Section 2
Trustees' and strategic report

The Trustees present their annual and strategic report together with the consolidated financial statements for the Institute and its subsidiary for the year ended 31 March 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, and the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) effective 1 January 2019 (Charity SORP 2nd Edition).

The Charity is registered and is a company limited by guarantee governed by its Articles of Association dated March 2015 and a Joint Venture Agreement (JVA) with the Founder Members dated March 2015.

Company Number: 09512457
Charity Number: 1162533

Programme Directors as at 31 March 2021

Mark Birkin
Urban Analytics

Mark Briers
Defence and Security

Mark Girolami
Data-Centric Engineering

Chris Holmes
Health and Medical Sciences

Anthony Lee
Data Science at Scale

Helen Margetts
Public Policy

Jonathan Rowe
Data Science for Science and Humanities

Lukasz Szpruch
Finance and Economics

Adrian Weller
Artificial Intelligence

Alan Wilson
Special Projects

Structure, governance and management

Our legal structure

The Alan Turing Institute was founded in March 2015 as a registered Charity (1162533) and a company limited by guarantee (09512457). The Institute is governed by its Articles of Association that were adopted on incorporation on 26 March 2015 and a Joint Venture Agreement with the Founder Members signed on 31 March 2015 (together the "**Constitutional documents**"). The Constitutional documents set out the governance of the Institute as the responsibility of the Board of Trustees with some reserved matters to the Founder Members.

Purpose of the Institute and main activities

As the UK's national institute for data science and artificial intelligence, the charitable objects of the Institute, as set out in its Articles of Association, is the furtherance of education for the public benefit, particularly through research, knowledge exchange and public engagement in the fields of data sciences. In 2017, as a result of a government recommendation, the Institute added artificial intelligence to its remit. The Institute has the power to do anything that furthers its charitable objects. In particular, the Institute's ambitions are to:

- Produce world-class research in the foundations of data science and artificial intelligence.

- Have a transformative impact on the way that data and algorithms are used in the economy, in government and in society.

- Educate and train data scientists.

The Trustees confirm that they have paid due regard to the Public Benefit Guidance published by the Charity Commission, including the guidance "Public benefit: running a charity (PB2)", in undertaking their activities.

Related parties

The Institute's Founder Members are the Engineering and Physical Sciences Research Council (EPSRC) and the Universities of Cambridge, Edinburgh, Oxford, Warwick and University College London (UCL). The Founder Members have entered into a Joint Venture Agreement which establishes, along with the Articles, the basis on which the Institute operates.

On 1 April 2018, the Institute entered into 5-year partnership arrangements with eight additional universities: Birmingham, Bristol, Exeter, Leeds, Manchester, Newcastle, Queen Mary University of London, and Southampton.

The Institute has a wholly owned subsidiary, Turing Innovations Limited (company registration number 10015591). Turing Innovations Limited has a minority shareholding in Quaisr Limited, a private limited company (company registration number 12704209).

With effect from 1 April 2020, the Francis Crick Institute is deemed to be a related party. This is due to the shared associations of Hitesh Thakrar (Trustee) and Stephane Maikovsky (independent member of the Audit and Risk Committee).

Board composition and responsibilities

The Institute is governed by its Board of 11 Trustees, six of whom have been appointed by the six Founder Members and five of whom are independently appointed Trustees. The Board of Trustees has been established in accordance with the terms of the Joint Venture Agreement. The Board composition is determined as follows:

- Each Founder Member may appoint one Trustee.

- Founder Members may, by a unanimous decision, select and appoint an Independent Trustee who acts as Chair of the Board. Founder Members may also, from time to time, remove and replace such Independent Trustee by a unanimous decision.

- The appointed Trustees may appoint further Independent Trustees such that, so far as possible, the total number of Trustees on the Board at any particular time will be an odd number.

- The Trustees appointed by the Founder Members must always form a majority of the Board and may from time to time remove and replace Independent Trustees.

Organisational management and responsibilities of the Board

The Institute's Board of Trustees is responsible for setting the aims and strategic direction of the Institute, approving key policies, monitoring risks, approving the annual budget and expenditure targets, and monitoring actual and forecast financial results.

Trustees meet formally as a Board with the Executive Team, Senior Management Team, and relevant Programme Directors up to five times a year. In addition, Trustees normally attend at least two away days and undertake further meetings as and when needed. The Executive Team, Senior Management Team and relevant Programme Directors provide Trustees with regular reports on the Institute's financial position, current activity, organisational news, and significant issues affecting the Institute.

The Executive Team, led by the Institute Director and supported by the Senior Management Team and the Programme Directors, is responsible for the day-to-day management of the Institute's operations and activities. The Institute Director is responsible for appointing members of the

Organisational management and responsibilities of the Board (cont.)

Executive Team. The Executive Team, Senior Management Team and the Programme Directors are also responsible for implementing strategy and corporate policies and reporting on performance to the Board.

Committees of the Board

The Board is supported by three formal Committees. Each Committee has processes in place for managing any conflicts of interest that may arise.

Audit and Risk Committee

This Committee is responsible for audit, finance and risk management as well as reviewing the effectiveness of the Institute's internal control framework and risk-management process and compliance with reporting requirements and reports to the main Board on the same. It monitors the work of the external auditors and receives and reviews audit reports. It monitors the full external audit process and resulting financial statements, including overseeing the terms of appointment of the external auditors.

Membership

Neil Viner
Chair

Hitesh Thakrar
Appointed 11 November 2020

Patrick Wolfe

Stephane Maikovsky
Independent member/non-Trustee

Nomination Committee

This Committee is responsible for all aspects of the appointment of new non-Founder Member Trustees to the Board of Trustees. It also has responsibility for monitoring boardroom diversity and recommending appointments within the Audit and Risk Committee and the Remuneration, EDI and People Committee in consultation with the chairs of those committees.

Membership

Howard Covington
Chair

Nicola Blackwood-Bate
Appointed 26 January 2021

Richard Kenway

Vanessa Lawrence CB
Appointed 26 January 2021

Thomas Melham

Remuneration, EDI and People Committee (Remuneration Committee pre-26 January 2021)

This Committee advises the Board of Trustees and oversees the preparation of policies and procedures with respect to salaries, emoluments, and conditions of service. In line with these approved policies and procedures, the Committee approves the total remuneration package for the Chair of the Institute, the Institute Director and those senior staff reporting directly to the Institute Director. The criterion for setting pay is the market rate, considering industry standards.

With effect from the 26 January 2021 Trustee Board meeting, this Committee extended its remit to include oversight of equality, diversity and inclusion which has included the review and challenge of the EDI Strategy and Action Plan.

Membership

Howard Covington
Chair

Frank Kelly

Richard Kenway

Carina Namih
Appointed 26 January 2021

Advisory Groups

Other advisory groups are set out below.

The Joint Venture Agreement includes the following two advisory groups:

Research and Innovation Advisory Committee (formerly the Programme Committee) The JVA sets out that this group is set up to support the Institute Director in preparing a scientific and innovation strategy. It also supports with research and training programmes and reports appropriately to the Institute's stakeholders.

Scientific Advisory Board: This is an independent group designed to be made up of international experts in academia, industry, and government. It provides strategic advice to the Institute's Board of Trustees and the Executive Team on the development and implementation of the scientific research strategy. During the year, the Board of Trustees agreed that this Board would not be required to meet given the uncertainties surrounding the funding model and the national strategy for data science and AI. It is anticipated that this group may be reconvened during 2021-22.

Other groups:

Strategic Partners Board: This group is intended to advise the Board of Trustees on the content and translation of research generated at the Institute and is intended to collaborate across the Institute and its partners to identify new opportunities.

University Partners Board: This group is intended to advise the Institute Director on the research direction of the Institute, the Institute's relationship with its university partners and the higher education landscape as it relates to data science and AI.

Recruitment and appointment of Trustees

The Nomination Committee aims to undertake an open recruitment process, recommends new candidates for appointment when necessary and ensures appropriate recruitment and succession plans are in place for independently appointed Trustees (i.e. not Founder Member-appointed Trustees). During the year, four new Independent Trustees were successfully appointed following an open recruitment process led by the Nomination Committee.

Recruitment and appointment of Trustees (cont.)

On appointment, each Trustee completes a declaration of interests form which is held within a register of interests and which is monitored and updated on a regular basis and reviewed annually. Trustee-related party transactions are disclosed in greater detail within the financial statements later in this report. All conflicts are actively managed through early identification of potential areas of conflict and appropriate action taken where necessary.

Each new Trustee underwent a tailored induction programme for new Trustees that included a programme of meetings with the members of the Executive Team and relevant members of the Senior Management Team and other Trustees. New Trustees are provided with a Trustee Information Pack which includes initial information about the Institute and its work, a copy of the previous year's annual report and accounts, a copy of the Institute's Articles of Association, a copy of the Joint Venture Agreement, information about their powers as Trustees of the Institute, key corporate policies, and a copy of the Charity Commission's guidance entitled "The essential trustee: what you need to know".

Trustees appointed during the year

Baroness Nicola Blackwood-Bate

Nicola's career reflects an abiding belief that science, innovation and access are crucial to solving our greatest global challenges.

Nicola is Chair of Genomics England, a member of the Lords Science & Technology Select Committee and Honorary Professor of Science and Public Policy at UCL. She has served as Minister for Innovation in the Department for Health and Social Care (UK) under two prime ministers. Her ministerial portfolio covered life sciences, mental health, data and the digital transformation of the NHS, cybersecurity, Brexit, trade, global health security and public health.

Nicola oversaw NHS Digital, Genomics England and the NIHR, and was closely involved in the creation and development of NHSX. In policy terms, this included: implementing the government's Life Sciences Strategy and the Tech Vision; setting up the AI Hub and the Data Innovation Hubs; and developing the Code of Conduct for Data-Driven Health and Care Technology, the Public-Private Data Principles, and the Genomic Healthcare Strategy. Nicola worked hard to improve access to medical treatment, setting up the Accelerated Access Collaborative, launching the NICE (National Institute for Health and Care Excellence) methods review and the Commercial Framework, and announcing a new £500m Innovative Medicines Fund.

Prior to her elevation to the House of Lords, Nicola was the first female Member of Parliament for Oxford West and Abingdon (2010-2017) and she was elected by MPs of all parties to Chair the Commons Science and Technology Select Committee.

The Science and Technology Committee exists to scrutinise Government policy and ensure decisions are based on good scientific advice and evidence. Nicola remains the youngest-ever select committee chair in British history and the only woman to have held that position. She was also Chair of the Human Tissue Authority (UK health regulator) and Board Member and Investment Committee Member of Oxford University Innovation, where she helped spin out companies from the University of Oxford.

Trustees appointed during the year (cont.)

She has held further public and private advisory and board positions.

Nicola is also a trained classical musician with degrees in music from the Universities of Oxford and Cambridge.

Professor Kerry Kirwan

Kerry Kirwan is Deputy Pro-Vice Chancellor (Research) at the University of Warwick and Chair of the Sustainable Manufacturing and Materials group at Warwick's WMG department. He has considerable experience in novel sustainable materials and manufacturing and, to date, he has been awarded in excess of £35m of public and industrial research funding in the Circular Economy arena.

He is the Director of the EPSRC Centre for Doctoral Training in Sustainable Materials and Manufacturing and was previously Director of the EPSRC Industrial Doctorate Centre in High Value, Low Environmental Impact Manufacturing. He currently leads the University of Warwick's Global Challenges Research Fund programme, the Global Research Priority in Innovative

Manufacturing and Future Materials and is a member of the 'Connected Everything' Network+ Executive Committee. He is also Editor-in-Chief of the *Journal of Polymers and the Environment*, was a member of the EPSRC's Manufacturing the Future Strategic Advisory Team and served on the Midlands Engine Science and Innovation Audit Committee. He also regularly advises, reviews and chairs funding panels and meetings for UK, EU and international research agencies.

Dr Vanessa Lawrence CB

Vanessa Lawrence CB works internationally as a senior advisor to governments, inter-governmental organisations including the World Bank and large private sector organisations. She is a Director of Location International Ltd, which provides strategic advice and full operational capacity globally to the public and private sectors with respect to improving their own use of location information to enhance their decision-making and to meet the ever-changing needs of their customers and stakeholders.

In addition, Vanessa is a Non-Executive Director of the Satellite Applications

Catapult, the innovation centre for satellite use in the UK and is on the advisory boards of Seraphim Space LLP, the space venture capital fund backed by the British Business Bank, the Spatial Finance Initiative and the Urban Big Data Centre. She is also the Honorary Colonel of 135 Geographic Squadron Royal Engineers.

Vanessa is a Trustee of the Royal Geographical Society, an Adjunct Professor at the University of Southampton and a Patron of MapAction, a UK-based international charity that specialises in supplying geographical information for humanitarian relief operations. From 2000 to 2014, she was the Director General and CEO of Ordnance Survey, Britain's national mapping authority, and an advisor to the government for issues involving mapping, surveying and geographic information. She is the longest-serving Director General and CEO of Ordnance Survey since 1875. From 2011 to 2015, Vanessa was a founding co-chair of the United Nations Committee of Experts on Global Geospatial Information Management (UN-GGIM).

Trustees appointed during the year (cont.)

Carina Namih

Carina Namih is a General Partner at Episode1 Ventures, a venture capital firm that invests in the top early-stage technology businesses in the UK. The Episode1 team has backed some of the UK's biggest success stories such as Shazam, Natural Motion and CloudNC.

Carina joined Episode1 with a focus on investing in applied AI start-ups, where as a board director she helps the founding teams build category-defining businesses. Before joining Episode1, Carina was the co-founder and CEO of HelixNano, one of the first computational biology companies to successfully apply machine learning techniques to develop RNA vaccines (with a team from Harvard University and backed by the likes of Y Combinator, that company is now adapting its synthetic biology capabilities to tackle COVID-19). Carina also supports the wider UK business ecosystem on the advisory board of the British Venture Capital Association.

Hitesh Thakrar

Hitesh Thakrar is an experienced investor in the technology sector, having spent over 25 years investing in public equities in the life sciences, information technology and innovation sectors.

Since 2015, he has moved into early-stage venture investing. Hitesh is currently a Partner at Syncona Limited (a Wellcome Trust backed early-stage venture fund), a Governance Board Member of KQ Labs at the Francis Crick Institute (an accelerator supporting next-generation businesses in data science and life sciences) and the Chair of the Investment Committee for Newable Ventures (a pre-Series A deep-tech fund).

Hitesh is also an advisor to UKRI's Science and Technology Funding Council (SFTC), which helps early-stage companies spin out from UK universities. He recently joined as a Trustee of the Royal National Orthopaedic Hospital Charity. Previous non-executive director roles include work with Desktop Genetics and Tropic Biosciences – both companies are using CRISPR gene-editing technology.

Prior to 2015, Hitesh worked at various public market institutions in global equity research and fund management, including at ADIA (Abu Dhabi's sovereign wealth fund), JP Morgan, Aviva Group, Dresdner Bank and New Star Asset Management.

Hitesh has a degree in chemistry from King's College London, an MBA from Cranfield University, and a CFA from the American Association of Investment Analysts. He has previously held a position as Innovation Fellow at the University of Cambridge.

Trustee training

During the year, the Trustees received externally facilitated training from the law firm Bates Wells Braithwaite on charity governance which covered directors' duties, charitable purpose ("objects"), public benefit, charity structures, compliance with constitutional documents, the Charity Governance Code, and developments in related areas of law, regulation and practice.

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Financial review

The Institute is funded through grants from Research Councils, Founder Members, University Partners and from strategic and other partnerships.

Income of £37.3m (2019/20: £36m) has been received during the year of which £19m was received from Research Councils (2019/20: £13m), £6.5m from Founding Members and University Partners (2019/20: £13m), £7.7m from strategic and other research partnerships (2019/20: £7.8m), £3.2m from other trading activities and investment income (2019/20: £2.2m) and £0.8m from donations.

Of the £19m received from Research Councils, £7.3m was provided specifically to address the impact of COVID-19. The Institute applied for this funding to cover two significant financial impacts during the year. First, the loss of Founding Member and University Partner funding due to pressures that the university sector has faced resulting from the COVID-19 pandemic. Second, the Institute had made a significant investment in a new collaboration agreement with two of

our University Partners and their associated NHS Foundation Trusts to create a near real-time database of critical care patient records that could be made available to researchers to help answer COVID-19 related clinical questions (known as the DECOVID project).

Expenditure of £31.7m (2019/20: £34.5m) has been incurred in the year. Grants payable to Founding Members and other University Partners represent 40% of total expenditure. Staff costs represent 42% (2019/20: 31%) of total expenditure, increasing from £10.7m in 2019/20 to £13.3m in 2020/21, as the Institute expands its research programme delivery. The remaining 18% (2019/20: 19%) of expenditure covers support costs and other direct costs.

The Group made a surplus of £5.6m (2020: £1.5m). This has been transferred to reserves and will be used to fund research and Group costs during 2021/22 and beyond.

Group net assets at 31 March 2021 are £30m (2020: £24.4m).

Fixed asset values reduced by £799k. During the year £186k was spent on additions.

This was offset by £985k of depreciation.

Current assets: Debtors are £7.9m (2020: £6.8m) and represents an increase in project accrued income from the previous year. Cash, including current asset investments, has increased by £5.5m to £48.5m (2020: £43m). This is largely due to the upfront nature of cash receipts on many of the Institute's grant awards. A current asset investment of £5m was made in 2020/21 and represents a cash deposit held in an interest bearing 95-day notice account with Barclays.

Creditors: amounts falling due within one year increased by £2.9m to £26m. Grant creditors were £5.2m lower than last year as we have paid down the amounts due. However, accruals and deferred income were £3.8m higher than last year due to a year-on-year increase of £2.7m in accrued project expenditure and £1.1m of project funding received in the current year but deferred. Additionally, other creditors were £4.3m higher than in 2019/20 as they include an amount of £4.2m due to UKRI for the repayment of grant funding received in

previous years for the AI for science and government programme (ASG).

Creditors: amounts falling due in more than one year reduced by £2.7m to £1.2m as a number of grants became due within one year and there were fewer new grant agreements with liabilities due in more than one year than last year.

Going concern

The Trustees have assessed whether the use of going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements.

In particular, the Trustees have considered the charitable company's forecasts and projections and have taken account of pressures on income. After making enquiries, the Trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence as set out below.

The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

The Trustees have assessed the consequences of the ongoing COVID-19 pandemic and recognise that, whilst this will impact the research funding landscape in the UK and internationally, the Institute's reserves are such that it expects to maintain positive cash flows and reserves for at least one year from the date of approval of these financial statements and, as such, the Trustees are confident that the Institute will continue to operate as a going concern.

Fundraising

The Institute does not engage in fundraising activities with the general public. Costs of raising funds in the financial statements relate to sourcing of new institutional funders.

The Institute does not use third parties to assist with fundraising and the Institute received no complaints in this year regarding its fundraising practices.

Treasury Management Policy

Treasury management activity monitors the timing and amounts of cash inflows and outflows, in particular monitoring and tracking those activities that result in significant cash movement.

The Treasury Management Policy is confined to the management of short-to-medium term liquid funds (maximum investment term is 18 months).

Assets are protected by investing with approved counterparties. Investments are risk-averse and non-speculative, and the Institute places no income reliance on interest earned.

Grant-making policy

The Institute's grants will be subject to outputs being appropriately recorded and assessed. Data held will be in line with the grant guideline requirements issued by UK Research and Innovation.

Fundamental principles have been established and adopted by the Institute. These are as follows:

Grant-making policy (cont.)

- The Institute will award grants that are in line with the charitable objects of the organisation.

- The Institute intends to assess grants biannually to ensure compliance with the terms of the grant.

- The Institute expects to assess the progress of each grant within three months of the end of the grant period.

Reserves policy

The Institute reviews its unrestricted reserves policy each year, taking account of its planned activities and the financial requirements for the forthcoming period. The Trustees believe that the Institute should have access to reserves appropriate to the scale, complexity, and risk profile of the Institute.

To cover any shortfall in grants and to maintain the financial viability of the Institute, reserves are currently set at the equivalent of a minimum of 6 months of operating costs.

In 2015, EPSRC awarded a grant of £42m to the Institute to carry out its charitable objectives. This grant was split between operating resource of £22m and capital of £20m. As at 31 March 2020, the full value of the operating resource grant had been received. The remaining capital grant expires on 31 March 2022. A further resource award of £10m was made by EPSRC in November 2019 to support core operating costs until 31 March 2022. £6m of this was received in 2020/21.

The Institute's unrestricted Fund as at 31 March 2021 was £21.1m (2020: £16.9m). This includes £0.7m (2020: £1.7m) of funding held to cover future years' financial commitments and £1.7m (2020: £1.9m) of funds designated by the Board for the Institute's Safe and Ethical AI programme, leaving £18.7m of free reserves (2020: £12.5m), being in line with the above reserves policy.

As at 31 March 2021, the Institute holds £8.9m (2020: £7.5m) of restricted reserves. This is after allowance has been made for future years' commitment under current researcher grant awards amounting to £1.7m (2020: £4.1m).

Remuneration policy

The Institute is committed to ensuring a proper balance between paying staff (and others who work for the Institute) fairly to attract and retain the best people for the job with the careful financial management of our charity funds. The Remuneration, EDI and People Committee oversees the overall remuneration of staff and specifically that of the Institute Director and those senior managers reporting directly to the Institute Director. The Remuneration Committee assumes the responsibilities of remuneration within the Institute and oversees the preparation of policies and procedures in respect of salaries, emoluments, and conditions of service.

Formal consideration of remuneration matters takes place annually, usually at the Committee's April meeting. However, remuneration matters may also be considered at other meetings if ad-hoc issues arise during the year.

The Committee does not have full delegated authority to approve all matters relating to remuneration and any recommendation or decision must be ratified by the Board of Trustees.

The Institute discloses all payments to Trustees and the number of staff with a total remuneration of £60,000 and above in accordance with the Charity Commission's Statement of Recommended Practice 2019 (SORP).

Risk management

Significant risks to which the Institute and Turing Innovations Limited are exposed are reported formally to the Audit and Risk Committee, the Board of Trustees, and the Board of Directors of Turing Innovations Limited via the Institute's corporate risk register.

The Institute has a formal risk management framework embedded within the business that supports the identification and management of risk across the Institute. The Senior Management Team and the Programme Directors are responsible for managing and reporting risks in accordance with the Institute's Risk Management Policy, while the Trustees retain overall responsibility for risk management.

The risk management framework incorporates categories of risk which cover generic areas such as funding and growth, compliance and governance, security and controls, and brand and reputation. The Board of Trustees and the Board of Directors of Turing Innovations Limited seek to ensure that the risks are mitigated, so far as is reasonably possible, by actions taken by the Institute's Executive Team, Senior Management Team, and the Programme Directors.

The impacts of the COVID-19 pandemic have been felt across most if not all of the risks captured in the corporate risk register. Activities supporting the wellbeing of the Institute's people and its members, customers and suppliers have been at the forefront of the Board and the Executive Team's considerations during the year.

With the exception of the pandemic, the main risks faced by the Institute, including its subsidiary Turing Innovations Limited, are captured on the corporate risk register which is regularly reviewed by the Board, the Audit and Risk Committee, and the Board of Turing Innovations Limited, as applicable. A summary of the key risks is included to the right.

Risk description	Risk mitigation
Sources of funding for the Institute have been under review during the year, creating uncertainty around the long-term financial viability of the Institute.	Prudent financial management of the Institute such that it can react to changes in external funding in an agile, controlled manner. Reviewing options for additional sources of funding.
Inability to translate the benefits of research programmes into positives outcomes for the public benefit.	Building a network of delivery partners to increase the Institute's capacity for delivering translational impact.
Failure to comply with legal and charity commission requirements such as data protection, serious incident reporting and export regulations.	Significant focus on improving the control environment during the year with policies and procedures updated and introduced.
The pipeline of commercial opportunities reduces due to the post-pandemic economic environment.	Deepening existing relationships and focusing effort on strategically important areas.
Loss of, or inappropriate handling of, the Institute's data.	Implementing robust security processes, both physical and virtual.
AI applications developed by or in partnership with the Institute being used for malicious or unintended purposes.	Strengthening ethics processes, ensuring they remain fit for purpose and adequately resourced.

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Section 172 Statement

The Board of Trustees are aware of their duty under s.172 of the Companies Act 2006 to act in the way that they consider, in good faith, would be most likely to promote the success of the Institute for the benefit of its members as a whole.

In this section you will find examples of how the Institute has considered its stakeholders when making decisions during the year. The Board has a duty to promote the success of the Institute for the benefit of the members, whilst also having due regard for the interests of its colleagues, and for the success of our relationships with partners and customers and for the impact of our activities on the wider community. The considerations of the Institute's stakeholder groups are integral to the Institute's decision-making. However, where decisions taken may adversely impact a particular stakeholder group, the Institute will always endeavour to treat them fairly.

1. Members

Board considerations	All Board decisions are made with the success of the Institute for the long-term benefit of its members and stakeholders at the forefront of the minds of the Trustees. This year, for instance, we have agreed to reduce the contributions required from our university partners because of the difficult trading conditions faced through the impacts of the COVID-19 pandemic on their funding models. The Board is considering the future funding models, which is likely to have a transformational effect on the Institute's capacity to fully deliver as the national institute for AI and data science, whilst maintaining the strong relationship built up with our university partners over the last five years.
Annual General Meeting	The Annual General Meeting, held in October 2020, was well attended by our members with all proposed resolutions passed. This was the first AGM the Institute had held virtually.
Annual report and accounts	Whilst the Institute has a statutory obligation to provide certain information in the annual report, the information is presented in an engaging and understandable way. The Institute also looks to enhance its sharing of information throughout the year through the content made available on the Institute's website.
Founder Member approvals	Throughout the year, the member representatives were asked to approve certain matters that were reserved for them as covered in the Constitutional Documents. This included the decision to extend the term of office of the Board Chair for a further two years until September 2023, providing the Board with continuity whilst it secures future funding and addresses the impacts of the resulting change in model in the context of the pandemic.

2. Colleagues

Board considerations	The Board receives regular qualitative and quantitative updates on employee matters from the Director of People at Board meetings, including analysis received through employee engagement surveys, regular EDI updates and an annual update on the Performance Review and Performance Related Pay process. This provides the Board with oversight of the effects our people engagement have on our performance, and the continued strength of our culture. In addition, the committees also received various reports during the year relating to the wellbeing of our colleagues such as the annual report on health and safety, reviewed by the Audit and Risk Committee.
Town Hall	Enhancing employee engagement is an integral part of the culture of the Institute. Senior management are actively involved in the engagement of colleagues through weekly electronic communications, monthly staff meetings and Town Hall meetings which involve employees and full-time members of the wider Turing community, to provide updates on business developments.
Equality, diversity and inclusion (EDI)	The Institute recognises the importance of building a diverse community. To make the great leaps in research that we aspire to as a national institute for data science and AI, promoting and embedding equality, diversity and inclusion is integral to achieving our mission. Whilst the Institute has made significant progress over the last few years through the work of the volunteer-driven EDI working groups, a decision was taken to develop a clear strategic plan, driven by the Board, with key objectives aligned to our role as an employer, a research institute, and a national body. During the year, the Institute consulted with our colleagues on the strategy and action plan with the objective of launching this in 2021.
COVID-19/wellbeing	The Board has been focused on mitigating employee risks arising from the COVID-19 pandemic, including how best to support employees' physical and mental health and wellbeing whilst working remotely. Regular updates have been provided to the Board on this through both reports and monitoring on the corporate risk register.
Annual Employee Survey	The Institute has historically undertaken an annual survey of employees. However, during this year because of the specific impacts of the pandemic, the survey that took place sought to collect feedback on how employees viewed the Institute's response to the COVID-19 pandemic, including the internal communications and the approach of the Institute to the wellbeing of colleagues. The results were encouraging, with over 85% of colleagues saying they felt the internal communications were at the right level and over 85% were satisfied with the support received from the Institute during the pandemic.
Employee remuneration and recruitment	The Remuneration, EDI and People Committee agreed to implement a cost-of-living increase for all employees of 1.5% to be effective from 1 April 2021, with a minimum increase of £500. They also reviewed the introduction of the new system for evaluating and benchmarking roles to ensure the Institute continues to pay new employees at a competitive market rate, whilst also ensuring value for money.

3. Collaborative activity (customers and suppliers)

Board considerations	The Board recognises the existence of several key external stakeholders (general public, founding members, university partners, strategic and project partners, government departments and agencies, charitable foundations, customers, and suppliers).
	The Board remains committed to effective engagement of all stakeholders and is mindful that the Institute's success depends on its ability to engage effectively, work together constructively and to take stakeholder views into account when taking decisions.
Shaping the way that research is undertaken	The Institute achieves this by providing visible national leadership on setting sectoral best practices. For example, *The Turing Way* is an online, open source, community-driven guide promoting gold-standard reproducible, ethical and collaborative research in data science. Used by over 5,000 unique visitors in an average month, it covers skills in software engineering, data management, participatory design, and inclusive collaboration across geographic and disciplinary boundaries.
Innovation in training and practice	The Institute has introduced new approaches to training and research in data science and AI. For example, the Institute hosts Data Study Groups (DSGs) to solve real-world challenges in small teams. With over 650 participants having engaged from across the globe, DSGs enable researchers to put knowledge into practice and go beyond individual fields of research.
	There is also the Turing Enrichment scheme for PhD candidates, which has supported 97 students from 21 universities to spend between 9-12 months at the Institute. These initiatives promote collaborative working on mission-led challenges and strengthen networks and the use of methodologies across disciplinary boundaries for early career researchers. In turn, this strengthens the pipeline of skilled UK data science and AI talent and nurtures a strong, connected and diverse community.
Supporting the national response to the COVID-19 pandemic	The Institute's interdisciplinary nature and culture of solving public problems enabled it to react quickly to the COVID-19 pandemic, acting as a locus for the data science and AI community and addressing the health and healthcare challenges faced.
Advising the public sector	The public policy programme (PPP) has overseen over 40 research projects since its inception, dedicated to using data science and AI to inform policy-making and improve public services as well as building ethical foundations for the use of these technologies in the public sector. It has provided expert advice on panels such as the Home Office Scientific Advisory Panel, represented the UK at the 'Council of Europe's Ad-hoc Committee on Artificial Intelligence', and presented high-profile reports to partners based on original Institute research, for example, on women in data science.
	The PPP has been active in upskilling senior leaders through workshops with Permanent Secretaries, Chief Scientific Advisors and Chief Economists, as well as having over 85 public sector organisations reach out for advice.

3. Collaborative activity (customers and suppliers) (cont.)

LUPC (London Universities Procurement Consortium)

In 2020, the Institute became a member of this consortium whose aim is to achieve value for money for its members in their procurement of goods and services.

Stakeholder engagement

During the year, the Institute worked closely with its customer stakeholder groups across academia, industry and government, including:

- University Partner Board meetings;

- Strategic Partner Board meetings;

- Regular meetings with UKRI/EPSRC;

- Regular engagement with our university partners through our Turing University Leads (TULs) and University Liaison Managers (ULMs);

- Research and Innovation Advisory Committee meetings and its Working Groups;

- Hosting the inaugural AI UK showcase;

- Holding the Annual General Meeting of member representatives.

4. Community and environment

Board considerations	The Board appreciates the impact the Institute has on the community in which it operates and that this is a critical factor in its ongoing success as the national institute for data science and AI. The Institute operates in an environment where it brings together researchers convened through the research programmes and interest groups to address the big questions facing the UK, such as health, through collaboration in research and harnessing the power of data and AI to deliver positive change.
Leading the public conversation	The Institute's Events and Engagement programme is one way the Institute leads the public conversation on data science and AI, hosting over 100 events for academia, industry and the wider public during the year, attracting over 4,700 attendees. Examples include The Turing Lectures series and the 'AI and data science in the age of COVID-19' one-day conference. In March 2021, the Institute hosted its first national AI UK event. This attracted over 1,200 attendees from across academia, industry, third sector and government with a combination of strategic and technical discussions and presentations with over 100 expert speakers.
Community collaboration	One of the Institute's key contributions is bringing together experts with a range of skills and from an extensive range of disciplines – from the social sciences to theoretical mathematics – to tackle problems together. To facilitate this cross-pollination, the Institute has 37 interdisciplinary interest groups which act as forums for sharing ideas and knowledge, allowing new ideas for collaboration to be created and increasing the diversity of thought in the data science and AI sector.
Links to industry, third sector and government	The Institute has 30 active collaborations with organisations in industry, the third sector and government. The Institute currently has five of these Strategic Partners: Accenture, Bill and Melinda Gates Foundation, Dstl/GCHQ/Ministry of Defence, HSBC, and Lloyd's Register Foundation; which are aligned to the Institute's research programmes. The invaluable access to data provided by all partners allows researchers across the Institute's network to test theories and methods with real-world data, helps the development of open-access software tools that the Institute's partners can build on, and provides access to domain knowledge essential to delivering impact across sectors.

5. Principal decisions

Principal decisions are those which are material to the Institute and significant to any of our key stakeholders. In making the following principal decisions, the Board considered the outcome from a stakeholder engagement perspective, as well as the need to act fairly on behalf of the members of the Institute.

Principal decision 1: Revised interim funding model for the university partners.

The Board acknowledged the financial impacts of the pandemic and the current uncertainty around the long-term funding models for our university partners. During the year, the original grant awards from the founding universities came to an end. Rather than seeking renewals on the same terms as the expiring agreements, it was agreed by the Board to implement a 12-month interim model reducing the contributions from all university partners.

Principal decision 2: Pausing the Strategic Advisory Board (SAB) until clarity received on funding and model, and in turn strategy, aligned to the National

AI Strategy and outcome from the Comprehensive Spending Review expected in 2021.

The Board took the decision not to hold a meeting of SAB during the year. SAB is the group which advises the Board on implementing the Institute's scientific strategy. However, the Board felt that SAB could not undertake its duties whilst the National AI Strategy was being developed with the current funding model of the Institute to be confirmed. The Board expects to reintroduce SAB during 2021-2022.

Principal decision 3: Reappoint the Chair of the Board after completing six years' service.

Due to the impacts of the pandemic and the current review of the strategic direction of the Institute aligned with the national picture on data and AI, the Board agreed to recommend to the Founder Members the extension of the Chair of the Board's tenure beyond six years. The Founder Members unanimously agreed to extend the tenure for an additional two years, subject to a suitable replacement being found earlier.

Principal decision 4: Extension of existing office lease

In advance of the expiry of a five-year lease signed with the British Library in 2016, the Board agreed to seek an extension from the landlord for a further two years to use space on the first and fourth floors of the British Library building in Kings Cross.

Principal decision 5: Improvements to the control environment

The Board instigated improvements to the control environment this year through reviewing, updating and approving key corporate policies including whistleblowing, serious incident reporting, delegation of authority, financial regulations, and risk management. The Board also approved a revised data protection policy, data subject requests policy and a data breach and security incident management policy, which were recommended as part of an externally led audit of data protection undertaken in January 2020. In addition, the Board requested an external review of governance be undertaken in 2022 where the impact of these changes to the control environment will be a part of the review.

Charity Governance Code (the "Code")

The Code has been developed as an 'aspirational' model to support continuous improvement in governance. The Trustees confirmed in 2019-20 their support for the principles-based approach of the Code undertaking an internal review of governance practice at the Institute during the year. In January 2021, the Board of Trustees endorsed the need for an external review of governance to be scheduled for 2022, which will consider the progress of the Institute in delivering on continuous improvement in its governance practices.

The internal review of governance, which considered current practice, concluded that there had been significant improvements made during the year in areas such as policy development, equality, diversity and inclusion, board diversity and board and committee composition, with further improvements identified that would form the basis of a governance continuous improvement plan to move the Institute towards best practice in governance as set out in the Code.

Relevant areas of particular focus this year have included:

Constitutional documents

The Institute is a charity governed by its Articles of Association, adopted in 2015, and a Joint Venture Agreement (JVA) with the six founding members of the Institute. The JVA sets out the requirements for the appointment of the Trustees, who are the directors of the charity. This enables each of the Founding Members to appoint one Trustee to the Board with the requirement that the Founder Member-appointed Trustees are in the majority at all times on the Board. Given the current number of Founder Members, this allows for a maximum of five Independent Trustees who are selected based on skills, experience, and diversity of the Board.

Board diversity

To ensure that equality, diversity and inclusion is driven from the very top of the organisation, there has been a focus on

working towards expanding the diversity of our Board. In August 2020, four new Independent Trustees were recruited from a variety of backgrounds to bring a diverse range of skills, expertise and insights from fields including technology, government, academia and finance to support the Turing's wider mission to lead the UK in data science and AI. This new expertise has also augmented the committees of the Board to create a more diverse and refreshed membership.

Internal controls: policy framework

The Trustees have overseen the implementation and updating of key corporate policies which have strengthened the control environment of the Institute during the year. These have included: Delegations of Authority, Financial Regulations, Serious Incident Reporting, Data Protection, Risk Management, Whistleblowing, Contractual Policies, Gifts and Hospitality and Research Misconduct, Counter-Fraud and Anti-Bribery & Corruption policies amongst others.

Internal controls: risk management and data protection

Significant improvements have been made during the year to both the risk management and data protection processes used by the Institute. This has included implementing a process for regular senior management review of risks with 10 risk moderation meetings a year and the recruitment of a data protection specialist to manage data protection matters, deliver training and facilitate the management of subject rights requests and data breaches.

Committee terms of reference

The Board has undertaken a full review of the terms of reference of the committees during the year. This has resulted in the extension of the scope of the previously titled Remuneration Committee to include oversight of equality, diversity and inclusion and people matters. The review of the Nomination Committee has also resulted in recommendations being approved for governance matters to be incorporated into their scope for 2021-22 to assist the Board in delivering on the continuous improvement activities, and the Audit and Risk Committee to have oversight of data protection, cyber security and ethics.

Equality, diversity and inclusion (EDI)

The Institute recognises that promoting and embedding EDI in our function as employer, research institute and national body is integral to achieving our mission. Over the years, the Turing community has shown a strong commitment to embedding EDI throughout the Institute, evidenced by the successes of the four volunteer-driven EDI working groups who launched many initiatives to raise awareness and supported the People Team in driving EDI forward. During the year, the Institute commissioned an internal audit which identified the need for a strategic approach to be developed to ensure EDI was fully embedded across the Institute. An EDI Strategy and SMART Action Plan have been developed as a result with consultation completed and the strategy due to launch during 2021. The ownership for delivery of the Strategy and Action Plan resides with the Senior Management Team with the newly expanded Remuneration, EDI and People Committee providing oversight and holding the Institute to account for delivery of performance against the plan.

Areas of focus for 2021-22

Having undertaken its first annual review of governance practices against the Code, the Board acknowledges the need to focus on delivering improvements and embedding the good practice which has been put in place during this year. This will include the Board approving an action plan with support from the newly retitled Nomination and Governance Committee to oversee the implementation of the action plan with regular updates provided to the Board.

The action plan will focus on:

– Reviewing the governance structure to ensure it remains fit for purpose to deliver the vision, strategy and objectives of the Institute.

– Progressing the review of corporate policies that has been substantially enhanced during 2020-21.

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Trustees' responsibilities statement

The Trustees are responsible for preparing the Trustees' annual report and the 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice, GAAP) including FRS 102 – The Financial Reporting Standard Applicable in the UK and 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 Institute and the result for that year.

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

– Select suitable accounting policies and then apply them consistently.

– Comply with applicable accounting standards, including FRS 102, subject to any material departures disclosed and explained in the financial statements.

– State whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.

– Make judgements and estimates that are reasonable and prudent.

– Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Institute's transactions, disclose with reasonable accuracy at any time the financial position of the Institute 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 Institute and hence for taking reasonable

steps for the prevention and detection of fraud and other irregularities.

Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Institute's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Disclosure of information to the auditor

The Trustees who held office at the date of approval of this Trustees' annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Institute's auditor is unaware.

Each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant information and to establish that the Institute's auditor is aware of that information.

Moore Kingston Smith were reappointed as auditors by the Board of Trustees in June 2020 for a two-year term.

Signatory

The Trustees' annual report is approved by the Trustees of the Institute. The strategic report, which forms part of the annual report, is approved by the Trustees in their capacity as directors in company law of the Institute.

Howard Covington
Chair

22 June 2021