

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY

LEGAL STATUS

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2021. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

The charity has two trading subsidiaries: Babraham Bioscience Technologies Limited (BBT) (Registered in England and Wales number 03241492) and Babraham Institute Enterprise Limited (BIE) (Registered in England and Wales number 06331858); referred to as the "Group" throughout. On the 16th July 2021 a resolution was passed by the Board and Shareholders to change the company name from Babraham Bioscience Technologies Limited to Babraham Research Campus Limited (BRC).

PRINCIPAL ACTIVITY

The principal activity of the group and the charitable company, as set out in the Memorandum and Articles of Association, is education, through undertaking research; the dissemination of the results of such research for the public benefit and the training of research scientists. The charitable company aims to be the UK's premier research institute for work on lifelong health and healthy ageing through frontier research into molecular and cell biology and development. The chief funder of the Institute is UKRI. Operating across the whole of the UK with a combined budget of more than £8 billion, UKRI became operational on 1 April 2018 and has brought together the seven Research Councils (including UKRI-BBSRC), Innovate UK and a new organisation, Research England.

BRC (Babraham Research Campus Limited formerly Babraham Bioscience Technologies Limited) operates from within the Babraham Research Campus, for which it also has management and development responsibilities to ensure the Campus provides both the buildings and communal environment to benefit all the organisations on Campus. Its principal activities focus on supporting early stage companies and growing biomedical enterprises. This is delivered through the provision of specialised office and laboratory accommodation, access to scientific expertise and equipment (including to the Institute's nine science facilities and specialist equipment which is overseen by the Institute), and to support a research-centric community helping translate early stage science into products and services.

The primary role of BIE is to support the commercialisation of the Institute's science, and has responsibility for managing and commercialising the Institute's intellectual property portfolio through partnerships with industry, licencing activities, and the formation of spin-out companies. BIE also works closely with BRC to facilitate access to the Institute's cutting-edge scientific facilities for early stage companies both on and off the Babraham Research Campus, thereby supporting the local economy.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, MANAGEMENT AND GOVERNANCE

BOARD OF TRUSTEES

Up to and including the year ended 31 March 2021, the Board of Trustees consisted of up to twelve individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

Three new Trustees joined the Board in 2021; Dr James Briscoe FMedSci FRS and Professor Peter Parker FMedSci FRS, both research group leaders at the Francis Crick Institute, and Ms Alexandra Pygall, a partner with law firm Stephenson Harwood. Professor Gordon Brown FRS, the Director of the MRC Centre for Medical Mycology at the University of Exeter, and Director of the AFRICA Medical Mycology Unit at the University of Cape Town, will join the Board in July 2021. Vacant Trustee positions are advertised nationally, in appropriate newspapers or technical journals.

A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

Trustees are provided with an induction pack containing key information about the Institute, and are offered training in trusteeship by one of the recognised training providers in this area. Most Trustees also take the opportunity to visit the Institute and meet with its staff, outside of a formal Board of Trustees meeting; however, due to the global pandemic and visitor restrictions, a comprehensive virtual induction was provided to the new Trustees in advance of their first Board meeting.

The following were members of the Board of Trustees during the year:

Prof P Rigby FRS	
Mr G Allen	
Mr G Braham #	
Dr J Briscoe FRS #	– appointed 1 January 2021
Prof D Cantrell FRS	– resigned 31 December 2020
Mr A Clare	– resigned 31 December 2020
Prof A Ferguson-Smith FRS	– resigned 31 December 2020
Dr L Gailey #	
Prof N Jones	
Prof D Kipling	– resigned 11 June 2020
Prof C Page	– resigned 31 December 2020
Prof P Parker FRS	– appointed 1 January 2021
Ms A Pygall #	– appointed 1 January 2021

Denotes members of the Audit Committee as at 31 March 2021.

Membership of the charity consists of two Trustee Members (*ex officio* the Chair of the Board of Trustees and the Chair of the Audit Committee) and one Corporate Member, the UK Research & Innovation (UKRI).

Separate Audit Committees operated during the year for the Institute and BRC. Additionally, a joint audit committee is convened annually to ensure proper scrutiny of Group finances and operations and as such incorporates some of the functions of a Finance and General Purposes Committee, although most of such functions are carried out by the Board itself.

The Board delegates the day to day running of the Institute to the senior management team led by Professor Wolf Reik as the Institute's Director (Acting Director May 2020 – March 2021, appointed Director March 2021). Professor Reik resigned as Institute Director on 2 July 2021, with Dr Simon Cook now being interim Institute Director.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

BOARD OF TRUSTEES (CONTINUED)

The Company Secretary is Mr Simon Jones. The CEO of BRC, one of the Institute's trading subsidiaries, Mr Derek Jones, is employed on a BRC contract. BIE is managed as part of the Institute by the senior management team.

TRUSTEES' RESPONSIBILITIES STATEMENT

The charity Trustees (who are also directors of The Babraham Institute for the purposes of company law) are responsible for preparing an annual Trustees' Report and financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year.

TRUSTEES' RESPONSIBILITIES STATEMENT (CONTINUED)

Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware at the time of approving our annual Trustees' Report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006

Institute governance dictates that key strategic decisions are made at the Babraham Executive Committee (BEC; chaired by the Director), which responds to advice from the Board of Directors, Scientific Advisory Panel and other key stakeholders including the UKRI-BBSRC and other funding agencies. BEC is comprised of senior managers from across all functional areas, bringing a broad perspective of opinions to Institute business.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

The Institute's Environmental Sustainability Vision, discussed elsewhere, commits the Institute to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. At a local level, the Green Labs strategic initiative has been established. This sustainability scheme is focussed on the environmental footprint of our scientific research and other activities across campus, with two main aims:

- To make vital improvements to our environmental footprint, at this time of climate and ecological emergency
- To save valuable funds through best practice (e.g. energy efficiency).

We recognise that in order to maintain productive relationships with key stakeholders, the Institute must uphold high standards of business conduct. Operational teams hold and update relevant professional accreditations, and undertake continuing personal development to ensure they are working in an effective manner. In 2020-21 a Research Integrity Steering Group was established to oversee the policies, management systems and processes supporting research integrity at the Institute. This will enable others to have confidence that our research is founded on rigour and excellence, and is of the highest international quality.

The Institute has numerous mechanisms to foster relationships with key stakeholders. As the principal funder, relations with UKRI-BBSRC are maintained through many formal interactions. The Director and Chair of the Board of Trustees hold regular partnership meetings with the Chief Executive of the UKRI-BBSRC. In addition, the Directors of all UKRI-BBSRC Institutes meet regularly with UKRI-BBSRC to discuss their strategic alliance. Furthermore, the COO and senior members of the operations team hold frequent bilateral meetings with their counterparts at UKRI-BBSRC.

As a majority shareholder in Babraham Research Campus Ltd (BRC), the Institute maintains close and productive relationships with the BRC management and board. One highlight area of constructive associations surrounds environmental sustainability, where representatives from complementary functional areas, including engineering and facilities management, work collectively to reduce the impact of the campus on the local and wider environment.

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. As part of the EU-Life alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences. Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. For grants running in 2020/21, the Institute had collaborations with 96 organisations across 21 countries.

The Institute is committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Procurement for goods and services is provided by a wide range of suppliers and the contractual terms and conditions that the institute puts in place with third parties are regularly reviewed and have been updated to include provisions designed to ensure that any risks of modern slavery in the institute's supply chain are appropriately and effectively addressed. The Institute's modern slavery statement is published on its website.

Institute science interfaces with many key areas of policy from public health to education, and from animal welfare to big data. Our life science research has significant potential to shape and inform policy on topics such as gene editing, stem cell research and the effect of dietary restriction over the course of a person's life. We also participate in broader discussions including animal welfare and the importance of the bio-economy. Our researchers and staff place significant value on working with policymakers and policy organisations through discussion, evidence and debate.

In 2019, the HR department commissioned a series of three employee engagement surveys (in collaboration with The Survey Initiative). The first was launched in 2020 and the subsequent surveys will take place in early 2022 and late 2023. The surveys has helped to identify key issues and priorities for improvement, as well as highlighting areas of success, good practice and progress within the Institute.

The Institute is committed to creating, maintaining and promoting equality, diversity and inclusivity (EDI) in all aspects of its policies, procedures and activities, and to the principles of the Equality Act 2010. Our 'equality4success' strategic initiative unites all EDI activities and regularly consults with Individuals to monitor the implementation of this goal.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

In 2019-20 the Institute signed up to the Technician Commitment to pledge action against the key challenges that affect our technical staff; visibility, recognition, career development and sustainability. Consultations with stakeholders have identified the main objectives and we have undertaken a self-assessment providing contextual information about the Institute, progress to date and a detailed 24-month future action plan for embedding the Technician Commitment principles at the Institute. These documents can be found online (www.babraham.ac.uk/people/technician-commitment).

The mental health and wellbeing of our staff is paramount and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, relationship and emotional support as well as telephone counselling. In 2020-21 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be a point of contact for any member of staff. Whilst MHFAs are not trained to be counsellors or therapists, they will play a pivotal role in offering initial support through non-judgmental listening and guidance.

OBJECTIVES AND ACTIVITIES

INSTITUTE OBJECTIVES

In the furtherance of the charitable objectives listed in the Memorandum and Articles of Association, the charitable company is guided by a comprehensive portfolio of integrated policies. Further details of the charitable company's mission can be found online (www.babraham.ac.uk/about-us). Information on funding, research activities, scientific services and wider Institute programmes such as public engagement, commercialisation and equality and diversity can be found in the Institute's Annual Research Report (www.babraham.ac.uk/our-research/annual-research-report). A combined research report covering Institute activities during the previous reporting year 2019-2020 is in development.

The Institute's research operates across three science programmes (Institute Strategic Programmes, ISPs) focusing on epigenetics, signalling and immunology and is supported by UKRI-BBSRC strategic funding. The programmes work towards our overarching goal of understanding the fundamental biological mechanisms and changes underlying development and healthy ageing. Key strategic objectives include:

- Understanding the interaction between the immune system and other tissues; the role of signalling pathways in the immune system as well as the effects of ageing on the immune response and vaccination.
- Investigating the role of signalling pathways and the autophagy process in ageing, health and disease.
- Using the epigenetic clock to investigate how life events influence biological ageing, and examining mechanisms of epigenetic inheritance, stem cell differentiation and the impact of subtle epigenetic differences on cell diversity.
- Studying the impacts of diet and other lifestyle and environmental factors on epigenetics, signalling, metabolism, health and ageing.
- Leveraging the capital investment in Institute infrastructure and equipment, in particular the state-of-the-art scientific facilities and biological support unit, to attract investment and interaction from both the public and private sectors.

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. In the period 1 April 2019 - 31 March 2020; the Institute welcomed three new Group Leaders: Dr Hayley Sharpe and Dr Rahul Samant both to the Signalling research programme, and Dr Maria Christophorou to the Epigenetics research programme. Additional Group Leaders were recruited to the Epigenetics and Signalling research programme during 2020-2021 with five new groups being established at the Institute from Summer 2021 to early 2022.

The Institute's three ISPs receive funding from the UKRI-BBSRC in the form of Institute Strategic Programme Grants (ISPG) awarded to each programme. Each ISPG contains a list of objectives for the term of the grant, together with time plans and resource requirements; the grants are allocated for these specific, approved projects and funding may not be diverted to diverse activities. The ISPGs are summarised in the list of objectives above and a more detailed insight into the aims of each ISPG and research group can be found in the Annual Research Report (www.babraham.ac.uk/our-research/annual-research-report).

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

INSTITUTE OBJECTIVES (CONTINUED)

Complementing ISPG funding there is a Campus Capability Grant (CCG) supporting the Institute and its core biological research facilities. The UKRI-BBSRC also provides a Knowledge Exchange and Commercialisation (KEC) grant which is used to enable the Institute to effectively disseminate knowledge and where appropriate do work which facilitates partnerships to ensure that findings are translated to practical benefit, for example new therapeutic agents. The grant also supports the Institute to employ a team of skilled KEC specialists to support and facilitate this work.

The Institute's research groups are structured so they can share resources, techniques and skills. Each Group Leader runs their own group and is expected to create, lead, maintain and develop an internationally competitive programme of innovative research. Each ISP Lead is responsible for leading and co-ordinating a cohesive programme of research that contributes to the Institute's mission of understanding and helping to improve lifelong health. This involves coordinating and uniting the goals of several groups and ensuring appropriate annual reporting to the UKRI-BBSRC.

Each Group Leader is expected to raise additional funds for their research over and above the UKRI core ISPG funding, not only to support the critical mass of researchers needed, but also to form strong strategic partnerships with other funders (often from the medical charity sector or the biotech/pharma industry) that are interested in the translation of Babraham Institute science into technologies and discoveries with high impact for the benefit of lifelong health and wellbeing.

The overall science direction of the Institute is determined by the Babraham Executive Committee (BEC; the senior executive committee responsible for the running of the Institute); additionally, the Science Policy Committee (SPoC; a subcommittee of BEC with additional membership from amongst the senior science staff and Grants Office) provides scientific leadership and vision and also monitors and assesses the science across all groups.

The impact of this research, for the public benefit, is a deeper understanding of the mechanisms of health and disease throughout life. The insights gained from the Institute's fundamental research may lead to changes to public advice on healthy living, wellbeing and ageing; could influence public health policies; and may underpin medical research into new therapies and treatments.

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply that knowledge to disease conditions, often partnering with medical research charities and organisations devoted to alleviating the effects of those particular diseases. As a fundamental research organisation, it is acknowledged that the Institute's research can be far removed from these final outcomes and there is an expectation that the translation of Institute research may take some years to come to fruition, yet over the course of its history the Institute has demonstrated its ability to deliver high-impact research advances (e.g., work on fundamental cell biology and inositol lipid signalling spanning work underpinned by discoveries made in the 1960s to current day:

<https://www.babraham.ac.uk/sites/default/files/media/files/babraham%20poster.pdf>).

Additional demonstrations include the involvement of Institute immunologists in the development of some of the world's first therapeutically useful monoclonal antibodies, leading to several monoclonal antibody drugs such as Herceptin (for metastatic breast cancer), infliximab (for Crohn's disease) and Vectibix (Panitumumab), licensed for the treatment of colorectal cancer, which was developed directly from research performed at the Institute more than a decade earlier. In 2017, the Institute published findings from a collaboration involving both GSK and AstraZeneca that could lead to new cancer screening approaches (News: [New fundamental biology may aid cancer treatments](#)). The results of a recent new collaboration supported by Innovate UK (part of UKRI) could lead to the identification of new anti-cancer drugs. And in 2020, Enhanc3d Genomics, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, won external seed funding.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

INSTITUTE MISSION STATEMENT

- To be a world-leading life science and innovation research institution producing internationally recognised and respected science with a view to creating significant social and economic impacts through understanding and improving lifelong health.
- To maximise awareness, relevance and impact of our work through a diverse and creative programme of knowledge exchange, commercialisation, public engagement and communication. Particularly by building a reputation for collaboration, transparency and high-quality science and business acumen.
- To provide a unique and highly successful environment, establishing Babraham Research Campus as the leading campus for bioscience start-up and developing biomedical companies and for supporting the development and growth of those organisations.

INSTITUTE REMIT

- The Babraham Institute is an independent charitable life sciences Institute, strategically funded by the UKRI-BBSRC, carrying out world-leading innovative research and advanced training with relevance to the biological, biotechnological, biomedical, pharmaceutical and health research and user communities.
- The Institute's research focuses on determining the mechanisms whereby cell signalling and gene regulation control normal cellular processes and functions underpinning ageing, development and the maintenance of health and wellbeing.
- The advances made due to the Institute's research are publicly available and the Institute actively seeks partnership and knowledge exchange with relevant companies and with clinical and other researchers to ensure effective application of its research.
- To be an active participant of the Babraham Research Campus by supporting early-stage bioscience enterprise through collaboration and providing access to state-of-the-art equipment.
As part of the UK Science Base, the Institute contributes to the economic growth, quality of life and public engagement objectives of Government. Our work supports the UKRI-BBSRC's Forward Look for UK bioscience and bioscience for an integrated understanding of health. It also closely aligns with the healthcare challenge of ageing and the ambition to understand the pathways associated with multi-system ageing in order to develop new diagnostics and therapies as outlined in the UK Government's Life Science Vision, in addition to our work being of relevance to some of the Vision's other challenge areas.

BABRAHAM GROUP BUSINESS OBJECTIVES

Delivery of World Class science, within the Institute's remit

- International leadership
- Synergistic and nationally strategic research
- Collaborative partnerships
- Graduate and postdoctoral training programme

Excellent fit-for-purpose infrastructure for science

- Technical
- Corporate
- Educational

The highest standards of Corporate Social Responsibility

- Values and impact of our research
- Community partnerships
- Environmental impact of the Campus
- Public Engagement Programme
- Openness and transparency

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

An internationally recognised contribution to the UK's economic competitiveness

- Inward investment to the Babraham Research Campus
- Commercialisation and wealth creation
- Partnerships and knowledge flow

Robust sustainability

- Financial planning and estate strategy

Efficient and effective management

- Operations and People

A high standard of Corporate Governance

- Risk control and contingency planning
- Regulatory
- Boards and subcommittees; executive decision-making structure and authorities

Within BRC specifically, the key business objectives are:

- The Delivery of Research and Innovation undertaken by the companies and academic researchers on the campus.
- The Development of People and Talent both in the academic and commercial settings.
- The Growth of Campus Capabilities in order to support translation and company creation, and help to accelerate company growth and scale-up.
- The nurturing of the Ecosystem by being a vibrant, dynamic, and well-connected research and innovation location and playing an active part in that community.
- Campus Investment and Ensure Sustainability
- Create new Partnerships and to sustain those we have created with organisations both on and off the site and which have added value and contributed to the vibrancy of the Campus

EMPLOYEES

During the year the Babraham Group has continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the group's position and any significant organisational changes. Within the Institute, the global pandemic and move to a distributed workforce meant reassessing and restructuring the Institute's internal communications. In March 2020, a new intranet section was created to provide a comprehensive Covid-19 information resource for staff. This brought together information issued by the Institute and BRC, health guidance and all related policies and procedures.

While the Institute's Crisis Management Team was active in 2020/21, a weekly email update (later moving to fortnightly) was sent by a senior member of the Institute, usually the Director or Chief Operating Officer, summarising the main points of note in addition to emphasising safe ways of working and the importance of protecting wellbeing in the face of a diverse range of challenges.

In October 2020, this staff update communication was replaced by a monthly internal newsletter, published and shared electronically. The newsletter has been successful in engaging the Institute community with recognition initiatives (such as Staff Recognition Awards and the Institute's Annual Prizes), personnel changes, including the Institute's new Trustees, and news and updates from across the Institute.

These scheduled communications have been supplemented with tailored communications emailed directly to staff on issues of particular note, such as changes to Institute management and important health and safety notices. Although ad hoc, these emailed communications ensure that all staff receive information that is relevant to the situation, the mechanisms for communication and support are made clear and misinformation is avoided.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

EMPLOYEES (CONTINUED)

The Institute's intranet was redeveloped and relaunched in 2020, going live in December 2020. Named The Hub, the preparation of the new structure and underlying content allowed the creation of an up-to-date, responsive, intuitive and navigatable resource. The Hub aims to provide easy and fast access to information on all areas of the Institute, and being built on SharePoint, is playing a wider positive role in facilitating collaborative working and raising awareness of individuals and teams across the Institute.

To supplement the Institute's usual face-to-face Director-led updates, the Institute held Director webinars in 2020 and a virtual end of year update. Annual partnership meetings where Professor Melanie Welham (UKRI-BBSRC) presents an update to Institute staff and annual briefings for all staff led by the Director, provide a forum for upwards questioning. This event took place virtually on 6th November 2020. The charity has committed to a programme of employee engagement surveys and action plans (2020 – 2023), with the first staff survey taking place in January 2020.

The group is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development. The charity is an equal opportunities employer and supports diversity in the workplace. The Institute has a "two ticks" status.

The Institute received a silver Athena SWAN award in April 2015, at the time only the second Research Institute to achieve Silver status, and is one of 164 Member organisations that currently hold Athena SWAN awards in the UK. The Athena SWAN Charter was launched in 2005 to recognise commitment to advancing women's careers in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education. The awards recognise good practice in recruiting, retaining and promoting women in STEMM. The Charter believes that an organisation must have institutional support and underpinning institutional good practice, policies and procedures in place in order to achieve and sustain an award.

The Charter's remit was significantly expanded in 2015 to include support roles, other academic fields and equality for all genders. Therefore, the receipt of a Silver award in December 2018 under this expanded Charter indicates the significant work that the Institute has carried out to support all staff - and is a recognition of the Institute's ongoing good practices. The Institute plans to build on these to further progress equal opportunities. Following a recent review, Athena SWAN status must be now renewed every five years.

As mentioned earlier in the document, the Institute joined the Technician Commitment in 2019, leading to the creation of a steering group to represent the variety of technical specialist roles found across the Institute. Key areas of focus and objectives have been mapped to the Technician Commitment themes of Visibility, Recognition, Career Development and Sustainability.

Remuneration of key management personnel is set annually by the Senior Remuneration Committee which comprises the Institute Chair and Deputy Chair along with at least one other trustee. The committee is chaired by the trustee appointed to oversee HR matters on behalf of the Board.

SUMMARY PUBLIC BENEFIT STATEMENT

The charitable purpose of the Institute is to advance education, specifically to increase public learning and knowledge in the field of biological and biomedical sciences and also to provide training leading to a higher degree (PhD) in research techniques and significant contribution to collective knowledge and understanding of specific areas of study and expertise. The Trustees are mindful of their collective responsibility to ensure that the charity complies with public benefit guidance issued by the Charities Commission.

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators focussing on non-financial performance during the reporting year are detailed below. The choice of performance indicators is based on readily available information which provides a useful comparison of achievements this financial year to last year.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecycle, and our commitment to maximising research impacts through knowledge sharing with politicians, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2020 (calendar year) the Institute's scientists published a total 126 (2019: 77; 2018: 108) full and refereed research and review articles in journals.

A full bibliographic list of all scientific publications is available on our website (www.babraham.ac.uk/publications) and under each group's webpage. As with all scientific research organisations, these publications are the main immediate tangible output of the Institute's activities.

New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2020/21, by funding source and the total awarded, are below:

	2020/21		2019/20		2018/19		2017/18	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	0	0	5	1,786	2	413	4	1,602
UKRI-MRC	2	973	2	916	2	2,727	2	893
Innovate UK	-	-	-	-	-	-	1	183
European Commission	5	2,743	2	361	5	612	2	593
Industry, levy boards	1	420	3	457	3	552	1	642
Trusts, foundations, charities, foreign governments	5	2,370	9	1,970	3	2,683	9	2,263

As in past years, identifying, applying and securing new external funding sources remains a high priority of the Institute.

Public Engagement

The Institute's engagement programme was heavily impacted by the effects of the Covid-19 pandemic over the last year. The lockdown measures implemented caused the suspension of a number of our long running programmes. However, the programmes have adapted and are again building in strength. The Institute's vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. Public engagement and science communication at the Institute is embedded within its research and supports interactions between researchers and a variety of public groups. The Institute has a core Public Engagement Team, supporting a varied and dynamic programme to engage students, teachers, community groups, family and adult audiences. The figures below highlight the Institute's commitment to these activities.

	2020/21	2019/20	2018/19	2017/18
Visitors to site	0	440	458	437
Outreach Events*	12	34	42	39
Total Public Audience Engaged	2,142	2,251	17,468	6,175
Website visits	154,650	116,435	130,230	131,167

*Visits to schools, science festival exhibits, public lectures, panel sessions, public dialogue workshops, hosting community tours on campus, library talks etc.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Public Engagement (CONTINUED)

The Institute's public engagement programme continues to engage at local, national and international level with a renewed focus on developing relationships with communities traditionally underserved by engagement programmes. There has been successful recruitment into the team allowing increased capacity to work with both school and community audiences. Highlights from 2020-2021 have included a follow up piece around the Race Against the Ageing Clock project which featured as part of the online Royal Society Summer Science Exhibition 2020, as well as, in the launch of the Institute's Science Spotlight online public talk series. The Institute's contribution to the Cambridge Festival - a bringing together of the Cambridge Science Festival and Festival of Ideas, which ran online this year - was also very well received.

The Institute's participation in the EU funded Horizon 2020 project, 'ORION', has continued into its final year, with the release of results from the previously undertaken public dialogue work, focused on genome editing in Cambridge, Germany, the Czech Republic and Sweden. These results are now available publicly and are being disseminated through online events, publications and articles to ensure maximum impact. As the project begins to come to an end, the Institute's focus will be to develop implementation plans ensuring the learning from the project is embedded into our practices and continues into the future.

The development of the VACCINE project, funded through ORION, began this year after alterations to the delivery plan, due to the Covid-19 pandemic. This project aims to bring together researchers, digital game designers, secondary school students, and public engagement professionals to co-develop an interactive game exploring the spread of infectious disease outbreaks. Development is going well and on track for the game to be launched in Autumn 2021. Once launched it will strengthen the Institute's digital resources joining the suite of online activities and the newly launched epigenetics escape room experience website. This escape room site launched in late March 2021 as part of the Cambridge Festival and offers an immersive experience developed by research staff from across the Epigenetics ISP. The festival programme also featured the latest Science Spotlight event and readings of science themed children's stories, including one written by Institute staff. All of these events were a great success reaching a wide audience. The Institute's seed fund has also enabled staff-led development of further online accessible, activities and resources. The three projects funded in 2020 are underway and are expected to reach the delivery phase over the next year.

Unfortunately, the Institute's annual Schools Day was unable to go ahead this year due to the Covid-19 pandemic. This and the postponement of other events, due to the restrictions, led to the overall number of events and members of the public engaged being lower than previous years. However, there has been a noticeable increase in website traffic and the online events that have been able to run have attracted higher numbers of attendees than the in-person versions may have. This is a promising sign for the Institute's planned 2021-2022 online programme.

Looking ahead, the Institute aims to build a hybrid model of in-person and online events within the engagement programme to allow flexibility in the continued uncertainty around Covid-19 and the longer-term impact on societal behaviours. This will enable high quality, two-way engagement between staff and members of the public whilst also building on the success of the online programme in reaching audiences traditionally underserved by science engagement programmes.

Knowledge Exchange and Commercialisation (KEC)

The Institute's KEC programme aims to maximise the dissemination, impact and, where appropriate, the exploitation of knowledge generated by and held within the Institute. Implicit in this is the recognition that this knowledge is the product of public investment and that the Institute has a duty to maximise outcomes from this investment for societal and economic benefit.

Activities include the training of fellow scientists in new emerging techniques, through continued professional development (CPD), engagement with the Biotech / Pharma sector and other research organisations. In addition, the Institute aims to use its expertise to inform policy, direction and understanding of science by policy makers and industrialists at home and abroad. KEC is viewed as a two-way dialogue in which the Institute engages with industry and stakeholders to listen to their concerns and try to respond to their needs. Where appropriate the Institute seeks to maximise the impact of its research through commercialisation – this is managed by the Institute's wholly-owned trading arm BIE.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Knowledge Exchange and Commercialisation (KEC) (CONTINUED)

Despite the hurdles encountered over the last year, KEC at the Institute has had another busy period. Dr Danuta Mossakowska, Institute's Royal Society in Residence joined in February 2020, significantly enhancing the team's industrial expertise. As Professor and Director of the Malopolska Centre for Biotechnology, Jagiellonian University Kraków, Dr Mosskaowska has provided staff with significant expertise coming from her the pharma Industry, where she previously held senior posts at GSK focused on early-stage drug discovery and Academic Discovery Partnerships.

In June 2020, Enhanc3d Genomics, a recent spin-out company from the Institute, won a place in the first cohort of companies to join Start Codon's programme to support the commercial development of innovative life science research, and has embarked on a successful follow-on round of pre-seed funding.

While a number of events had to be cancelled due to the Covid-19 pandemic and the Institute lock-down, the team have worked hard to develop new online formats to provide knowledge exchange and commercialisation support to staff and external audiences. One highlight has been a virtual four-day science meeting in December to promote interactions between the Institute and campus companies, where 23 talks were broadcast from Institute group leaders, Facility staff, and Campus companies. A record number of campus companies participated in this event, which was well attended with a total of 386 unique visits to the event platform. The annual Bioinformatics Hackathon also reached an international group of participants this year as it moved to a virtual format, with a record 250 registrations from 18 countries. Furthermore, as a result of the lock-down, UKRI-BBSRC research Institutes agreed to collaboratively develop a series of translational seminars, led and co-ordinate by the Babraham Institute, four seminars have now been broadcast across Institutes, covering a range of commercialisation topics.

On a non-commercial side, the Institute contributed as a member of The Physiological Society's Knowledge Exchange Advisory Group, the resulting report entitled "[Translating Knowledge and Research into Impact: Physiology and knowledge exchange](#)" was published in December.

Funds won from the UKRI-BBSRC's National Productivity Innovation Fund, have supported a 2020 Babraham Institute Innovation Training Fund call, to improve awareness of entrepreneurship for post-docs through tailored innovation training, and developing an understanding of the translational potential of a specific research project. Three post-docs from each of the Institute's research programmes won £8,000 each to further their skills.

While the lockdown has caused issues with the progression to Institute research, the team financially supported the extension of post-doc and research assistant contacts to ensure the research for translational projects was able to continue as needed. Over the last year, eight patent applications have been filed.

In 2020-21, Babraham Institute Enterprise Limited generated £1,159k (2020 : £1,490k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from collaborations with industry and commercialisation of the Institute's scientific facilities, which had been impacted by the Institute's lockdown.

SUSTAINABILITY

The Institute's Environmental Sustainability Vision is a commitment to making a positive impact on not only the protection of the environment but to enhance it while ensuring our research is maintained at a world class standard. The Institute's Chief Operating Officer has responsibility for environmental management.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

SUSTAINABILITY (CONTINUED)

The Institute continues to invest in energy saving opportunities exploiting funding opportunities from UKRI-BBSRC and UKRI to not only improve and reduce the carbon footprint of the Institute and its science but to maximise efficiency in its use of energy. Recent advances include:

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. This is monitored on a daily and monthly basis to determine savings and performance. The unit is also registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- works upgrading laboratory Air Handling units from single motor belt driven fans to multiple fan wall technology with change in air management strategy. This resulted in a 28% reduction in electrical consumption, a saving of 1,113 kWh per day.
- The Institute continues its programme of replacing fluorescent lighting with LED lighting within all its buildings including upgrading to smart controls.

Our Tri-generation CHP unit continues to operate successfully, and we see that our import of electricity is reduced. The Institute continues with its programme of installing energy saving LED lighting and controls, and the completion of the installation of two new steam boilers to replace three steam generators, has reduced both gas and water consumption in the Biological Support Unit (BSU).

Proposed Targets for 2021-22

Our emissions reduction target was to reduce our gross tonnes of CO₂e per full time equivalent by 10% from 2014-2015 to 2020-2021. We have achieved our emissions target, from a baseline figure of 25.10 tCO₂e/FTE to 21.90 tCO₂e/FTE, an overall reduction of 13%.

The Babraham Institute had a target of a 5% reduction in abstracted water for 2020-2021 and to reduce Business travel by at least 10% in 2020-2021; both these targets have been achieved.

Although the 2020-21 targets have been achieved we need to understand the impact of Covid-19 on the data as well as an understanding on what the 'new normal' will be for the day to day running of the Institute post Covid-19. Therefore the Institute will delay setting targets for 2021-22 until the impact of Covid-19 are better understood.

THE BABRAHAM INSTITUTE**REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021****ACHIEVEMENTS AND PERFORMANCE (CONTINUED)****SUSTAINIBILITY (CONTINUED)****2020/21 Streamlined Energy and Carbon Report (SERC) outcomes**

Emissions data

Greenhouse Gas Emissions		2020/2021	2019/2020	2018/2019	2017/2018
Scope Emissions Indicators (tCO₂e)	Total Gross Emissions	6,503	6,917	6,853	8,357
	Total Net Emissions	6,503	6,917	6,853	8,357
	Gross Emissions Scope 1 (Fuel)	5,465	5,846	4,911	4,506
	Gross Emissions Scope 1 (Transport x 100)	117	339	377	853
	Total Scope 1 Emissions	5,582	6,185	5,288	5,359
	Gross Emissions Scope 2 (Electricity)	921	732	1,564	2,998
Related Energy Consumption (MWh)	Electricity: Non-Renewable	9,490,784	9,865,723	10,135,750	10,426,210
	Electricity: Renewable	0	0	0	0
	Transport	4,686	13,584	15,082	34,640
	Gas	29,709,938	31,781,305	26,750,000	24,517,642

Methodology

- The report covers the emissions for which the Institute has financial control and this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2018/2019, 2019/2020, 2020/21 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.
- An Intensity Ratio of tCO₂e/Full Time Equivalent was selected by the Institute to present the data on a clear and transparent like-for-like basis.
- The methodology used to compile the data was that used in the fulfilment of the regulatory requirements for the Energy Savings Opportunity Scheme (ESOS).
- There are no process emissions within the organisation and emissions from air conditioning, refrigeration units in offices buildings are excluded due to cost of data collection. These are estimated to account for less than 0.2% of the total Scope 1 emissions.
- Emissions factors used are those from the UK Government GHG Conversion Factors for Company Reporting Standard Set 2018.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

GROUP ESTATE ACTIVITIES

There are over 60 organisations operating within the Babraham Research Campus. The Campus is managed by BRC and BRC develops and builds facilities to support the commercial activities on site. Tenants are located in a number of purpose-built buildings with both laboratory and office space. In total, occupied space is in excess of 9,000 square meters.

This development is part of an on-going programme of expanding the campus following the initial £44m investment by HM Government in 2011. The investment programme is designed to deliver innovation from the research base, generate economic growth, and create and support new companies based on world-leading UK bioscience.

In April 2014, an additional £17m capital development project was initiated, catalysed by a further £6m grant announced by the Chancellor of the Exchequer, again to further develop the Babraham Research Campus. Under this project an additional laboratory and office building has been constructed and a new social infrastructure building has been completed and opened to campus tenants in January 2017. This latter building named The Cambridge Building now provides a new 200 seater conference facility, catering, meeting rooms and social and networking space. This reflects the needs of a growing campus, and the key role of providing space for networking for the campus tenants.

IMPACT OF COVID-19 ON ACHIEVEMENTS

From February 2020, the Institute spent considerable time and effort preparing for a UK-wide lockdown in response to the Covid-19 pandemic. The majority of staff began working remotely from mid-March 2020 and, when the UK Government placed the country into lockdown on 23 March 2020, only a small number of key staff continued to attend site for critical research that could not be paused (including studies on Covid-19 vaccines) and crucial functions (e.g., Engineering, BSU and the Babraham Institute Nursery). Throughout the pandemic, the Institute has remained committed to providing a safe place of work, achieved through Covid-19 Secure Risk Assessments, social distancing and good hygiene practices, in alignment with government guidance and best practice as this has developed. In June 2020, a phased return was initiated for researchers who could not work from home. This enabled approximately 40%-60% occupancy of lab space during the summer/autumn of 2020 and continuation of our research programmes. Science Facilities that could not operate from home also increased their capacity at this time. The phased plan has been responsive to government guidance and the situation in the UK, rolling back lab space occupancy to approximately 40% in January 2021 at the height of the winter 2020-21 peak in cases and returning to approximately 60% in March 2021. Staff that could work from home have continued to do so as much as possible throughout 2020-21. There has inevitably been an impact on the delivery some Institute achievements and scientific outputs as staff balance work on site and at home, caring and other responsibilities, and their health and mental wellbeing. Scientific publications have increased this year as home working has enabled some researchers to concentrate on writing up rather than conducting experiments. The full impact of the pandemic remains to be seen as lockdown restrictions ease in 2021-22 and the phased return continues.

INSTITUTE FUTURE DEVELOPMENTS

The Institute will continue to implement a phased return to work in line with the Government's Spring 2021 Roadmap. The Institute will focus on the health, safety and wellbeing of staff, in order to understand the challenges our staff face and better support them during this time.

The Institute aims to mitigate the risk to delivery as far as possible, and will continue to work with its strategic funder UKRI-BBSRC and other funders to support delivery. This has included, for example, arranging extensions of up to six months for postdoctoral researchers who were nearing the end of their contracts and who had been unable to complete their projects as a result of the Covid-19 pandemic. The Institute has sufficient reserves to ensure operations can continue during the impact of Covid-19 - as explained within the Going Concern section in these accounts.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

INSTITUTE FUTURE DEVELOPMENTS (CONTINUED)

The Institute will continue to be principally engaged in the field of basic bioscience with a strong emphasis on research into healthy ageing. The Institute's science programmes will determine the significance of biological changes for the ageing process from conception onwards.

The priority will be to ensure that all our UKRI-BBSRC funded research is internationally competitive with the best academic groups in our area of endeavour. We continue to prioritise the need to control costs in all categories including pay costs, but note the need to invest strategically to reach new collaborators and expand the reach of the Institute wherever possible.

There will be many other challenges for the Charity. The UK's departure from the European Union, with uncertainty as to the UK's participation in Horizon Europe, will have an impact. Active grants currently running from the Commission come to £7.3M in total funding over the life of the grants. The Institute is following carefully opportunities for international collaboration from UKRI and beyond.

Ensuring the Institute attracts the most gifted staff remains a strategic priority. In particular succession planning remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the careers of younger scientists and ensuring that they are fully equipped to take leading roles in the future development of the organisation

GROUP FUTURE DEVELOPMENTS

BRC with support from its shareholders has ambitious plans to grow and develop the campus. In particular due to the high demand for quality life science laboratory and office accommodation, to submit the site to the local authorities 2022 Local Plan whilst in parallel identifying near-term opportunities for development on the site whilst considering a longer term planning development framework with the Local Authority.

Whilst the infrastructure development of the campus is a key component of our growth, there is too the other elements of the strategic plan that involves the support of activities to encourage entrepreneurship, science translation and high quality scientific training. To that end, BRC continues to run an annual Accelerate@Babraham start-up competition, provides easy-access to laboratory and science capabilities on a short-term basis in a communal laboratory centre, supports the Babraham Institute in their PhD programmes and works collaboratively with other entrepreneurial initiatives and centres in the region such as Start Codon, and the Cambridge Biomedical Campus.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

RISK MANAGEMENT

The Institute Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the charity is exposed. The Audit Committee agrees an annual risk-based internal audit plan which covers major risks identified by management and the Board of Trustees. It receives reports from internal auditors on the effectiveness of internal controls, progress against the internal audit plan and progress on recommendations made in reports. The Board of Trustees reviews a full risk report annually tracking major risks. The Science and Impact Advisory Committee (SIAC) also assess the science quality and vision covered in various sections of the risk register. The table below summarises how the Institute manages its key risks.

Risk Area	Description of Risk	Risk Management
Future UKRI-BBSRC research funding	UKRI-BBSRC current and future funding is reduced as a result of poor performance or public sector spending pressures.	<p>Regular monitoring of scientific performance, including consideration from the Science and Impact Advisory Committee (SIAC).</p> <p>Regular communication with UKRI-BBSRC to report performance and ensure strategic alignment of research programmes.</p> <p>Monitoring of performance of competitive grant submissions with emphasis on widening the pool of grant funders.</p>
Loss of research funding from other sources	The Institute or its Group Leaders become ineligible to receive funding from principal funding bodies as a result of lack of compliance with funders policies, i.e., regarding bullying and harassment or research misconduct.	<p>The Research Integrity Steering Group was established to oversee all aspects of research integrity within the Institute.</p> <p>The Steering Group will review current Institute policy and practice against Funder requirements to ensure compliance.</p> <p>Additional training will be put in place to ensure all Individuals adhere to the highest standards of professional conduct.</p> <p>The Institute will seek to secure alternative sources of funding and collaboration to mitigate against the possible loss of EU grant income.</p>
Technology investment	<p>The Institute is unable to keep pace with developments in technology underpinning its science.</p> <p>Funding is inadequate to sustain and improve technology facilities necessary to support scientific objectives.</p>	<p>Funding opportunities identified and pursued for technology investments.</p> <p>Regular communication with UKRI-BBSRC to ensure alignment of technological capacity with research programmes.</p>
Staff retention and recruitment	The Institute is unable to retain or attract suitably skilled staff to enable it to sustain its scientific performance.	<p>Career development programmes in place to support staff.</p> <p>Performance Management processes in place.</p> <p>Recruitment strategy and processes in place.</p> <p>The Board of Trustees instigated a review of staff pay and rewards to ensure pay remains competitive, benchmarking against a range of comparable scientific organisations.</p>

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
Estates	Estate facilities do not adequately support the delivery of its scientific objectives.	A 5-year Business Plan developed for 2017-22 includes significant UKRI-BBSRC investment in BI facilities to support the Estates Strategy.
	Funding is inadequate to sustain and improve facilities necessary to support scientific objectives	Facilities management systems are being enhanced. Energy usage data is being developed and energy plan being implemented.
Business Continuity	A major incident, or business disruption such as a pandemic, interrupts scientific research programmes and/or administrative systems.	Disaster recovery and Business Continuity plans in place and tested periodically.
		Review of compliance with health & safety and relevant regulations from government agencies and internal auditors. Appropriate commercial insurance arrangements in place.
COVID-19	Adverse impact of the Covid-19 pandemic on Institute staff and operations, resulting in the inability to meet key Institute objectives.	A Covid-19 Secure Risk Assessment is in place, including mitigation for the following risks: <ul style="list-style-type: none"> • The transmission of Covid-19 on site by person-to-person transmission. • The impact of the pandemic and working conditions on the mental and physical wellbeing of staff. • The impact of the pandemic and working conditions on equality and diversity. • The maintenance of buildings and facilities on site during the pandemic. • Information security breaches due to new working conditions and an increase in fraud / scams during the pandemic. • The financial impact of the pandemic. <p>The Institute is implementing a phased return to work on site and supporting staff to work from home where possible in order to continue to deliver key Institute objectives.</p>

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

RISK MANAGEMENT (CONTINUED)

Within BRC, the Directors carry out regular reviews of the risks to which the company may be exposed both at regular Board Meetings and through the company's Audit Committee. Where necessary the company can call upon the Group's internal auditors RSM to act as an independent internal audit service. The principal risks considered by the BRC Board include:

- Covid-19 the impact on the local cluster and wider economic impact.
- Significant drop in demand for the facilities on site;
- Change in Government support of UKRI-BBSRC; and / or
- Reduction in investment in the life-science sector.

FINANCIAL REVIEW

During the year, the total group reserves have decreased from £173m at 31 March 2020 to £146m at 31 March 2021 a fall of £27m. As the Consolidated Statement of Financial Activities (page 29) shows this decrease relates to the significant exceptional items within BRC (see note 23) regarding the surrender of their property lease with UKRI-BBSRC. The group loss of £22m and movement in minority interests of £5m accounts for the total movement in net assets.

The individual results within the group shown below.

BABRAHAM INSTITUTE

Overall results for The Babraham Institute shows an increase in total funds from £135m to £137m. Restricted revenue funds increased by £672k, Restricted Capital funds increased by £3,584k and Unrestricted Revenue funds decreased by £1,540k totalling an increase of £2,716k across all funds.

The Institute's deficit on unrestricted funds for the year of £1,540k compared to a deficit of £2,333k last year. The deficit before investment gains/losses, depreciation and transfers is £2,601k and £2,870k respectively for 2021 and 2020.

	2021	2020
	£'000	£'000
Deficit before Investment gains/losses, depreciation and transfers – unrestricted funds	(2,601)	(2,870)
Depreciation (net of transfers) and other transfers	(1,920)	(523)
Fair Value adjustment to investment properties	(1,750)	1,250
Impairment on investment in subsidiary	(468)	-
Investment Income (dividends and interest)	357	532
Investment gains/(losses) - realised and unrealised	4,842	(722)
Surplus/(Deficit) for year – unrestricted funds	(1,540)	(2,333)

Revenue income (excluding investment income and gains) for 2020-21 of £25.0m compares to £25.9m in the previous year. Whilst funding from UKRI-BBSRC increased by £0.9m, there were decreases in grant income of £1.3m and goods and services income of £0.5m, due to the impact on activity due to Covid-19 and periods of lockdown.

Annual revaluations within the Institute (£3.5m) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £2,949k of capital funding was received (2020 : £1,765k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada. This allowed the Institute to benefit from investment income of £354k in the year (2020 : £532k) returns being lower, again due to the impact of Covid-19 with companies paying lower or no dividends to shareholders in 2020-21.

The Institute has continued to actively monitor its cost base and strive for efficiency savings where possible to ensure the Institute continues to maximise its operations based on the funding received. Looking to the future the Institute continues to remain on a tight financial budget and a longer term focus will need to be placed upon continuing to seek and secure fresh income streams.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL REVIEW (CONTINUED)

BABRAHAM RESEARCH CAMPUS LIMITED (BRC)

The loss for the year, after taxation, amounted to £20,693k (2020 – profit £4,243k). The movement in profit from 2020 to 2021 is in relation to the disposal of the 130 year lease investment property. Trading results are comparable to last year with the addition of a rental charge payable to BBSRC/UKRI on the new lease for the Campus (£940k), a one-off SDLT charge on the new lease (£309k), and Covid-19 impacted revenues for the conferencing and event activities and reduced service charge incomes (£319k).

Operating profits were £2,166k compared to £3,541k last year. The loss for the year of £20,693k is as a result of the disposal of the 130 year lease Investment Property (£35,000k), disposal of Land and building assets (£148k) release of capital grants in line with the disposal of the leases £8,068k and the reversal of deferred taxation of £4,556k. Tax and interest are the further items that reconcile between the trading profit and actual loss for the year. The Directors have not recommended the payment of a dividend (2020: £nil).

Gift aid of £500k (2020: £500k) was paid to The Babraham Institute relating to the year 2020-2021.

BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a loss before tax and gift aid of £147k (2020: profit £366k). Excluding investment impairments/impairment reversals operating results are £334k profit for 2020-21 and £6k loss for 2019-20. In 2020-21 bad debt reversals of £129k and profits on sale on investments of £153k contributed to an operating profit of £334k. Whilst activity and hence income was lower in 2020-21 due to the impacts of Covid-19, costs of sales similarly reduced due to lower activity.

Gift aid of £100k (2020: £116k) was paid to The Babraham Institute relating to the year 2020-2021.

FINANCIAL AFFECTS OF COVID-19 WITHIN THE FINANCIAL STATEMENTS

With the UK Government placing the country into lockdown on 23 March 2020 the entire financial year 2020-21 has fallen under the restrictions of Covid-19, including a second national lockdown in November 2020 and a third lockdown in January 2021. The Institute had already spent considerable time and effort since February 2020 preparing for such events. This included the majority of staff working remotely from mid-March 2020 and key staff attending site only to complete critical work that could not be paused or carry out crucial maintenance functions.

With restrictions affecting on-site activity through 2020-21, particularly the early months in the year, the pandemic has affected operations within the Institute. Staff who were able to work from home continued to do so during the year and limited staff numbers on-site allowed activity to continue albeit at lower levels. Ramp up plans throughout the year optimised staff returning to the campus and increased activity, keeping staff numbers at a suitable level to minimise any risks.

During 2020-21 the main financial impacts of the pandemic fell within three distinct areas of income. Investment (dividend) income received was lower due to UK companies paying lower or no dividends to shareholders, reduced income from science facilities (net of any cost savings) due to restrictions on activity and lower Nursery Income, again due to lockdown in the first four months of 2020-21. Whilst costs were reduced due to lower levels of operations, this offset some of the reduction in income. The estimated impact of Covid-19 was around £0.9m for 2020-21 and was in line with our forecasts.

The Group and Parent faced a material valuation uncertainty regarding the valuation of their land and buildings and investment properties in year end 31 March 2020. The outbreak of the Novel coronavirus (Covid -19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, impacted global financial markets. Nevertheless, as at the valuation date of 31 March 2021, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the property valuations at this year end, 31 March 2021 are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL REVIEW (CONTINUED)

RESERVES POLICY

The Group's reserves are held to support financial solvency, manage uncertainty and fund future activities. The level of reserves required by the Group is therefore determined by reference to:

- Future operational and capital expenditure requirements;
- Potential financial risks identified in the Risk Register;
- Funding required for strategic investments not included in the operating budget;
- Working capital / liquidity requirements;

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long term planning they aim to achieve unrestricted reserves of at least £12m, covering 3 months working capital and any other financial obligations should the business cease to operate. Currently free reserves are around £22m and the Trustees are satisfied that these reserves are sufficient to finance both the general reserve and provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register.

The future impacts of Covid-19 could potentially see the Group use reserves to cover any period of reduced income. The group with free reserves of £22m remains well placed to continue to support activity, through use of these reserves to ensure operations and activity continues whilst the effects of Covid-19 continue to exist.

PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

The Babraham Institute is one of eight Institutes receiving strategic funding from the UKRI-BBSRC. Funding is derived from our principal sponsor, the UKRI-BBSRC, together with external grants or fellowships competitively gained from other research councils, charities and industry.

Expenditure incurred as analysed in the Statement of Financial Activities relates to Charitable Activities, including support costs. Commercial trading activities are shown separately.

Staff costs form the largest single component of group expenditure £16.8m (2020: £16.5m), followed by consumables (laboratory and general) £4.0m (2020: £4.6m), repairs and maintenance costs £3.2m (2020: £3.4m) and rent and rates £2.3m (2020: £1.3m).

Total expenditure for the year of £35.1m compares to £40.4m for the previous year, a decrease of £5.3m. Whilst there were increases in rent and rates (£1.0m) and fuel and water charges (£0.5m), most other areas of expenditure were collectively lower by £2.5m – mainly due to the impact on activity due to Covid-19. Reversal of deferred tax provisions in BRC of £4.6M accounts for the remainder of the fall in expenditure in 2020-21.

GOING CONCERN

The Babraham Institute is dependent on funding from the UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review in 2016, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding for the period ending in March 2022. Allocations for administration and capital were only fixed for the first three of those years (2017-18 to 2019-20) and were indicative for the years beyond to 31 March 2022. Subject to the next government spending review, UKRI-BBSRC have indicated an intention to 'roll over' funding (at the same level as previous years) for a further year to March 2023 – making this funding cycle six years rather than five.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL REVIEW (CONTINUED)

GOING CONCERN (CONTINUED)

Given that ;


- the Institute receives a six year funding letter from UKRI-BBSRC with the first three years funding confirmed and the last three funding indicative;
- the Institute does not envisage any issues with funding in this 6 year period;
- the Institute in 2018-19, 2019-20 and 2020-21 was commended on its financial management following the annual Financial Assurance audit from UKRI-BBSRC;
- The recent 2020-21 Annual Financial Assurance audit from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure – to ensure the Institute aligns its funding with research outcomes, was highly favourable;
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

The impact of Covid-19 on The Babraham Institute during the remaining two financial years of the current six year funding cycle (years 2021-22 and 2022-23) may affect operational activities. To this extent various scenarios have been explored with differing impact of Covid—19 during 2021-22 and 2022-23. Forecasts will include elements of estimations and uncertainty as the impact of the Covid-19 situation cannot be accurately predicted and it is not possible to assess all future implications, however the level of uncertainty in our plans is not considered material.

Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

The Trustees' Report incorporating the Strategic Report was approved on behalf of the Board



Mr G Braham
Chairman of the Audit Committee, Trustee and Member
Date: 10/11/2021