	£000
Balance brought forward	41,468
Income	1,161
Expenditure	(1,161)
Appreciation of Investments	(3,277)
Balance carried forward	38,191

Notes to the Financial Statements

for the year ended 31 July 2020

22 Restricted Reserves

	Consolidated and College	
	2020	2019
	Total	Total
	£000	£000
Reserves with restrictions are as follows:		
Balances at 1 August 2019	160	-
New donations	434	544
Expenditure	(435)	(384)
At 31 July 2020	159	160

23 Capital and other commitments

	31 July 2020		31 July 2019	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
Provision has not been made for the following capital commitments.				
Commitments contracted at 31 July	-	-	2,756	2,756
Authorised but not contracted at 31 July	-	-	220	220
	-	-	2,976	2,976

24 Commitments under Operating Leases

The investment property is let under non-cancellable operating leases for the following future minimum lease receipts.

	31 July 2020	31 July 2019
	£000	£000
Consolidated and College		
Not later than 1 year	298	750
Later than 1 year and not later than 5 years	-	875
Total lease payments due	298	1,625

25 Cash and cash equivalents

	At 1 August	Cash	At 31 July
	2019	Flows	2020
	£'000	£'000	£'000
Consolidated			
Cash and cash equivalents	19,082	11,682	30,764
Bank overdraft	0	0	0
	19,082	11,682	30,764

26 Consolidated reconciliation of net debt

	Consolidated and College 31 July 2020 £'000
Net debt 1 August 2019	98,918
Movement in cash and cash equivalents	(11,682)
Movement in current asset investments	3,500
Net debt 31 July 2020	90,736
Change in net debt	(8,182)

Analysis of net debt:	Consolidated Cash Flows		
	31 July 2020 £'000	Cash Flows £'000	31 July 2019 £'000
Cash and cash equivalents	30,764	11,682	19,082
Short term investments	18,500	(3,500)	22,000
Unsecured loans	140,000	-	140,000
Net debt	90,736	8,182	98,918

27 Pension Schemes

The total pension cost for Royal Holloway and its subsidiary was:

	Consolidated and College	
	2020 £000	2019 £000
Contributions to USS	18,689	16,006
Contributions to SAUL	2,447	2,393
Other pension contributions and costs	10	10
Total Pension Cost (note 9)	21,146	18,409

The College participates in the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL).

The College offers a pension salary sacrifice arrangement. Employees are able to opt for a reduced contractual salary, with the College then making the pension contribution, otherwise payable by the employee, as additional employer's contributions. The amount relating to salary sacrifice in 2019/20 was £5.2m (2018/19 £5.4m).

USS

Significant accounting policies

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual

institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

Notes to the Financial Statements

for the year ended 31 July 2020

27 Pension Schemes (continued)

Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

The total cost charged to the profit and loss account is (£19.4m) (2019: £30.8m).

Deficit recovery contributions due within one year for the institution are £1.3m (2019: £1.0m).

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. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

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:

2018 valuation

Mortality base table

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

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

The current life expectancies on retirement at age 65 are:

	2018 Valuation	2017 Valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	.73%	1.58%
Pensionable salary growth	2.0%	2.0%

SAUL

Superannuation Arrangements of the University of London (“SAUL”), is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings (“CARE”) basis.

The College is not expected to be liable to SAUL for any other current participating employer’s obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

SAUL’s statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL’s benefits as they fall due (the “Technical Provisions”). The Trustee adopts assumptions which, taken as

a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members’ accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL’s position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were by the Trustee and employers in June 2018 and are due to be reviewed at SAUL’s next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers’ contributions will continue at a rate of 16% of CARE salaries.

28 Related Party Transactions

Royal Holloway paid grants of £1.3m (2018/19 £0.9m) to Royal Holloway Students’ Union.

There were no other related party transactions to disclose.

29 Events after the reporting period

In respect of the USS pension scheme, a valuation is being carried out by the USS Trustee as at 31 March 2020 with a view to complete the process by 30 June 2021. USS have indicated that the financial position of the scheme has worsened since the last valuation in 2018 and have set out a timetable for consultation on the proposed methodology. Any increases in the provision for the College’s obligation to fund the USS deficit will be subject to the finalisation of a new deficit recovery plan expected June 2021 which will then be reflected in the College’s Financial Statements the year ended 31 July 2021.

Following the year end the remaining tenant in Rusham Park, the College’s sole investment property, has given notice to vacate the property as at 24 December 2020. Council are now considering their options for the future of this site.

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