

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

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 2023 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 2023. 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 (BRCL) (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.

BRCL operates from within the Babraham Research Campus, for which it 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 eight 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 facilitates access to the Institute's cutting-edge scientific facilities for companies both on and off the Babraham Research Campus, thereby supporting the life science industry.

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STRUCTURE, MANAGEMENT AND GOVERNANCE

BOARD OF TRUSTEES

Up to and including the year ended 31 March 2023, the Board of Trustees consisted of up to ten 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 – resigned 1 September 2023
 Mr Graham Allen
 Mr Geoff Braham #
 Dr James Briscoe FRS #
 Prof Gordon Brown FRS
 Dr Lynne Gailey #
 Prof Nic Jones – resigned 1 September 2023
 Prof Peter Parker FRS
 Prof Dame Linda Partridge FRS – appointed 30 September 2022
 Ms Alexandra Pygall #

Denotes members of the Audit Committee as at 31 March 2023.

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, UK Research and Innovation (UKRI).

One Trustee Member, Prof Linda Partridge (who will take the position of Board Chair from September 2023) was recruited to the Board in the year ending 31 March 2023. The Institute's process for Trustee recruitment combines both targeted approaches through the use of an executive recruitment agency and open application. 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 operate during the year for the Institute and BRCL. 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 Dr Simon Cook as Institute Director. Dr Cook was appointed Institute Director (3 year fixed term) in June 2022 after having been appointed Interim Director in July 2021.

The Company Secretary and Chief Operating Officer (COO) is Mr Simon Jones. The CEO of BRCL, one of the Institute's trading subsidiaries, Mr Derek Jones, is employed on a BRCL contract. BIE is managed by Dr Keith Jones (CEO) and senior management from the Institute.

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TRUSTEES' RESPONSIBILITIES STATEMENT

The charity's 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 Director), which responds to advice from the Board of Directors, Scientific Advisory Panel and other key stakeholders including 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, BRCL and eight campus companies. A Gold Award was received by the Institute by the SOS-UK Green Impact programme in October 2022, reflecting work by the Institute's Green Labs initiative at the Institute and also with BRCL companies. Continuation of this work as part of the next cycle of the Green Impact programme will achieve further environmental action with expanded participation across BRCL. The vision is that the Campus is Carbon Neutral by 2040.

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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 Institute 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 BRCL management and Board. One area to highlight is in regard to 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 BRCL 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 2022-2023 the Institute had collaborations with 63 organisations across 16 counties.

The Institute continues to be 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 early 2024. 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>).

The Technician Commitment signed up to in 2019-20 to pledge action against the key challenges that affect our technical staff continues to be developed. Consultations with stakeholders identified the main objectives and 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 was developed.

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

Implementation was extended by 12 months until January 2022 due to Covid-19 delays. Following the stakeholder consultation, a detailed action plan (www.babraham.ac.uk/people/technician-commitment) is under development for implementation from 2024, over a three year timeframe. Progress is being overseen by a Technician Commitment Steering Group. A particular success in 2022-2023 was the development of an Animal Technician Conference which was proposed and shaped by two animal technicians. Their leadership in establishing this event and supporting the goals of the Technician Commitment was recognised with an Outstanding Collaborator Award at the 2023 Research Institute Technician Awards.

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. In addition, in 2022 we commenced an annual calendar of wellbeing events including collaborative activities with the Green Labs strategic initiative, for example cycle to work initiatives. Also, in 2022 we launched the first phase of Babraham Boost, the Institute's benefits platform which provides discount shopping vouchers for staff, thus assisting with financial wellbeing particularly during the cost of living crisis. The platform also contains a wealth of wellbeing information and support and is intended to be the centralised repository for all of the Institute's staff benefits provision, thus providing easy and quick access to the benefits available. The second phase, salary sacrifice schemes was launched in August 2023, by the introduction of the "cycle2work" scheme.

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 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).

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 addition to existing Group Leaders, Dr Arianne Richard, joined the Immunology research programme

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INSTITUTE OBJECTIVES (CONTINUED)

in April 2022, thus completing the Institute's recent 2020-22 recruitment phase for new Group Leaders. In the year 2022-23 the Institute welcomed Dr Wolf Reik, Dr Adrian Liston and Dr Yiliang Ding as Honorary Group Leaders.
(<https://www.babraham.ac.uk/news/2023/03/yiliang-ding-honorary-group-leader>)

The Institute's three ISPGs 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).

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 enables 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-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.

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INSTITUTE OBJECTIVES (CONTINUED)

The results of a recent new collaboration supported by Innovate UK (part of UKRI) could lead to the identification of new anti-cancer drugs. In 2022, Enhanc3D Genomics Ltd, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, raised £10 million in series A funding to advance its *GenLink3D™* proprietary technology 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 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 disorders¹, cellular reprogramming for personalised medicine² and fertility treatments³. Cellular reprogramming research published by the Reik lab in April 2022 received international media coverage and this work will be featured in a documentary exploring research into how to secure improved health in later years⁴. Links to the articles can be found below;

1. <https://www.babraham.ac.uk/news/2022/02/new-way-study-awakening-human-genome>
2. <https://www.babraham.ac.uk/news/2022/03/stem-cell-secrets-allow-researchers-revamp-reprogramming>
3. <https://www.babraham.ac.uk/news/2021/09/key-staying-naive>
4. https://www.babraham.ac.uk/news/category/news?field_keywords_target_id=341&created%5Bmin%5D=&created%5Bmax%5D=&combine

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.

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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. 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 compliance
- Boards and subcommittees; executive decision-making structure and authorities

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BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

Within BRCL 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 groups, committees, staff updates, engagement surveys 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.

Information continues to be published regularly in the Institute-wide monthly newsletter 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.

The Michael Wakelam Symposium, titled 'Lipid Signalling, lipidomics and beyond' was held on 29th and 30th July 2022. Over the course of two days the Institute community was honoured to host speakers and attendees who paid tribute to a thoughtful and responsive Director, a respected scientist and scientific leader, who had worked with the Institute since 2009.

A Business Continuity Plan event was held on 6th July 2022, bringing together departmental leads and deputies as part of a crisis management team to deal with the hypothetical scenario of a ransomware attack on the Institute. BICS (the Institute's computing department) were instrumental in both the development of the event and in managing the scenario on the day. The Institute also received a certificate of commendation from Cambridgeshire Fire and Rescue Service for the hosting of the 'Dragontail' exercise on 11th July 2022, which saw Police, Fire and Ambulance services respond to a simulated emergency on the Babraham Research Campus.

LabTalks, was held on 17th and 18th November 2022 and an Institute staff update regarding Group Leader redundancies took place on 15th November 2022. A UKRI-BBSRC Partnership visit was conducted on 4th November 2022, where Professor Welham, executive chair of BBSRC and members of the senior team visited the Institute where group leader research was showcased.

The Institute holds a Silver Athena SWAN award 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.

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EMPLOYEES (CONTINUED)

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 follows the principles of the government's Disability Confident Scheme.

The Institute plans to build on ongoing good practice to further progress equal opportunities. 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 11 researchers and one science facility. There has been a high degree of interest from other organisations in how to establish similar schemes and we have given presentations on the programme.

Following a recent review, Athena SWAN status must now be renewed every five years. In addition, the Institute successfully applied for an extension to allow for delays EDI work has faced due to the pandemic and changes to our directorship over the past few years. The Institute is preparing an application for 2024.

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. Progress is being made towards meeting the objectives of the 2021-23 Action Plan, with a new 3-year plan being developed for submission in early 2024.

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 2022 (calendar year) the Institute's scientists published a total 94 (2021:97; 2020:126) full and refereed research and review articles in journals, this number is expected to increase post-covid. Though only published last year these papers have already been cited almost 1,000 times.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

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 2022/23, by funding source and the total awarded, are below:

	2022/23		2021/22		2020/21		2019/20	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	3	1,218	3	1,154	0	0	5	1,786
UKRI-MRC	1	1,418	3	1,263	2	973	2	916
European Commission	4	3,383	2	243	5	2,743	2	361
Industry, levy boards	7	544	1	295	1	420	3	457
Trusts, foundations, charities, foreign governments	1	137	6	4,579	5	2,370	9	1,970

As in past years, identifying, applying and securing new external funding sources remains a high priority of the Institute. Notable successes this year, and indicators of the quality of the Institute's research, are the award of prestigious Wellcome Discovery grants to Dr Peter Rugg-Gunn and Dr Della David. (<https://www.babraham.ac.uk/news/2023/02/dr-della-david-and-dr-peter-rugg-gunn-receive-wellcome-discovery-awards>)

Public Engagement

The Institute's engagement programme has seen a return to full operation over the last year with the removal of most pandemic measures. Both ourselves and our partners have been able to return to many of our historic events, as well as, launching new initiatives to better engage traditionally underserved audiences. 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 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.

	2022/23	2021/22	2020/21	2019/20
Visitors to site	394	0^	0^	440
Outreach Events*	33	28	12	34
Total Public Audience Engaged	3,201	3,894	2,142	2,251
Website visits	159,425	127,222	154,650	116,435

*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.

^No visitors to site were recorded during the 2020-22 period due to the Covid-19 Pandemic.

The Institute's public engagement programme continues to engage at local, national and international level with a focus on developing relationships with communities traditionally underserved by engagement programmes. Over the last year the team have further developed relationships with a number of key partners. These include direct links with schools and community groups in areas of high deprivation - enabling these groups to engage with our research.

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ACHIEVEMENTS AND PERFORMANCE – PUBLIC ENGAGEMENT (CONTINUED)

We have also linked with education sector partners such as the Youth STEMM award and T-level training providers to allow for more measurable impact and peer recognition of our work, whilst building capacity for science enrichment in non-traditional routes into science careers. Our move to operate student placements through the In2Science (further education student focussed) and In2Research (undergraduate student focussed) programmes have enabled more equitable access to research experience at the Institute and we have seen great successes in these programmes with clear impacts on participants next step career destinations. The Research Access Programme (summer placements for undergraduate students from disadvantaged backgrounds) in particular has been recognised internally and externally for its impact with the programme, with it being made a finalist for the Cambridge Independent STEM Initiative of the Year Award (with results of this being announced in May).

The schools programme has been highly successful over the last year, with the return of both the 6th Form Conference in autumn 2022 and Schools day in early 2023. The 6th Form Conference provides the opportunity for further education students to research Institute science and present this back to researchers to gain experience of work, outside of the lab, that researchers do day-to-day. Schools Day returned in a similar format to the past with almost 200 students from 28 schools across the UK visiting the Institute to take part in hands on practical projects, with almost all research groups taking part and hosting groups within their labs. Both of these events were well attended and received very positive feedback. Of note was the success in expanding the audience of these events to include relatively large numbers of students from underserved areas (areas of high deprivation as determined by the government Indices of Multiple Deprivation metric) - furthering equitable access to the Institute's programmes. Beyond these flagship events, regular school visits have been carried out with priority schools that have been traditionally underserved through the BioInspire programme, providing more opportunities for staff to engage students as well as building deeper relationships with these audiences. There has also been success in the community engagement programmes with a hybrid programme of in-person and online events, which re-established previous two-way engagement opportunities whilst capitalising on the learnings from online events and the extended audience reach this gives. Events such as the Cambridge Festival have showcased high tech approaches to our work through virtual reality activities, allowing for more experience led engagement. The team have also continued to engage on often controversial work such as that of the Biological Support Unit through events such as our Science Spotlight events which provide the opportunity for audiences to virtually tour the facility and see behind the otherwise closed doors. This work continues to dispel misconceptions around Institute work and contribute to our commitment to openness in animal research.

The experience gained from the ORION Open Science 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. Using funding through the associated Wellcome Enrichment Grant and additional support through the UKRI Sciencewise programme, the team has embarked on developing and delivering a public dialogue around society's views on early human developmental biology research and associated regulations, such as the 14-day limit on culturing embryos for research. This work is expected to run throughout 2023 with reporting due in the autumn. We anticipate this project will have impacts on work led by the Human Fertility and Embryology Authority around reviewing the current UK law, as well as, impacts on good practice followed by those working in the sector (in line with 2021 recommendations from the International Society for Stem Cell Research calling for meaningful public engagement around the topic).

Throughout the year public engagement work has been well received by audiences, researcher contributors, funders and peers alike. Looking ahead, the public engagement team aims to continue to develop relationships with traditionally underserved audiences and provide opportunities for high quality, two-way engagement between staff and members of the public. This will enable the team to continue as a leader in equitable engagement with traditionally underserved audiences and expertise in impactful deliberative dialogue approaches with.

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

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ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

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.

On the commercialisation front, the Institute's 2020 spin-out, Enhanc3D Genomics Ltd has had further success, raising £10 million in Series A financing to advance its *GenLink3D*TM proprietary technology platform. 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.

The Institute's patent portfolio has grown to a set of twelve patent families over the last year, these have strong potential clinical value in diverse clinical fields including cancer therapeutics, traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology, cardiovascular and chronic kidney disease. These filings are being actively developed to found spin-out opportunities or high-value licensing opportunities. A significant exclusive commercial licence for one patent family to Altos Labs UK Limited was executed in 2022, including £150k license fee and £60k patent reimbursement on signing, an annual licence fee of £25k, up to £4.25m in milestone payments, 10% of sublicense fees (reducing to 5% over 3 years) and a 1% royalty on sales (confidential information). A further industry licence currently under negotiation, resulting from KEC support of an industry-Institute collaboration that has helped the company to develop their technology platform.

On the knowledge exchange front, successful UKRI-BBSRC grants with a combined worth £350,000 were secured in 2022 and 2023, which have funded seven industry R&D research collaborations with BRCL companies and diverse cross-organisational and training and career-development opportunities for researchers and technicians. Supported 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 and significantly enabled translational activities and market awareness across the three ISPs.

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. Six of these studentships started in October 2022, and recruitment for a further 3 secured in January 2023.

The range of Institute initiated Campus events continued to develop in 2022-23 on diverse translational, professional career and academic themes. These activities have been significantly enhanced by the UKRI-BBSRC Campus Impact Acceleration Account (CIAA) awarded to BRCL in July 2022 and March 2023, which are being delivered in partnership with the Institute. CIAA funding is supporting BRCL-based industry collaborative R&D, financing the development of Campus-based industry-facing Facility services opportunities, translational and entrepreneurial training, Campus mentorship and networking opportunities.

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ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

Separate to the CIAA activities, diverse translational training opportunities have been provided by KEC to Institute staff and students through scholarships awarded to students and staff enabling participation in the Judge Business School's EnterpriseTECH, Newton Venture Program and the BioSpark entrepreneurship programmes. Translational support has been provided to two teams who in March 2023 secured places on the Accelerate@Babraham accelerator to develop developing spin-out opportunities from the Immunology ISP and Flow Cytometry Facility. In 2022-23, Babraham Institute Enterprise Limited generated £2,320k (2022 : £1,664k) 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.

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. Latest updates include:

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. The unit remains registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- Smart lighting continues to be rolled out across the Institutes building stock with the remainder of lighting within the two main laboratories upon successful funding being completed in 2023.

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

Greenhouse Gas Emissions		2022/23	2021/22	2020/21
Scope Emissions Indicators (tCO ₂ e)	Total Gross Emissions	5,597	6,317	6,503
	Total Net Emissions	5,597	6,317	6,503
	Gross Emissions Scope 1 (Fuel)	4,295	5,771	5,465
	Gross Emissions Scope 1 (Transport x 100)	312	224	117
	Total Scope 1 Emissions	4,606	5,996	5,582
	Gross Emissions Scope 2 (Electricity)	990	320	921
Related Energy Consumption (MWh)	Electricity: Non-Renewable	4,187,202	7,785,672	6,236,091
	Electricity: Renewable	5,121,870	1,509,387	3,254,693
	Transport	12,422	8,942	4,686
	Gas	23,527,186	31,509,854	29,709,938

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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; 2020/21, 2021/22 and 2022/23 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.

Proposed Targets for 2023-24

The Babraham Institute continues with its ongoing water saving measures and has undertaken an internal camera inspection of a suspect section of water supply pipework. The subsequent survey report has highlighted internal cracking to several sections of the pipework that will require remedial action in the short to medium term. New Isolation valves have been installed in several areas which will help in identifying the location of any future leaks in the below ground water main.

The Route to Net Zero commissioned last year focusses on Scope 1 and Scope 2 Energy Strategy Report for the Babraham Institute and the Babraham Research Campus. The Energy Strategy Report is a high-level strategic report and feasibility study including appraisal of options for reducing energy consumption (Scopes 1 and 2), reducing reliance on fossil fuel derived energy supply across the estate, relative risks and a milestone programme for achieving Net Zero Carbon. The report also covers overall budget expectations.

In summary, the overriding objective for the Institute and BRCL is to undertake the effectively phased replacement of all existing fossil fuel energy systems with low to zero carbon systems by 2040 at the latest.

Initial actions taken from the report are;

- Undertake a thermal imaging survey in 2023 as a pre-cursor to further building-level energy audits. In parallel, begin implementing energy conservation measures across the Institute while ensuring all existing system are used efficiently.
- Fabric survey of all BI buildings to identify potential energy savings through improved insulation (wall and floor), improved glazing and solar shading or thermal window film.
- Undertake a site-wide survey to investigate suitability of roof mounted solar arrays on Institute buildings where the local planning authority allow.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

GROUP ESTATE ACTIVITIES

There are over 60 organisations operating within the Babraham Research Campus. The Campus is managed by BRCL and BRCL 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.

INSTITUTE FUTURE DEVELOPMENTS

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. In preparation for the Institute Assessment Exercise, scheduled for completion in Autumn 2023, a review of the evolution and adaptation of ISPG's is taking place.

The priority is 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.

With the UK's departure from the European Union, some clarity regarding the UK's participation in Horizon Europe has now been established, however delays and uncertainty will have an impact. Active grants during 2022-23 from the EU come to £6.7M 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 continues to attract the most gifted staff remains a strategic priority, recruiting talented but less experienced individuals who we train and develop into key roles. This supports the continued programme of succession planning which remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the progression of early career scientists and other staff 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 BRCL have progressed the opportunity to further develop the campus. BRCL announced in September 2022 an agreement to form a partnership with Biomed Realty Inc (BMR), a US corporation, already with a presence on the campus, to jointly construct a new c. 40,000 ft² 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 Q1 2024, the building is expected to have occupants on completion such as the local demand, and at a rental value higher than originally envisaged primarily as result of the limited demand for the high-quality, well located laboratory space that we provide on campus.

Whilst the infrastructure development of the campus is a key component of BRCL'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, BRCL continues to run the 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.

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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.

During 2022-23 the Governance and Projects Office undertook an extensive review of the Corporate Risk Register, moving this to the new RSM 4Risk software to ensure easier interactivity, monitoring and reporting of risks. Following consultation with other organisations and industry bodies, the Corporate Risk Register was condensed from 32 to 12 overarching risks to bring us in line with best practice. Looking ahead it is planned that departmental risk registers will move to RSM 4Risk.

In addition to risk registers utilising RSM 4Risk software, in December 2022, as part of an ongoing major review of all institute policies and policy awareness, policies were moved to RSM 4Policies software to enable transparency, easier engagement and monitoring.

Risk Area	Description of Risk	Risk Management
Business Sustainability	The Institute having to manage the loss or reduction of UKRI-BBSRC funding. The inability for the institute to remain financially viable, managing energy price increases, insufficient capital budget and failures to secure enough competitive grant income. A lack of technological investment at the institute to enable research.	<ul style="list-style-type: none"> • Annual budget setting and monitoring to ensure effective use of resources. Defined policy and procedure to spend Institute reserves and effective investment of reserves under the Treasury Management Policy. • Participating in a UKRI-BBSRC-wide Institute Financial sustainability agenda and Peer review process. • Review to ensure progress against ISPG, CCG and KEC objectives. • Capital Equipment Policy and Procedures in place to prioritise business cases for each UKRI-BBSRC capital equipment funding call. Increase awareness of adequate funding opportunities; support and train staff applying for funding (Grants Office) • Review and approve quality and science alignment of grants, and advising the grant applicant on how to strengthen proposal to be submitted (SPOC)
Reputational Maintenance	The Institute having to manage reputational damage caused by poor contribution to bioscience, scientific misconduct or an honest failure to replicate results, staff breaching the code of conduct and the threats posed by animal rights activism. A lack of technological investment at the institute which degrades reputation.	<ul style="list-style-type: none"> • Effective Public Engagement strategy in place to raise Institute's profile. Events / conferences for the scientific community to raise the Institute's profile. • Scientific collaborations to raise the Institute's profile. • Showcasing the Institute through external communication mechanisms, including the website, social media, the science annual report and press engagement. • Biennial Research Integrity Assurance Review (including Lab notebook OneNote procedures). • Promotion of a good Research Integrity Culture through policies. • Strategic Security Consultant ensures the Institute's interests are protected and that BRCL delivers security to the correct specification, reducing the risk of breach/failure.

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RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
IT System Failure	The Institute being subject to a cyber-attack, threats due to unresolved system vulnerabilities, the lack of training of knowledge of staff or negligence. The risk of a major incident on site such as a power outage, fire, flood etc effecting on site data centres.	<ul style="list-style-type: none"> Continual review of IT procedures and assessment of new risks as they develop to ensure systems are fit for purpose. Maintain Network Security. Urgent recommendations (e.g., critical vulnerabilities) are implemented in response to notifications from Janet CSIRT service and other notification services. Cyber Essentials Certification in place. Immutable (Read-only) backup service for IT servers to ensure service recovery is possible in the event of a ransomware attack. IT staff are trained in IT security and have regular CPD in this area to ensure knowledge is up to date Multifactor Authentication (MFA) enabled for all remote access. Regular communication to staff on new and existing threats to build knowledge and awareness.
Business Continuity	The Institute is unable to continue day to day operation due to severe business disruption to science and research	<ul style="list-style-type: none"> Equipment and logistical steps in place along with ensuring policies and SOPs are fit for purpose and reflect current best practice. Supply chain resilience is built in as far as possible. A reciprocal agreement is in place to use facilities at the CRUK Cambridge Institute as an emergency centre. Business Continuity Plan and Crisis Management Team is in place to provide a framework and table top exercises annually. Managing external profile of the Institute during the event of an incident. Commercial insurance in place to cover financial loss through business disruption.
HR Management	The Institute is unable to recruit and retain staff due to staff burnout, inadequate team resources and poor planning.	<ul style="list-style-type: none"> Attractiveness of the Babraham Research Campus and good infrastructure such as provision, housing, parking, etc. Competitive pay scheme and benefits including research support package. Benchmarking of pay and benefits with other organisations to ensure parity. Provision and maintenance of excellent science facilities and equipment and support for immigration licenses and visas and an employee assistance programme to support staff wellbeing.

Within BRCL, 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 strategic risks considered by the BRCL board include:

- War in Ukraine, and the effects on supply chain issues and increases in energy costs
- Inflation and the global economic slowdown.
- Reduction in investment in the life-science sector

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FINANCIAL REVIEW

During the year, the total group reserves increased from £152m to £156m, 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.

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Overall results for the Babraham Institute show an increase in total funds from £141m to £143m. Restricted revenue funds decreased by £533k, Restricted Capital funds increased by £4,776k and Unrestricted Revenue funds decreased by £1,891k totalling an increase of £2,352k across all funds.

The Institute's deficit on unrestricted funds for the year of £1,891k compared to a deficit of £3,573k last year. The deficit before investment gains/losses, depreciation and transfers is £3,927k and £4,061k respectively for 2023 and 2022.

	2023 £'000	2022 £'000
Deficit before Investment gains/losses, depreciation and transfers – unrestricted funds	(3,927)	(4,061)
Depreciation	(6,255)	(4,762)
Transfers from capital and revaluation reserves	8,776	3,380
Fair Value adjustment to investment properties	(400)	(300)
Impairment on investment in subsidiary	-	468
Investment Income (dividends and interest)	255	313
Investment gains/(losses) - realised and unrealised	(340)	1,389
Deficit for year – unrestricted funds	(1,891)	(3,573)

Revenue income increased by around £1m during the year (grant income £441k and goods, services and rental income £650k). Similarly, increases in salary costs (£605k), travel costs (£204k) and energy costs (£278k) were incurred in the year. Actual energy costs increased by £1,055k on 2021-22 values, however this was offset by additional UKRI-BBSRC funding of £777k received in the year.

Annual revaluations within the Institute (£10.3m) 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 £3,233k of capital funding was received (2022 : £4,002k).

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 £255k in the year (2022 : £313k).

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 (BRCL)

The profit for the year, after taxation, amounted to £1,958k (2022 - profit £2,590k). The main movement in profit this year is as a result of increased salaries, utilities costs and professional fees associated with the new joint venture. Rental revenues have seen a 7% increase and meeting and conferencing revenues have seen a 150% increase compared to last year, this brings the trading activities for this area of the business back to pre-COVID levels.

Gift aid of £220k (2022: £300k) was paid to The Babraham Institute relating to the year 2022-23.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL REVIEW (CONTINUED)

BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a profit before tax and gift aid of £277k (2022: profit £647k). Excluding investment impairments/impairment reversals, operating results are £322k profit for 2022-23 and £56k profit for 2021-22. Turnover including licencing income for 2022-23 of £2,320k compared to £1,664k for 2021-22, an increase of £656k. This increase in activity also led to higher costs of £390k in the year, and these movements account for the increase in operating results.

Gift aid of £333k (2022: £nil) was paid after the year end (in July 2023) to the Babraham Institute, resulting in a deferred tax charge of £86k for the year ended 2022-23.

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 £16m, covering 3 months working capital and any other financial obligations should the business cease to operate. Currently free reserves are around £21m 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.

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 £18.1m (2022: £16.9m), followed by consumables (laboratory and general) £4.7m (2022: £4.4m), repairs and maintenance costs £3.6m (2022: £3.7m) and rent, rates and insurance £2.3m (2022: £2.3m).

Total expenditure for the year of £46.4m compares to £41.8m in 2021-22 an increase of £4.5m. Increases in salary costs (£1.1m), energy costs (£1.7m) and depreciation charges (£1.5m) account for the majority of the increase in expenditure in this reporting year.

GOING CONCERN

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review (CSR) in 2021, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding. The CSR set resource and capital budgets from 2022-23 to 2024-25.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

GOING CONCERN (CONTIUNED)

The Institute's funding allocation for 2023-24 was confirmed in March 2023 along with provisional funding allocations for the 4 years to 2027-28.

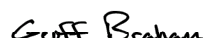
Given that;

- 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 2023) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) continues to be 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 part of financial forecasting, various scenarios have been explored for 2023-24 and 2024-25 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



Mr G Braham
Chairman of the Audit Committee, Trustee and Member
Date: 17/10/2023