

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022**

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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 2022 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 2022. 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 Research Campus Limited (BRC). (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.

##### **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 £9 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 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 the company 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.

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#### STRUCTURE, MANAGEMENT AND GOVERNANCE

##### BOARD OF TRUSTEES

Up to and including the year ended 31 March 2022, 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.

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

Prof Peter Rigby FRS  
Mr Graham Allen  
Mr Geoff Braham #  
Dr James Briscoe FRS #  
Prof Gordon Brown FRS – appointed 1 July 2021  
Dr Lynne Gailey #  
Prof Nic Jones  
Prof Peter Parker FRS  
Ms Alexandra Pygall #

# Denotes members of the Audit Committee as at 31 March 2022.

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).

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.

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 Dr Simon Cook being Interim Institute Director. In June 2022 Dr Cook was appointed Institute Director (3 year fixed term). As this agreement was made after the period this document covers, Dr Cook will be titled Interim Director throughout.

The Company Secretary and Chief Operating Officer (COO) 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 by Dr Keith Jones (CEO) and senior management from the Institute.

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#### 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.

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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for 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 Interim 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 Institute is committed 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. The Institute has developed a bespoke action plan for sustainability, working with UK-SOS, BRC and eight campus companies. This plan will be enacted to significantly reduce our environmental impact and achieve 'Green Impact' accreditation with the plan that the Campus is Carbon Neutral by 2040. At a local level, the Green Labs strategic initiative has been established.

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

The Institute recognises 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 Interim 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 Chief Operating Officer and senior members of the operations team hold frequent bilateral meetings with their counterparts at UKRI-BBSRC.

As a majority shareholder the Institute maintains close and productive relationships with 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. In addition to this, the Institute and BRC partnered on a series of knowledge exchange networking events, coordinated a successful Collaborative Training Partnership (CTP) application and established a mentoring scheme. More details are given in the Knowledge Exchange and Commercialisation update.

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 2021-2022, the Institute had collaborations with 94 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 bioeconomy. 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, the second in early 2022 and the final survey is scheduled for late 2023. The surveys have 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 (<https://www.babraham.ac.uk/about-us/e4s>).

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. During 20-21 consultations with stakeholders identified the main objectives and a self-assessment providing contextual information about the Institute, progress to date

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

and a detailed 24-month future action plan for embedding the Technician Commitment was developed for implementation from January 2021. These documents can be found online ([www.babraham.ac.uk/people/technician-commitment](http://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, legal, relationship and emotional support as well as telephone counselling. In 2020 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be trained up as Mental Health First Aiders to act as a first point of contact for staff who are experiencing a mental health issue or emotional distress and to help signpost staff to the appropriate support. Additionally (in 2020) we introduced the Access to Work Mental Health Support service delivered by Remploy which provides support to individuals who are experiencing difficulties at work due to depression, anxiety, stress and/or other mental health conditions. Since the pandemic we have significantly improved our wellbeing offering to staff and have run a number of wellbeing and mental health related webinars and provided staff with monthly wellbeing themes and related resources.

## 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](http://www.babraham.ac.uk/about-us)). Information on funding, research activities, scientific facilities and wider Institute programmes such as public engagement, commercialisation and equality and diversity can be found in the Institute's Annual Research Report covering 2019-2020 ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)). An overview report covering Institute highlights during 2021 is in development.

### SCIENTIFIC AIMS

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 year 2021-22, the Institute welcomed five new Group Leaders: Dr Della David and Dr Ian McGough both to the Signalling research programme, Dr Philipp Voigt to the Epigenetics research programme and Dr Sophie Trefely and Dr Teresa Rayon who as joint appointments to both the Epigenetics and Signalling research programmes. As the Institute's first dual-programme Group Leaders, Dr Trefely and Dr Rayon provide exciting bridging points to strengthen cross-ISP collaboration. An additional Group Leader, Dr Arianne Richard, joined the Immunology research programme in April 2022, thus completing the Institute's recent recruitment phase for new Group Leaders.

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

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#### INSTITUTE OBJECTIVES (CONTINUED)

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](http://www.babraham.ac.uk/our-research/annual-research-report)).

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, facilitate partnerships or spin-out companies to maximise the impact of Institute research to translate research into action for social and economic benefit. A key part of the KEC strategy is to partner with industry, particularly biotech and pharma companies, to translate our research and support the bioeconomy. 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 ISPG 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-BBSRC 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 translational research and the creation of new therapies and treatments.

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply this 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 Ltd, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, won external seed funding to develop a platform enabling genome-wide profiling to identify links between gene regulatory regions and their target genes to open up new therapeutic opportunities. A suite of work published by groups within the

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#### INSTITUTE OBJECTIVES (CONTINUED)

Institute's Epigenetics programme in 2021 and early 2022 on stem cells provides important research models and know-how and advances our understanding of early development with potential impact on understanding developmental disorders (<https://www.babraham.ac.uk/news/2022/02/new-way-study-awakening-human-genome>), cellular reprogramming for personalised medicine (<https://www.babraham.ac.uk/news/2022/03/stem-cell-secrets-allow-researchers-revamp-reprogramming>) and fertility treatments (<https://www.babraham.ac.uk/news/2021/09/key-staying-naive>).

#### 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

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#### BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

##### The highest standards of Corporate Social Responsibility

- Values and impact of our research. The Institute holds and abides by the following values:
  - Benefit - *We make a difference*. As a world-leading centre of excellence in life sciences research we work to make discoveries for societal benefit that make a real difference in science, health and policy within the UK and globally;
  - Innovation - *We extend the boundaries of knowledge*. We work at the forefront of creative discovery science, nurturing our people through development and training, and provide the environment for innovation to thrive.
  - Integrity - *We are open, honest, and inclusive*. We work together to uphold the standards expected of us, operating with honesty and responsibility, creating an inclusive and motivating environment, and communicating openly and transparently.
- Maintaining the highest standards of research integrity (for details see our Research Integrity Statement)
- Community partnerships
- Minimising the environmental impact of the Campus
- Public Engagement Programme to engage and inspire
- Openness and transparency in all aspects of the Institute's work

##### 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 ensuring sustainability
- The creation of 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



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#### EMPLOYEES (CONTINUED)

internal communications. In March 2020, a new intranet section was created to provide a comprehensive Covid-19 information resource for staff and this content has continued to change to reflect the different phases of the Institute's ramp up after the pandemic. During the course of the pandemic, Covid-19 work moved from under the Crisis Management Team (CMT) to the Ramping Up Group, a sub-set of the CMT. The Ramping Up Group met fortnightly throughout 2021-22 to coordinate the response to the pandemic and communications were made to staff by email and through the Institute newsletter. As the Institute's intranet has developed, it has become a key information resource for staff covering the full life of the Institute. The Hub aims to provide easy and fast access to information, 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.

An internal Institute-wide monthly newsletter was launched in October 2020 and this is now an established part of the Institute's internal communication mechanisms. 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, and news and updates from teams across the Institute.

These scheduled communications are 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.

In 2021 the Institute held a strategic 'blues skies' retreat on 25<sup>th</sup> and 26<sup>th</sup> March 2021 which brought together all group leaders, facility heads and key operations and scientific support staff. The event's programme covered research topics, facilities updates and combined discussion of the Institute's future research strategy. In addition, the Institute reinstated the programme of regular all-Institute meetings, with these being primarily the Institute's annual 2-day symposium, LabTalks, which was held on 7<sup>th</sup> and 8<sup>th</sup> October 2021 and the end of year update and review, Infosite, which was held on 15<sup>th</sup> December 2021. 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.

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 and a highlight of the impacts delivered by the Institute's equality4success initiative is the successful establishment of a Roving Researcher position, which provides support to researchers on long-term leave in order to maintain the momentum of research projects. After being established in 2020, the position has supported 9 researchers. There has been a high degree of interest from other organisations in how to establish similar schemes and following the success of the initial Roving Researcher, the Institute is in the process of appointing a second Roving Researcher.

Following a recent review, Athena SWAN status must be now renewed every five years and the Institute is preparing an application for 2024.

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#### EMPLOYEES (CONTINUED)

As mentioned earlier in the Trustees Report, 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.

##### 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 lifecourse, and our commitment to maximising research impacts through knowledge sharing with politicians, industry, policy organisations, charities, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2021 (calendar year) the Institute's scientists published a total 97 (2020:126; 2019:77) 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](http://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 2021/22, by funding source and the total awarded, are below:

	2021/22		2020/21		2019/20		2018/19	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	3	1,154	0	0	5	1,786	2	413
UKRI-MRC	3	1,263	2	973	2	916	2	2,727
Innovate UK	-	-	-	-	-	-	-	-
European Commission	2	243	5	2,743	2	361	5	612
Industry, levy boards	1	295	1	420	3	457	3	552
Trusts, foundations, charities, foreign governments	6	4,579	5	2,370	9	1,970	3	2,683

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### ACHIEVEMENTS AND PERFORMANCE – NEW GRANTS (CONTINUED)

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 two years. The lockdown measures and continued restrictions 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.

	2021/22	2020/21	2019/20	2018/19
Visitors to site	0	0	440	458
Outreach Events*	28	12	34	42
Total Public Audience Engaged	3,894	2,142	2,251	17,468
Website visits	127,222	154,650	116,435	130,230

\*Visits to schools, science festival exhibits, public lectures, panel sessions, public dialogue workshops, hosting community tours on campus, library talks etc, including online / digital formats.

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. Over the last year relationships with a number of key partners have been established. These include direct links with schools and community groups in areas of high deprivation - enabling these groups to engage with our research. Education sector partners such as the Youth STEMM award and T-level training providers allow for more measurable impact and peer recognition of our work, while student placement providers through the In2Science (further education student focussed) and In2Research (undergraduate student focussed) programmes enabled more equitable access to research experience at the Institute. This ongoing work has already begun yielding tangible outcomes with learnings informing on other Institute initiatives, such as the CTP PhD studentship programme. Throughout 2021-2022 there have been numerous school and community engagement events held online with elements of the Institute's recent contributions to the Cambridge Festival seeing a return to in-person activities.

The Institute's participation in the EU funded Horizon 2020 project, 'ORION' came to an end in 2021 with dissemination activities. These activities included a recent article published in EMBO reports - carried out to ensure maximum impact of the results from the project and the previously undertaken public dialogue work which focussed on genome editing in Cambridge, Germany, the Czech Republic and Sweden. Work was also undertaken to implement the findings of the project into an action plan to further imbed open science practices at an Institute level, with this work now underway. The experience gained from conducting a public dialogue is now being used in the Wellcome Funded Human Developmental Biology Index (HDBI) project. Alongside the research grant, further funding for public engagement work was successfully applied for, with the Institute leading on developing a public dialogue around society's views on associated regulations such as the 14-day limit on culturing embryos and tissue donation. This work is expected to run throughout 2022 and 2023 with the potential outputs having impact on research direction for years to come.

Over the last year we have put additional focus on developing new digital resources to enable audiences to engage with Institute science. The Epigenetics Escape Room has been a huge success since it was launched in spring 2021. It has been featured at numerous public festivals that moved online over the pandemic and has been shown to be highly engaging to all ages whilst showcasing some of the lab work of our epigenetics groups. The staff team responsible for the resource have also further developed it by adding a downloadable print version of the puzzles which has been used in hybrid school events enabling engagement with schools with limited IT access. The success of this project has been recognised with it being

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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#### ACHIEVEMENTS AND PERFORMANCE – PUBLIC ENGAGEMENT (CONTINUED)

shortlisted for STEM Initiative of the Year through the Cambridge Independent Science and Technology Awards. Virus Fighter (formerly VACCINE) has also continued to be developed.

This online viral outbreak simulator was co-created, working with local school students and a digital game design company, to explore the spread of infectious disease outbreaks and provide a platform to discuss the Institute's immunology research. This resource has been used by numerous school groups since launch and an updated version was showcased at the Cambridge Festival this year sparking many discussions with the community audience. This project has also been recognised for its success again being shortlisted for the STEM Initiative of the Year through the Cambridge Independent Science and Technology Awards.

Unfortunately, the Institute's annual Schools Day was unable to go ahead this year due to continued Covid-19 restrictions. Instead, an online equivalent was run in the form of 'Meet a Bioscientist'. This event saw 35 staff, (from 11 research groups and 4 facilities) engage with over 900 students from 15 different schools, many of which are not usually able to engage with the Institute Schools Day owing to geographical barriers. We received very positive feedback on this event, both from the school audiences and the staff involved, with especial mention of how it helped give young people an insight into life as a bioscientist and provided extended question and answer sessions to allow dozens of excellent questions to be answered.

Throughout the year our work has been well received by audiences, researcher contributors, funders and peers alike. 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 continuing to position us as a leader in equitable engagement with traditionally underserved audiences.

#### 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.

Despite the hurdles encountered over the last year, KEC at the Institute has had another busy period.

On the commercialisation front, the Institute's 2020 spin-out, Enhanc3D Genomics Ltd has had further success in securing investment and development support from Johnson & Johnson, and a further spin-out opportunity is currently being supported for highly innovative research originating from the Immunology programme, around a platform enabling a gene delivery therapeutic that may have potential in treating a range of neuroinflammation diseases and disorders.

The Institute's patent portfolio has grown to a set of nine patent families over the last year, these have strong potential clinical value in diverse clinical fields including traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology, cardiovascular and chronic kidney disease. The portfolio includes filings that may support the spin-out opportunities being explored, and active negotiations for commercial licensing rights to other filings is ongoing. On the knowledge exchange front, a successful UKRI-BBSRC grant secured in 2021 has resulted in the provision of cross-organisational training and career-development opportunities for 21 researchers and technicians.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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#### ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

Funded collaborations and placements with industrial and institutional hosts have enabled exposure of technicians and research staff to a range of new commercial and academic environments.

The team have continued over the year to develop new online and hybrid meeting formats to provide knowledge exchange and commercialisation support to staff and external audiences. In October 2021 a CSaP-organised virtual policy workshop was offered to Institute staff, supported by the team heading the Ageing Inquiry by the Nuffield Council on Bioethics, providing policy engagement training to early-stage Institute researchers. In March 2022, four hybrid networking sessions were organised, along research and development themes of interest to the Institute (Signalling, Epigenetics, Immunology and Ageing) providing a dedicated time for Institute researchers and scientists from Babraham Research Campus companies to socialise, highlight common research interests and understand campus capabilities. The four events hosted talks from 16 group leader and post-doc talks (including all recently recruited group leaders) and 17 Campus companies, with attendance by groups from all Facilities, ISPGs and 29 Campus companies. A funding call for Institute-company Campus collaborations was opened to coincide with these events, to offer further support to emerging collaboration discussions

Over the year, the Institute has contributed to policy initiatives with CaSE, to highlight the value provided to the UK by Public and Non-Profit Research Institutes, Ageing Inquiry from the Nuffield Council on Bioethics and case studies from The Physiological Society regarding in vivo educational licences and into the economic contribution of physiology education.

In 2021 the Institute and Campus successfully secured funding for fifteen PhD studentships from UKRI-BBSRC as part of a Collaborative Training Partnership (CTP). Rolling out over a period of three years, eleven different Institute research groups will host students as they undertake their PhDs in partnership with thirteen Campus companies. Each CTP student will conduct their research within one of the Institute's three research programmes and spend time working with one of the Campus-based companies. The close location of companies to the Institute will allow students to benefit from a high degree of interaction with their industrial partner throughout the period of their studentship. Through a tailored programme of skills training and scientific and industry supervision the partnership will produce a cohort of bioscience researchers equipped with excellent research skills and commercial know-how. Students will also shadow early-stage life science ventures as they participate in the Campus' five-month bioentrepreneurial programme, Accelerate@Babraham, which will provide insight to the spin out/start-up process and an awareness of key commercial knowledge areas.

Accompanying these studentships, a range of Institute initiated Campus events continued to develop in 2021 on diverse translational, professional career and academic themes, as well as creating focussed networking opportunities to co-create collaborative Campus research projects. One significant network created over the last year has been the creation of an industry mentorship scheme that enabled 1:1 connections between Campus scientific staff and early-stage Institute researchers, allowing Institute researchers to explore industry scientific career opportunities in the pharma, biotech, biomed sectors and providing training and professional development skills to the scientific mentors.

In 2021-22, Babraham Institute Enterprise Limited generated £1,664k (2021 : £1,159k) 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 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 BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### SUSTAINABILITY (CONTINUED)

- 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.
- The controls in three heating boilers in the energy centre have been replaced with more efficient controls which will reduce the amount of gas consumed. The district heating pumps for the district network have also been replaced, swapping out the old belt drive pumps with more efficient direct drive pumps. The Institute continues its programme of replacing fluorescent lighting with LED lighting within all its buildings including upgrading to smart controls
- The implementation of smart lighting controls to over 500 light fittings across three building has reduced energy consumption due to new lights being lower in wattage and only using power when needed. Maintenance costs are also reduced as the system has the ability to identify light fittings in fault and the type of fault.

The Tri-generation CHP unit continues to operate successfully continuing to reduce the amount of imported electricity from the Grid. The unit is registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and continues to achieve good efficiencies.

#### Proposed Targets for 2022-23

The Babraham Institute continues with its water saving measures through improvement of below ground pipework to the installation of new steam boilers replacing three old steam generators resulting in significant energy and water savings. 2021-22 has seen a slight increase in water consumption as the campus returns to normal after the Pandemic.

We are working with Babraham Research Campus Ltd to develop a joint plan that sees the campus achieve Net Zero Carbon by 2040 in line with UKRI's and the Babraham Institutes sustainability policy. The Babraham Institute will continue to identify and implement energy saving opportunities during this time.

#### 2022/23 Streamlined Energy and Carbon Report (SERC) outcomes - Emissions Data

Greenhouse Gas Emissions		2021/2022	2020/2021	2019/2020
Scope Emissions Indicators (tCO <sub>2</sub> e)	Total Gross Emissions	6,317	6,503	6,917
	Total Net Emissions	6,317	6,503	6,917
	Gross Emissions Scope 1 (Fuel)	5,771	5,465	5,846
	Gross Emissions Scope 1 (Transport x 100)	224	117	339
	Total Scope 1 Emissions	5,996	5,582	6,185
	Gross Emissions Scope 2 (Electricity)	320	921	732
Related Energy Consumption (MWh)	Electricity: Non-Renewable	7,785,672	9,490,784	9,865,723
	Electricity: Renewable	0	0	0
	Transport	8,942	4,686	13,584
	Gas	31,509,854	29,709,938	31,781,305

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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#### SUSTAINABILITY (CONTINUED)

##### 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; 2019/2020, 2020/21 and 2021/22 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 tCO<sub>2</sub>e/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.

#### 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

Throughout the pandemic the Institute 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 developed. There has inevitably been an impact on the delivery some Institute achievements and scientific outputs particularly during the earlier months of the pandemic in 2020-21, however during 2021-22 operational activities began to return to pre-pandemic levels as restrictions were lifted and the UK vaccine programme was rolled out.

Phased returns to onsite attendance (responsive to government guidance and the situation in the UK) were initiated, returning to approximately 60% occupancy of laboratory space in April 2021, with occupancy levels continuing to increase during the remainder of 2021-22.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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#### IMPACT OF COVID-19 ON ACHIEVEMENTS (CONTINUED)

Where staff were able to work from home, a formal hybrid working policy was introduced in December 2021 by the Institute and this policy continues to operate. With the UK Government lifting all Covid-19 restrictions in February 2022, the Institute resumed full operational activities by the financial year end.

#### INSTITUTE FUTURE DEVELOPMENTS

Throughout 2021-22 the Institute continued to implement a phased return to work in line with the Government's Spring 2021 Roadmap. A Flexible Working Policy has now been rolled out enabling hybrid-working where practicable and staff have been encouraged to attend site with numbers steadily increasing so far throughout 2022 and some meetings now running in person. The Institute continues to 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 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 approximately £7.5M 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

During this reporting period, and in support of the agreed strategy for the campus BRC have progressed the opportunity to further develop the campus. BRC announced after the end of the financial year an agreement to form a partnership with Biomed Realty Inc (BMR), an US corporation, already with a presence on the campus, to jointly construct a new c. 40,000 sq<sup>2</sup> laboratory and office building. This building is designed to accommodate companies already on the campus, wishing to grow on site. BMR was selected as a development partner following a tender process where a number of potential partners were invited to submit a proposal against an invite to tender package we had developed. Anticipated completion in Q4 2023, the building would be fully let such is the local demand.

Whilst the infrastructure development of the campus is a key component of BRC's 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 the [accelerate@babraham](mailto:accelerate@babraham) programme, provides easy-access 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 2022

#### 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
<b>Future UKRI-BBSRC research funding</b>	UKRI-BBSRC current and future funding is reduced as a result of poor performance or public sector spending pressures.	Regular monitoring of scientific performance, including consideration from the Science and Impact Advisory Committee (SIAC).  Regular communication with UKRI-BBSRC to report performance and ensure strategic alignment of research programmes.  Monitoring of performance of competitive grant submissions with emphasis on widening the pool of grant funders.
<b>Loss of research funding from other sources</b>	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.	The Research Integrity Steering Group was established to oversee all aspects of research integrity within the Institute.  The Steering Group will review current Institute policy and practice against Funder requirements to ensure compliance.  Additional training will be put in place to ensure all Individuals adhere to the highest standards of professional conduct.  The Institute will seek to secure alternative sources of funding and collaboration to mitigate against the possible loss of EU grant income.
<b>Technology investment</b>	The Institute is unable to keep pace with developments in technology underpinning its science.  Funding is inadequate to sustain and improve technology facilities necessary to support scientific objectives.	Funding opportunities identified and pursued for technology investments.
<b>Staff retention and recruitment</b>	The Institute is unable to retain or attract suitably skilled staff to enable it to sustain its scientific performance.	Career development programmes in place to support staff.  Performance Management processes in place.  Recruitment strategy and processes in place.  The Institute reviews pay and benefits annually, benchmarking against a range of comparable scientific organisations to ensure pay remains competitive. Salary scales are benchmarked triennially within the market in which the Institute operates and periodically the Board of Trustees will instigate an in-depth pay and benefits review.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
<b>Estates</b>	<p>Estate facilities do not adequately support the delivery of its scientific objectives.</p> <p>Funding is inadequate to sustain and improve facilities necessary to support scientific objectives</p>	<p>A 5-year Business Plan developed for 2023-28 includes significant UKRI-BBSRC investment in BI facilities to support the Estates Strategy.</p> <p>Facilities management systems are being enhanced.</p> <p>Energy usage data is being developed and energy plan being implemented.</p>
<b>Business Continuity</b>	A major incident, or business disruption such as a pandemic, interrupts scientific research programmes and/or administrative systems.	<p>Disaster recovery and Business Continuity plans in place and tested periodically.</p> <p>Review of compliance with health &amp; safety and relevant regulations from government agencies and internal auditors.</p> <p>Appropriate commercial insurance arrangements in place.</p>
<b>COVID-19</b>	Adverse impact of the Covid-19 pandemic on Institute staff and operations, resulting in the inability to meet key Institute objectives.	<p>A Covid-19 Secure Risk Assessment remains in place in order to deal with ongoing fluctuations of the situation, including mitigation for the following risks:</p> <ul style="list-style-type: none"> <li>• The transmission of Covid-19 on site by person-to-person transmission.</li> <li>• The impact of the pandemic and working conditions on the mental and physical wellbeing of staff.</li> <li>• The impact of the pandemic and working conditions on equality and diversity.</li> <li>• The maintenance of buildings and facilities on site during the pandemic.</li> <li>• Information security breaches due to new working conditions and an increase in fraud / scams during the pandemic.</li> <li>• The financial impact of the pandemic.</li> </ul> <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>

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:

- War in Ukraine, and the effects on supply chain issues and increases in energy costs
- Covid-19 the ongoing impact on the local cluster and wider economic impact
- Change in Government support of UKRI-BBSRC and
- Reduction in investment in the life-science sector

#### FINANCIAL REVIEW

During the year, the total group reserves increased from £146M to £152M, with details of the movement in group funds shown in the Statement of Financial Activities on page 28.

The individual results within the group are detailed below.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### FINANCIAL REVIEW (CONTINUED)

##### BABRAHAM INSTITUTE

Overall results for the Babraham Institute shows an increase in total funds from £138m to £141m. Restricted revenue funds increased by £845k, Restricted Capital funds increased by £6,189k and Unrestricted Revenue funds decreased by £3,573k, totalling an increase of £3,461k across all funds.

The Institute's deficit on unrestricted funds for the year of £3,573k compared to a deficit of £1,540k last year. The deficit before investment gains/losses, depreciation and transfers is £4,061k and £2,601k respectively for 2022 and 2021.

	2022 £'000	2021 £'000
Deficit before Investment gains/losses, depreciation and transfers – unrestricted funds	(4,061)	(2,601)
Depreciation (net of transfers) and other transfers	(1,382)	(1,920)
Fair Value adjustment to investment properties	(300)	(1,750)
Impairment on investment in subsidiary	468	(468)
Investment Income (dividends and interest)	313	357
Investment gains/(losses) - realised and unrealised	1,389	4,842
<b>Deficit for year – unrestricted funds</b>	<b>(3,573)</b>	<b>(1,540)</b>

As operating activity returns to pre-pandemic levels, this has resulted in higher travel costs (£113k), repair costs (£377k), computing costs (£323k), rental and campus costs (£117k) and general consumables (£281k). These, together with increase salary costs (£140k) account for the movement in results for the year 2021-22.

Annual revaluations within the Institute (£5.6m) 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 £4,002k of capital funding was received (2021 : £2,949k).

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 £313k in the year (2021 : £354k).

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.

##### BABRAHAM RESEARCH CAMPUS LIMITED (BRC)

The profit for the year, after taxation, amounted to £2,290k (2021- loss £20,693k). The main movement in profit this year, compared to a significant loss in 2021 is in relation to the disposal of the 130 year lease investment property last year. Trading results are comparable to last year 2022 £2,157k, compared to 2021 £2,166k.

Gift aid of £300k (2021: £500k) was paid to The Babraham Institute relating to the year 2021-2022.

##### BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a profit before tax and gift aid of £647k (2021: loss £147k). Excluding investment impairments/impairment reversals operating results are £56k profit for 2021-22 and £206k profit for 2020-21. Activity has now returned to pre-pandemic level, with turnover for 2021-22 of £1,664k compared to £1,159k and £1,490k for 2020-21 (Covid-19 year) and 2019-20 respectively. However, higher consumable costs in 2021-22 and impacted on the overall profit.

No gift aid (2021: £100k) was paid to the Babraham Institute relating to the year 2021-2022.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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#### FINANCIAL REVIEW (CONTINUED)

##### FINANCIAL AFFECTS OF COVID-19 WITHIN THE FINANCIAL STATEMENTS

Throughout the past two financial years, the UK Government has placed the country into numerous national lockdowns (March 2020, November 2020 and January 2021), with all Covid-19 restrictions being lifted in February/March 2022.

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. During 2021-22 the Institute saw activity begin to return to pre-pandemic levels albeit staff continuing to remotely up to December 2021 when the Institute introduced its hybrid working policy, ensuring all staff return onsite for part of each working week.

With lockdown restrictions no longer in place, the Institute has now relaxed the majority of its own restrictions, with staff across all areas of operations returning to the Campus. Limitations on travel (both within the UK and overseas) have been lifted, with staff attending various conferences and events within the UK, Europe and further afield.

With the return to the workplace well established by March 2022, higher levels of activity have resulted in increased costs, particularly travel, repairs, service level agreement costs, room hire and hospitality, with expenditure levels of £33.5M being comparable to those of the pre-pandemic year (2019-20) of £33.2M.

#### 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 £13m, 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 recovery from the impacts of Covid-19 could potentially see the Group use reserves to cover any period of reduced income. The Group with free reserves of £21m remains well placed to continue to support activity, through use of these reserves to ensure operations and activity continues.

#### 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 £16.9m (2021: £16.8m), followed by consumables (laboratory and general) £4.4m (2021: £4.0m), repairs and maintenance costs £3.7m (2021: £3.2m) and rent and rates £2.3m (2021: £2.3m).

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### FINANCIAL REVIEW (CONTINUED)

#### PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE (CONTINUED)

Total expenditure for the year of £41.8m compares to £35.1m in 2020-21. The previous year saw a credit of £3.8m relating to the reversal of deferred tax provisions within BRC, excluding this would have resulted in expenditure of £38.9m for 2021-22. For comparison, expenditure in 2019-20 (pre Covid-19) was £40.4m.

Increases in repairs and maintenance (£0.4m), depreciation (£0.6m) and laboratory and general consumables (£0.4m) accounts for the majority of the increase in expenditure in this reporting year.

#### 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. UKRI-BBSRC have 'rolled 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. In March 2022 the Institute was informed of indicative UKRI-BBSRC funding levels for the next 5 year cycle to 2023-24 to 2027-28.

Given that ;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2022) 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.

As the Institute continues its recovery from the impact of the pandemic, various scenarios have been explored for 2022-23 and 2023-24 on future income streams and costs. Forecasts will include elements of estimations, 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**

*Geoff Braham*

**Mr G Braham**  
**Chairman of the Audit Committee, Trustee and Member**  
 Date: 21/11/2022