

Paul Hatcher  
President  
Reading UCU

13 February 2019

Dear Paul,

Thank you for your letter in which you raise a number of questions, which I will answer in turn.

1. The sale of National Institute for Research and Dairying Trust (NIRD) land was overseen by the Investment Committee, which is a formal Committee of the University Council. Information on the NIRD Trust is published each year in our financial statements (note 32 in the 2017/18 accounts), which are externally audited. As you can see, these transactions have resulted in a healthy balance sheet for NIRD as the land sales achieved a significant commercial value.
2. The University is the sole trustee of NIRD and a Trust Committee has carried out the University's trustee obligations over many years. Having reviewed this arrangement, the University concluded that while the assets of NIRD have been actively managed and indeed increased in value, we do not consider that the Trust Committee has historically had the right level of independence. The NIRD Trust Committee now has refreshed membership including internal and external members to ensure full independence from the executive.
3. We have a number of university trusts, the terms of which are all very different. Both the NIRD and Research Endowment Trust (RET) are Trusts for which the University is the sole Trustee. As such, they are consolidated fully in all the financial reporting we do at Group level including our published statements. The University also administers the following trusts: Hugh Sinclair Trust; Beckett International Foundation; and the Greenlands Trust. These are all included in our financial reporting, similar to RET and NIRD and all are subject to external audit.

The Science Park is a limited company with a Board of Directors (Thames Valley Science Park Limited) rather than trust – see note 31 of our financial statements. TVSP is responsible for the operation of the Park and has an arms-length relationship with the University. The Land occupied by the Science Park remains an investment asset of the University Group.

4. There is no ‘off the books loan’. At Group level, any balance due from one part of the Group to another is summarised and, consistent with normal accounting practice, is not treated as a debt. This is how external lenders view us and any covenants on our existing loans are calculated at Group level. All our current lenders are aware of this situation and we do not anticipate any issues.
5. We were notified on Friday at 3:30pm that an article might appear the next day and a brief summary of what it might contain. We provided a short quote and some background information, but we were unable to answer their lengthy list of questions in the time available. We published our initial response to Saturday’s Guardian article on the very same day. Over the last day or so we have been working to update this with more information and we will shortly publish it on the Staff Portal. In order to manage the story moving forward we are publishing a pro-active piece from me that will be shared widely and we will use the updated financial information to brief key stakeholder and news outlets. We will also pick up the issue with the Student Room platform directly. We consider that this is a more productive approach than meeting the journalist head-on with rebuttals on individual points.
6. There is no financial shortfall arising from the NIRD land transactions. The sales were a good commercial deal to maximise the NIRD assets, which will ultimately benefit the University through grants to support teaching and research activities in food and agriculture.
7. Contrary to the overall tone of The Guardian article, the University is in a sound financial position following changes to the UK higher education sector over the past decade and we have robust plans in place to deal with current and future challenges. In particular:
  - At 31 July 2018 the University had c. £470m of net assets. This value has grown by 34% over the last five years.
  - Our annual turnover is £318 million, which has grown by 42% over the past five years with strong growth in both teaching and research activities. We have not grown excessively, but we have significantly more students now (26%) than we did five years ago.
  - Our surpluses generated (net) in the last five years total c. £80m

and every penny has been reinvested in the University.

- The University has £188m of short and long term debt, a level comparable to many other Universities, and the cost of financing this has averaged 1.9% of our income. These funds, alongside the surplus generated, have been invested in a range of investment projects to benefit the University.
- We have invested over £273m in our capital programme. The major individual projects have been the new Chancellor's building, a fully refurbished Library, the new Health & Life Sciences Building, and Thames Valley Science Park.
- NIRD and RET Trusts are part of the wider University Group, with the University as the sole Trustee. Their combined assets are £220m. Their objectives are to further research and teaching at the University so over time the Trusts will fund activity and projects at the University, as they have also done in recent years.

The University has embarked on the voluntary redundancy programme to address a growing gap between our in year income and expenditure, based on the 2018 student recruitment cycle and projections for the coming years. The current savings programme, and associated voluntary redundancy programme, reflect the need to address the current downturn in recruitment, arising from a demographic dip in 18 year-olds combined with an increasingly competitive environment for universities. We are also facing significant changes in student choices and preferences. I have said many times that I deeply regret the impact of this on colleagues, but it is critical that we ensure that the University responds in a prudent and timely way to these challenges and continues as a strong and well-respected institution. Otherwise, in the longer term, the impact on all colleagues would be far more significant.

I do hope that this letter responds to the queries of your members. I look forward to attending the meeting and discussing the issues further then.

Best wishes

A handwritten signature in black ink, appearing to read 'R van de Noort', with a large, sweeping flourish underneath.

**PROFESSOR ROBERT VAN DE NOORT FSA**