

# Inspiring the extraordinary

Annual Report  
and Financial Statements  
for the year ended 31 July 2023





**A globally outstanding centre of teaching and research excellence, a collegiate community of extraordinary people, a unique and historic setting – Durham is a university like no other.**

We believe that inspiring our people to do outstanding things at Durham enables Durham people to do outstanding things in the world.

We carry out innovative and impactful research which improves lives across the world. We challenge our students and value a wider student experience that fosters participation and leadership at Durham and beyond. Our supportive approach enables our people to achieve extraordinary things. And our loyal and devoted worldwide community, wherever they go, whatever they do, are always inspired by Durham University.

We are proud of the extraordinary people we have at Durham. We offer the inspiration, they deliver remarkable achievements.



## Integrated reporting

The report was developed in consultation with our Executive team and approved by our Council (trustees). Council acknowledges its overall responsibility for the accuracy and integrity of the report.

This report takes into account the concepts of the Integrated Reporting Framework developed by the International Integrated Reporting Council (now part of the IFRS Foundation). As such, this report provides a concise communication about how our strategy, governance, performance and prospects, in the context of the external

environment, lead to the creation of value over the short, medium and long term. In preparing this report, we have identified and disclosed matters based on their potential to affect our value creation, both positive and negative.

We continue to improve our integrated thinking, drawing on enhanced data to refine our annual planning process and considering the impact and interdependencies of the capitals (inputs) on decision-making so we can respond to our stakeholders.

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## Foreword from the Chair of Council

Durham is an acclaimed university, with a strong reputation for research and education, and is highly regarded around the globe, producing graduates who have successful careers and make a positive difference in the world.

The unique college structure provided at Durham creates a supportive environment, focussed on the wellbeing of students, to enhance the academic experience through personal enrichment and participation in a wide range of clubs, societies and opportunities.

The governing body of the institution, Council, reviews the work of the University to ensure it fulfils its aims and manages its resources responsibly for long-term sustainability.

I, and other Council members, welcomed the in-depth review of the ten-year Strategy to build on the progress achieved at the mid-point and respond to new external challenges now and in the coming years. Developed in consultation with staff and student representatives, the refreshed Strategy defines the

culture and vision for the institution with a focus on inclusivity and appropriate behaviours and contribution to the United Nations' Sustainable Development Goals (SDGs). Proposals to develop new programmes and increase income generation will provide the financial resources to invest and deliver on the ambitions and maintain the high standards in teaching, research and wider student experience.

The University commitment to environmental sustainability is highlighted in the new Sustainability Strategy, setting out the aim to achieve net zero by 2035 through reducing carbon emissions (supported by a major funding award), increasing biodiversity on the estate, academic research and inclusion within teaching and wider student experience activities. Council will monitor progress through regular reports from management.

Changes in the governance structure during the year, included the establishment of a new People and Organisational Development Committee with oversight of the People Strategy and the advancement of diversity and inclusion. I also welcomed the appointment of a Deputy Chair and a Senior Independent Governor to support my role and the overall effectiveness of Council.

I was delighted at the welcome given by the University community to Dr Fiona Hill, our new Chancellor. Dr Hill embodies the transformative powers of education and research, growing up in County Durham as the daughter of a coal miner to becoming an acclaimed foreign affairs specialist, advising Presidents of the United States of America. This appointment was celebrated in June with a formal installation ceremony attended by University staff, students, alumni and supporters, and representatives from local schools and colleges. As Chancellor, Dr Hill will act as a global ambassador for the University and preside over key events.

This report outlines how the University performed during 2022/23, its response to internal and external challenges and plans to take forward opportunities and ensure the long-term future of the institution to pursue its purpose.

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**Joe Docherty**  
Chair of Council





## Welcome from the Vice-Chancellor

Durham's position as a world-leading institution has been recognised and strengthened during 2022/23. We enhanced our position in the QS World University Rankings 2024, performing particularly strongly in two metrics: Sustainability and International Research Network and in the subject rankings, we achieved a record number of subjects, 12, in the top 50.

Durham was named The Times and Sunday Times' Sports University of the Year 2023 and our amazing students were finalists or champions in a range of competitions encompassing theatre, music, volunteering and more, including winning the BBC quiz show, University Challenge.

As evidenced in the BiGGAR report, the University provides economic, social and cultural benefits to the local region, ranging from inspiring learning, sharing facilities, driving economic growth and helping the county to become more sustainable. Alongside promoting our own museums, gardens and other facilities, we continue to partner with the local council and organisations on community events in Durham and this year, we even invited the local community to watch the King's Coronation on a big screen in the city.

After the experience of the last few years, it was great to start this academic year with all Covid-19 restrictions lifted and be able to plan for teaching and learning activities to be held in person, with a timetable scheduled to ensure our spaces remained suitably ventilated, while still providing support for staff and students testing positive.

We were also able to engage in more in person meetings with stakeholders including a series of events with alumni in the US, renewing our partnership with Uppsala University in Sweden, hosting students and colleagues from Zaporizhzhia National University from Ukraine and receiving representatives from the Palace Museum, Beijing to extend the collaboration with our Oriental Museum. This year also saw the 20-year anniversary of the Ogden Centre for Fundamental Physics, which has built an international reputation for its research into the origins of the universe and our first Global Week to recognise, celebrate and learn from Durham's role as a global university.

These achievements all demonstrate our resilience in a challenging environment. At a Higher Education (HE) sector event in April, I spoke about how the UK funding model for HE is in urgent need of review and should be changed to support students' financial needs and the future viability of the sector.



We face escalating operating costs and a real terms dip in income, with high inflation, a reduction in the value of home tuition fees and reduced investment returns. Our refresh of the strategy has enabled us to confirm key priorities and areas of investment to support our long-term sustainability.

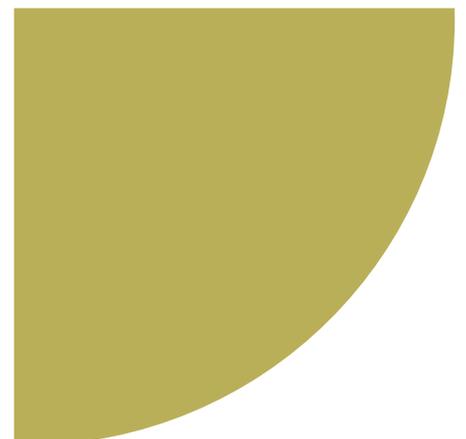
This includes ensuring we support our staff and students through the cost-of-living crisis by increasing our Student Hardship Fund, providing free breakfast clubs and warm spaces, and an additional uplift in pay for staff on lower pay spine points.

The senior management team and I, have continued our engagement with campus trade unions on local employment issues that are important to our staff including workload, gender pay gap and casualisation. We have also pushed for a continuation of talks between the relevant parties to resolve the national dispute and to mitigate the effects of industrial action for our students.

Investment in our staff, students and facilities is critical to continued success, while being cognisant of changing external factors to ensure we remain competitive and provide services to make a positive impact, locally, nationally and internationally.

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**Professor Karen O'Brien**  
Vice-Chancellor and Warden





## Overview

### Introduction

Durham is one of the world's great universities and one of the most distinctive. Our history as a centre of learning goes back over a thousand years. Founded in 1832, we are England's third oldest university.

We are proud of the world heritage site of Durham Cathedral and Castle, which sits at the heart of our collegiate campus and wonderful city. At the same time, we have ambitious plans to enhance our remote and online offer to provide world-class products globally.

We're already an international family of extraordinary people comprising 26 departments across four faculties, with over 4,300 staff and around 22,000 students. All our students belong to one of 17 colleges, which provide a unique, supportive environment to inspire them to become the best they can be, in their studies and beyond.

We appoint academics and thought-leaders to conduct innovative and impactful research that makes an impact across the globe. 90 per cent of our research is classed as world-leading or internationally excellent, according to the Research Excellence Framework (REF), which reported in 2021. We are a member of the Russell Group of leading, research-intensive UK universities.

We offer a broad range of undergraduate and postgraduate courses covering the Arts and Humanities, Sciences, Social Sciences and Business. Our degree programmes are informed by research undertaken by our staff in partnership with policymakers, industry, the public sector and communities around the world.

We combine academic excellence with a commitment to provide our students with the opportunity to develop as highly motivated, well-rounded and socially engaged leaders of tomorrow. Through our departments and colleges, our students get all the benefits of an enabling, supportive and diverse community, which provide a great

source of friendship, well-being and pastoral care. Our strong commitment to excellence in sport, music, drama and volunteering means that we offer a host of opportunities and produce outstanding performances in all these areas.

We care about our local surroundings and work hard to engage with our neighbours and community organisations to enable us to make a positive contribution to the region.

We are governed by a board of trustees, our Council, supported by a range of sub-committees, with day-to-day management overseen by a University Executive Committee, led by our Vice-Chancellor.

As a charity, we operate for public benefit and manage our income and costs cautiously. We seek to make an annual surplus in order to invest in our people and facilities to deliver our goals. The surplus enables us to undertake major projects such as new buildings and investment in IT, respond to new challenges and ensure our financial sustainability.

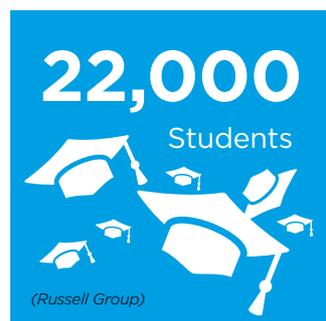




### Durham University league table performance

League tables provide an assessment of our standing in relation to other Higher Education Institutions (HEIs) and are used by applicants and the wider community to judge performance.

The presentation of league table results aligns with other publications and reflects that the rankings, while published in one year (e.g., 2023), are held by the institution for the following year (e.g., 2024).



League Table	2024	2023	2022
Complete University Guide	8th	6th	6th
The Times and Sunday Times Good University Guide	7th	6th	6th
The Guardian	7th	6th	5th
Quacquarelli Symonds (QS) World University Rankings	78th	92nd	82nd
Times Higher Education (THE) World University Rankings	174th	=198th	=162nd
Times Higher Education (THE) Impact Rankings	n/a*	77th	101-200th
QS Sustainability Rankings	n/a*	=53rd	n/a
Academic Ranking of World Universities (ARWU)	n/a*	301-400	301-400

\*These rankings will be published during 2024.

## Vision and Strategy



### Aims and Value

As part of the Strategy review conducted during the year, we developed a revised statement of institutional purpose, which will guide the choices that we make and the communications that we issue about the revised Strategy. Alongside this we have developed a new set of core lived values which articulate how we behave and treat one another.

### Our Purpose

**We enrich lives and change the world through the advancement of learning. We achieve this by:**

- Inspiring and supporting staff and students to create and translate knowledge and enhance understanding, locally and globally.
- Promoting inclusivity, civic responsibility, sustainability, social well-being and prosperity for the benefit of present and future generations.

## Our Core Lived Values

They are:



#### Inclusivity

Together we celebrate difference, value one another, and are each responsible for creating an inclusive community that is respectful and fair to all.



#### Integrity

We are open, honest, ethical, lead and manage by example and follow through on our commitments.



#### Collaboration

We listen to each other, disagree well with a commitment to academic freedom, are compassionate, and work as a team to achieve our goals.



#### Commitment to Excellence

We strive for the highest standards of achievement in everything we do with an enthusiasm to learn, succeed, and flourish.



#### Citizenship

We develop well-rounded people who make a positive difference to local, national, and international communities and change the world.



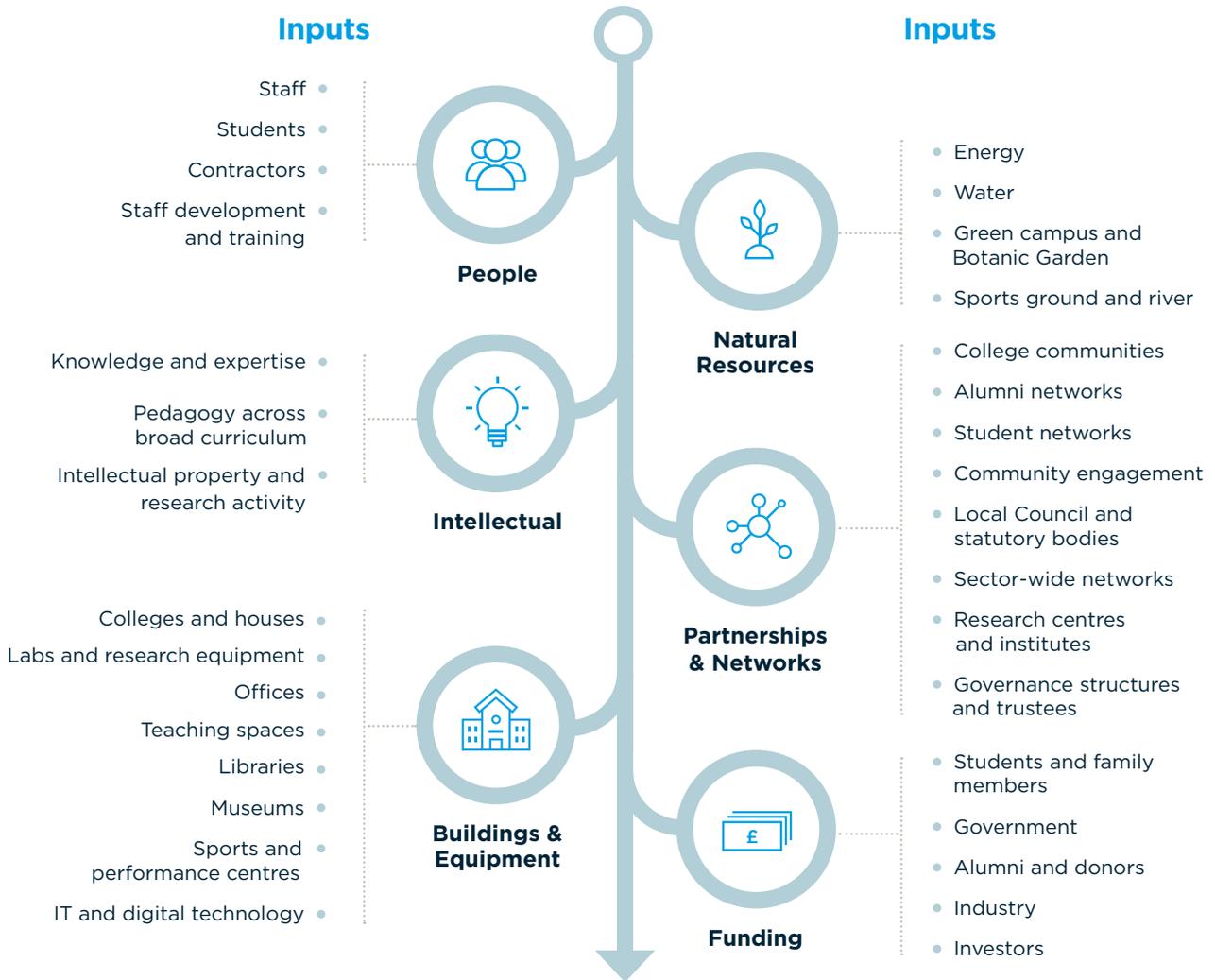
## United Nations' Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are a framework of 17 goals and 169 targets to measure progress towards a more sustainable future. Our UN SDG Group is responsible for the stocktaking of SDG-related research and all other academic activities and works to incentivise the implementation of the SDGs in the academic dimension. Activities that contribute towards the SDGs are highlighted throughout the Operational Review section of this report.

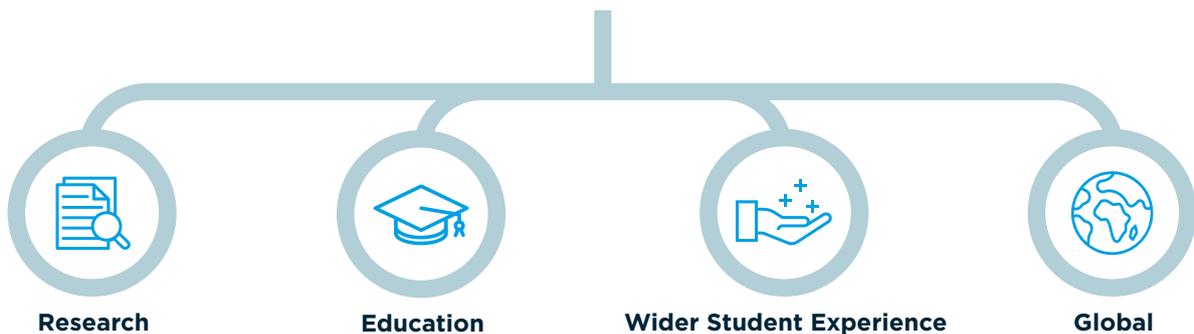


## Value model

Our Value Model illustrates how, through our activities, we transform inputs into outputs and outcomes that fulfil our purpose and demonstrate value for our stakeholders.



## Business model



## Outputs



- 
- Innovative and impactful research, enhanced understanding and knowledge.
  - An education that is challenging, enabling, research-led and transformative.
  - Student societies, activities and events supported through Colleges, Student Enrichment Directorate and Durham Students' Union.
  - Student support services (including financial, physical, mental health and emotional wellbeing).
  - Residential accommodation and catering.
  - Alumni engagement, networks and events.

## Outcomes



- 
- Our research improves lives, expands knowledge and responds to global and environmental, social and economic challenges.
  - Our education provides a skilled workforce for employers, with degrees that hold their value over time and facilitates the social mobility of our students.
  - Our students are enabled, through our support systems, to participate in and enjoy their University experience.
  - Our graduates develop knowledge to understand and change themselves and the world around them, becoming future leaders in their field and good citizens in both local and global communities.
  - Our distinctive College system delivers a strong sense of community and belonging for students and alumni.
  - Our students and graduates benefit from the advice, opportunities, philanthropy and enhanced global reputation provided by our alumni.
  - Our city and region benefit from the spending power and volunteering of our staff and students and access to sporting and cultural facilities and public events to help maintain our social sustainability.
  - Our comprehensive financial planning enables us to continuously invest in our service provision and ensure our financial sustainability.
  - Our impact on the environment is reduced and biodiversity across the estate is maintained or increased to help maintain our environmental sustainability.

## Stakeholders

- 
- Students and family members
  - Staff
  - Governors
  - Alumni and Donors
  - Government and Regulators
  - Research Partners
  - Industry and other partners
  - Employers
  - Local Community
  - Investors and funders

## Strategy Refresh

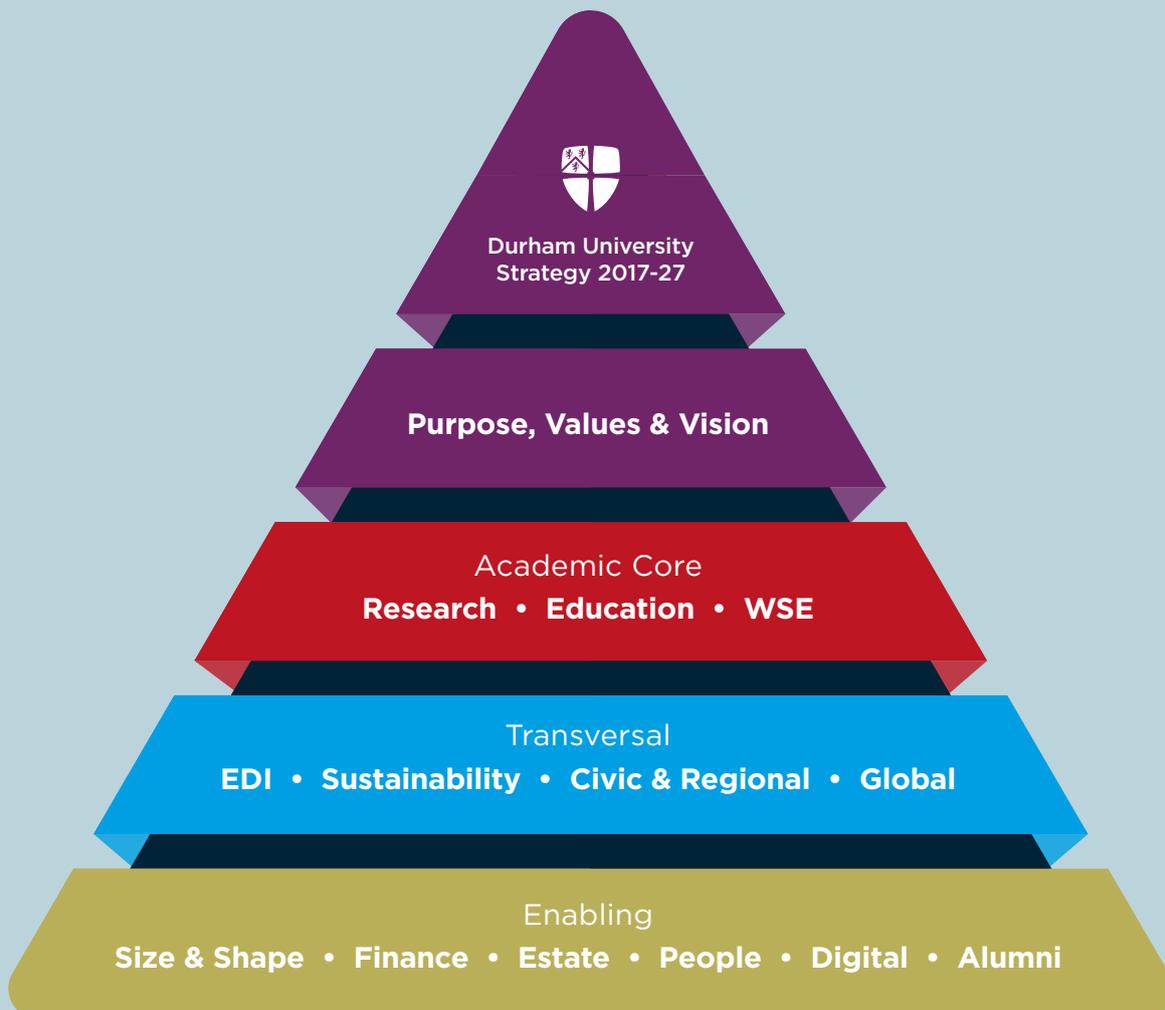
The University Strategy 2017-2027 was formally adopted in 2017. During 2022/23 we conducted a mid-point review in consultation with the University community.

This exercise was a prelude to a more fundamental strategy renewal consultation process that will commence in 2025/26. The refreshed strategy is framed by a new statement of institutional purpose and values. The primary drivers for the refresh relate to the dramatic changes in the national and global operating environment (Brexit, Covid-19, the war in Ukraine, the inflationary erosion of the value of the static home undergraduate tuition fee, commodity price inflation and environmental issues) and the consequent acute financial impacts of these for us. The refresh also embeds our continuing drive to be a truly diverse, equitable, respectful and inclusive environment for our staff and students. This is now reflected in a pan-University approach, operating across the

full spectrum of our activities, from student access to degrees, staff employment and working practices, to engagement with the economy and people of our region.

Multiple strategies make up the overall refreshed University Strategy as displayed in the diagram below. Three **core** academic strategies, Research (including Impact and Business Engagement), Education (including Access and Future Skills) and Wider Student Experience (including Wellbeing), remain the three pillars of the strategy as a whole. Four **transversal** strategies that, over time, will fundamentally reshape our academic core missions for Education, Research and Wider Student Experience. Six **enabling** strategies underpin and support the delivery of all areas.

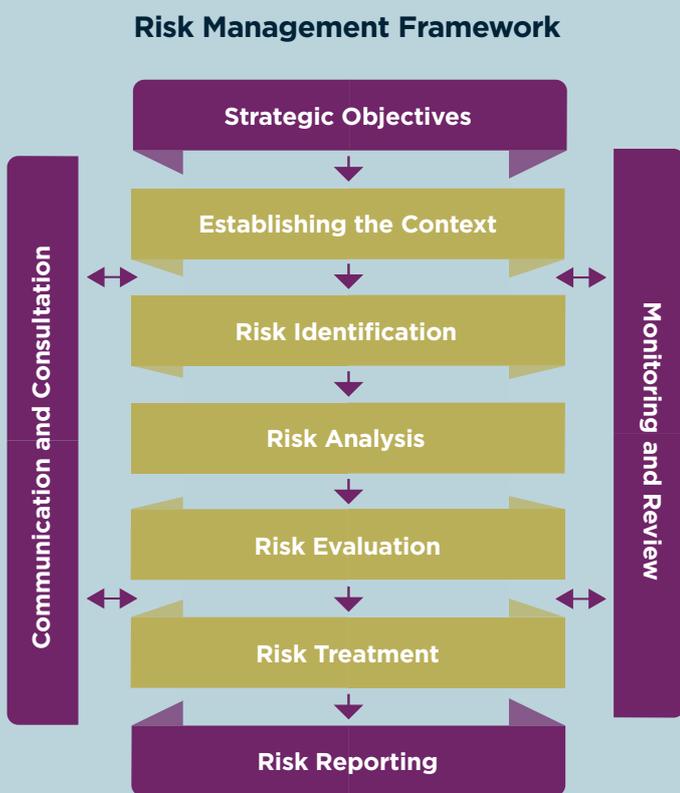
The Operational Review section outlines our current position and future plans across the strategies, the major challenges that we face and the opportunities that we will seize to provide value for our stakeholders.



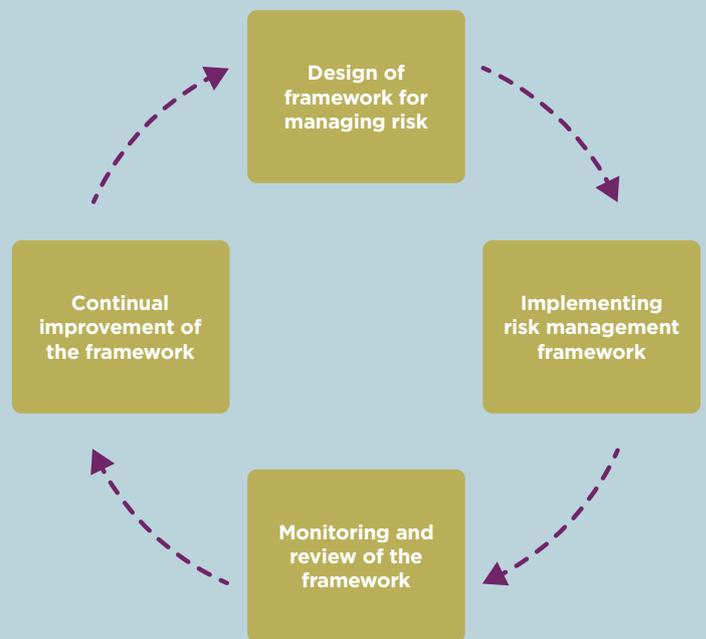
## Managing our risks

The management of risk at all levels is integral to the success of the University. Our approach is to be a “risk aware” organisation, meaning that uncertainties which could have a material impact on our ability to create value over time, are considered and acted upon.

Our framework is based on the principles of ISO 31000: Enterprise Risk Management (ERM), providing a structure that emphasises the involvement of all management levels and employees in the risk management life cycle. This improves decision-making, planning and prioritisation to support the achievement of our objectives:



## Continuous Improvement Cycle



Our audit and assurance processes are closely aligned; the Strategy, Planning, and Insight Office works closely with the University Assurance Service to ensure the annual audit plan is underpinned by an analysis of our strategic risks. Internal audit outcomes are referenced through strategic risk update reports, further integrating links between risk management, audit and assurance. In addition, aims and objectives within the refreshed University Strategy have been mapped to our strategic risk register to illustrate how the delivery of strategic priorities will help to manage and mitigate risk. A Risk Management Hub has been created, providing colleagues with training resources, literature and risk reporting solutions.

In 2022/23, we rolled out a deep dive reporting structure, providing detailed analyses of risk exposures and how planned actions assist in reducing residual exposures and improving systems of internal control. Deep dive reports, authored by Risk Owners, are considered by both management and Council committees to promote greater understanding, ownership, challenge and overall assurance.

Effective risk management is a process built on continuous review and improvement; the Head of Risk Management leads the ongoing development of our risk framework and the creation of associated procedures for identifying, managing and monitoring key institutional risks. This role also incorporates a horizon scanning function that identifies and communicates major external threats faced by the University, drawing on various sources of insight.

In 2023/24, we will be implementing further improvements to risk reporting solutions, moving towards real time interactive reporting of both strategic and department risk exposures. We will also be reviewing our Risk Management Policy and increasing awareness of both risk appetite and tolerance across distinct risk domains.

The relevant risks that are impacted by our activities within each of the areas of the Operational Review are identified within this report.

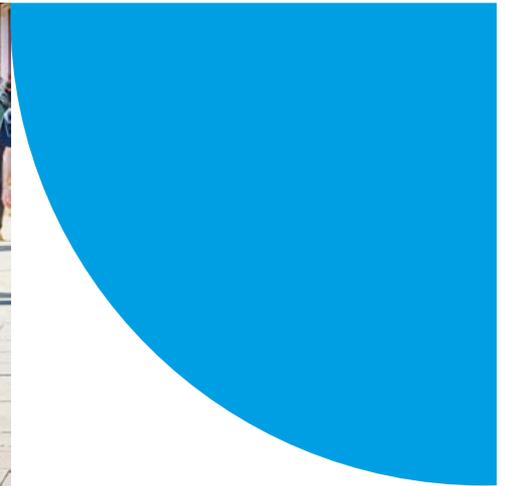
## Principal Risks and Uncertainties

Our major overarching Strategic Risks, together with key mitigating actions, are outlined below.

During 2022/23, residual scores for SR02 and SR03 both increased, based on factors such as persistent high levels of inflation, international student recruitment and industrial action. Two new risks were added to the register: Student Wellbeing (SR08) and Health and Safety Management System (H&S01). Pensions, previously identified as a strategic risk (SR07) was archived in January 2023 with residual actions

moving to SR02 (Financial Sustainability) and SR03 (People and Culture). In July 2023, Council approved the reprofiling of SR05 (Infrastructure - IT) to split out Cyber Security as a distinct strategic risk while SR06 (Governance and Management) will be rescoped to incorporate legal/regulatory compliance and our decision-making processes. These amendments will be made during 2023/24. The table below shows the key strategic risks and mitigations as per July 2023, with the arrows indicating the change in risk score during the academic year.

Strategic risk (SR)	Main mitigations
<p><b>SR01 Brand and Value Proposition</b></p> <p>Risk that there is a disconnect between our value proposition and the needs and expectations of key stakeholders.</p>	<p>↔</p> <ul style="list-style-type: none"> <li>• Enhancing research reputation and profile.</li> <li>• Increasing research income acquisition.</li> <li>• Development of international partnerships and programmes.</li> <li>• Development of global reputation campaigns and regional strategies to diversify our international student base.</li> <li>• Delivery of access and participation plan.</li> </ul>
<p><b>SR02 Business Model and Financial Sustainability</b></p> <p>Risk that we are unable to generate sufficient income to thrive in the global HE (Higher Education) sector and deliver our mission.</p>	<p>↑</p> <ul style="list-style-type: none"> <li>• Increased focus on programme development.</li> <li>• Development of an Income Diversification Plan.</li> <li>• Finance Committee oversight of investment performance.</li> <li>• Tracking changes to inflation and the Bank of England base rate.</li> <li>• Integrated planning process.</li> <li>• Scenario testing of the Financial Operating Plan.</li> <li>• Tight cost management.</li> </ul>
<p><b>SR03 People and Culture</b></p> <p>Risk that we fail to support our people to realise their potential, threatening our ability to deliver world class research, education, and wider student experience.</p>	<p>↑</p> <ul style="list-style-type: none"> <li>• Attractive and evolving total reward package, including terms and conditions, relocation and retention policies, targeted support for international staff.</li> <li>• Hybrid working and Working Principles.</li> <li>• Formation of both Professional Services and Academic Workload Working Groups.</li> <li>• Learning and Development opportunities.</li> <li>• Inclusive culture development.</li> <li>• Development of EDI (Equality, Diversity and Inclusion) Strategic Framework.</li> </ul>
<p><b>SR04 Infrastructure - Estate</b></p> <p>Risk that our physical estate is not developed and maintained to a high standard, impacting on our ability to deliver a world class environment for students and staff.</p>	<p>↔</p> <ul style="list-style-type: none"> <li>• Estates Strategy and Masterplan.</li> <li>• Planned facilities investment, cognisant of inflation and rising costs.</li> <li>• Planning for environmental sustainability – scope 1 and 2 carbon reduction targets established.</li> <li>• Space Management Policy.</li> <li>• Residential and Non-Residential Refurbishment programmes.</li> </ul>



Strategic risk (SR)	Main mitigations
<p><b>SR05 Infrastructure - IT</b></p> <p>Risk that our IT infrastructure is not developed to a high standard or enhanced to allow for digital transformation, limiting our ability to provide an outstanding and innovative digital experience that meets expectations.</p>	<p>↔</p> <ul style="list-style-type: none"> <li>• Technical Debt and IT investment programmes.</li> <li>• Digital Strategy.</li> <li>• Cyber Security Strategy.</li> <li>• Durham IT Operations model.</li> <li>• Implementation of managed Security Operations Centre.</li> </ul>
<p><b>SR06 Governance and Management</b></p> <p>Risk that decision-making processes limit our ability to respond to an increasingly globalised, competitive, and volatile operating environment.</p>	<p>↔</p> <ul style="list-style-type: none"> <li>• External body commissioned to review Council and Senate effectiveness.</li> <li>• Management of governance committee business.</li> <li>• Codes of behaviour, from Nolan Principles to University values and behaviours.</li> <li>• Frameworks and Service Level Agreements with student and other partner organisations.</li> </ul>
<p><b>SR08: Student Wellbeing</b></p> <p>Risk that student(s) come to serious harm as a result of health and wellbeing issues, with a particular focus on mental health.</p>	<p>↔</p> <ul style="list-style-type: none"> <li>• Health and Wellbeing Strategy.</li> <li>• Suicide: A Strategy for a Safer Durham.</li> <li>• Pan-institutional Student Support project.</li> <li>• Student Financial Support service.</li> <li>• Counselling and Mental Health service.</li> <li>• Student Enrichment opportunities.</li> </ul>
<p><b>H&amp;S01: Health and Safety Management System</b></p> <p>Risk of failure (or weakness within) our Occupational Health and Safety Management System and the potential for staff, students, visitors, or members of the public to come to harm.</p>	<p>↔</p> <ul style="list-style-type: none"> <li>• Demonstrable Occupational Health and Safety Management System in place.</li> <li>• Health and Safety Committee.</li> <li>• British Safety Council engaged to perform health and safety audits.</li> <li>• Local and University level Risk Management and Risk Assessment Registers.</li> <li>• Enhanced incident reporting processes.</li> </ul>



# Operational Review

## Research and Engagement

### Goal

To strengthen Durham’s role at the leading-edge of research and innovation, inspiring extraordinary change across the world and in our region.

### Current Position

We invest in and support staff with their pioneering research activities cognisant of the complex external challenges facing research across the UK Higher Education (HE) sector including during the uncertainty over collaboration with EU institutions and government concern regarding international research. We were delighted to hear the government announcement, in September 2023, of the UK’s association to Horizon Europe, given the importance of collaboration with European partners to our research activity.

Through co-ordination of knowledge exchange, excellent research services and strategic innovation delivery, and a strong focus on making impact in the North East of England, we connect core academic departments and institutes with opportunities for influence, impact and income.

2022/23 has seen change in the structure of our support for research and innovation and new, senior appointments to drive forward key areas of work.

We have invested in additional support to help academic staff navigate the requirements of funders, enabling submission of more grant applications and a higher chance of success. Our new Leading Researchers programme is designed to support researchers to secure their first large (~£1m+) grant. We also launched the Strategic Research Fund to enable transformational investments that will underpin significant growth in our research income and research reputation.

We have reflected on our research culture and continue to champion inclusivity amongst our research community to ensure that all those engaged in the research process can realise their potential for world-leading research and engagement. This is supported through an internship programme and a mapping exercise to understand training provision and identify opportunities.

We continue to work closely with Durham County Council (DCC) on the delivery of the Durham Inclusive Economic Strategy, with regional partners to lay the foundations for the creation of the North East Mayoral Combined Authority, and with the Tees Valley Combined Authority on innovation, as levelling up sees increased devolution of powers and resources.

### Research awards obtained during 2022/23 reached their highest ever level at £85m, significant grants announced included:

- The Institute for Medical Humanities was awarded £9m to develop a new Discovery Research Platform for Medical Humanities, to bring the stories and perspectives of people living with complex health conditions to the forefront of health research.
- The Department of Biosciences won a Leverhulme Trust International Professorship (£4.8m across five years).
- Researchers at the Durham Energy Institute were awarded a £1.84m grant to lead a consortium of university and industry partners to develop virtual power plant technologies, which provide more reliable and cheaper energy, enabling faster progress towards net zero goals.
- Our staff led the Innovating Together Universities North East (IN-TUNE) partnership of North East universities, which secured £4.75m from the new UK Shared Prosperity Fund to support continuation of our successful Northern Accelerator programme and extend the, Newcastle University-led, Arrow scheme to all four Universities enabling support to local SME’s across the region.
- Our researchers are working with the UK Space Agency on a £4.98m project to transform satellite communications. It will include the launch of the UK’s first university-led multi-satellite space mission to demonstrate inter-satellite laser communications.
- A five-year UKRI Frontier Research Grant of £2.5m to study Aristotle’s writing styles and their reception.

Strategic Risk SR1, SR3, SR4, SR5



## Future plans

### Refreshed strategic aims and actions will prioritise:

- Delivery of a critical mass of world-leading research across Departments, Institutes and Research Centres, supporting our international research reputation and delivering impact, nationally and internationally.
- Close collaboration with new regional bodies and our local authorities to ensure we have a positive impact across the North East of England that delivers cultural, social economic and environmental improvement.
- Continuing to build our framework for the translation of our research and knowledge into business and policy, securing sustainable funding and investment into the knowledge infrastructure, building effective partnerships with business, policy and communities, and developing research services with a high level of knowledge and expertise.
- Delivery of a rewarding research culture and environment that enables all our faculty, staff and students to fulfil their potential.

### Case study:

## Enhancing biodiversity at Durham

Biodiverse environments have been proven to increase the quality of life of people who engage with them. By protecting the local environment, research into biodiversity can be carried out effectively, providing opportunities to study the local environment and to understand the influence of practical conservation measures. Managing our biodiversity will enhance the local area and lives of the City's residents. We will be working together with local bodies and school groups, to engage local people with biodiversity.

### Case study:

## Slow and steady wins the race with primate release

Every year, rescue centres release animals, that are deemed ready, into the wild based on the assumption that the animals will thrive most in their natural habitat but this had not previously been scientifically tested with primates.

Anthropologists at Durham, working with other organisations, studied four rescued mandrills that had been released back into the wild. They found that a phased re-introduction, with post-release support, improved the animals' well-being, with a reduced stress response.

### Case study:

## Unravelling the Windrush myth

Dr Henghameh Saroukhani has explored the misconceptions and racism surrounding the arrival of the post-war Caribbean migrants. Government documents from the 1940s reveal not just an administrative anxiety around these migrants but an account of how they were actively discouraged from entering the country and how British officials sought to delegitimise the rights of these early colonial migrants. At the same time, government was encouraging displaced Eastern European migrants to fill the UK labour shortage.

### Case study:

## Firms with CEOs under clan culture are more likely to be internationally focused

Professor Xinming He, in collaboration with Wuhan University, has sought to understand the impact of clan culture – a collective culture among households originating from natural blood based on the same common ancestor – on crucial decisions for firms such as internationalisation. The research found these CEOs were much more likely to have a long-term outlook and have greater security and support in their roles, making them more likely to try and engage with longer-term international projects.



# Operational Review

## Educational Excellence



Strategic Risk SR1, SR2, SR3, SR4, SR5

### Goal

Education that is challenging, enabling, research-led and transformative.

### Current Position

We provide our students with a distinctive research-led education in an environment that develops their intellectual capabilities, the capacity for independent learning and problem-solving skills. We contribute to the government’s agenda on higher education by supporting students to gain the skills they need for future employment or further study, and enabling students from underrepresented groups to access, succeed in and progress from higher education.

Our Access and Participation Plan (APP) reaffirms our commitment to widening participation in higher education, with initiatives aimed at enrolling students from under-represented backgrounds and supporting them while at Durham. We are already seeing evidence of progress: over one quarter of our undergraduate students admitted in the last two years have come via one of our widening access schemes, and we consistently outperform our OfS (Office for Students) benchmarks for under-represented student continuation and completion.

Our student satisfaction ratings for Teaching and Academic Support in the independent annual National Student Survey (NSS) 2022/23 are 86% and 87% respectively, placing us in the top 25% of universities in the UK. We continue to analyse and respond to issues raised in the survey, running an annual quality review to enhance the experience for our students across the institution, sharing best practice between departments and learning from other high-performing universities.

We enable students to develop their employability skills alongside academic achievements. This aligns with our regulator’s mission to ensure that future generations should have equal opportunities to achieve successful and rewarding careers, not limited by their background, location or characteristics. This year has seen the expansion of sector-themed events, with careers activity from traditional graduate routes (e.g., Law, consultancy, finance), student-sought sectors such as Sustainability, Film and Television and other areas including SME careers. We have also increased our focussed internship opportunities, such as the Aspire, Evolve, Achieve Internship scheme, ringfenced for students from underrepresented groups, who may experience barriers to the graduate labour market.

Criteria	Current value	AAP Target
Ratio of POLAR3 Q5:Q1 Undergraduate students	3.9:1 (2022/23)	3:1
Proportion of UK domiciled black entrants	1.9% (2022/23)	2.1%
Gap in proportion of students attaining a 1st or 2:1 between students declaring a disability and those who do not	1.7pp (2021/22)	2pp

The value of a Durham education is evidenced by our very positive performance in the Graduate Outcomes survey, which all graduates are asked to complete 15 months after finishing their studies. The most recent figures showed that 83% of all Durham's UK/EU leavers in 2021 were in highly skilled employment and/or further study, significantly above the sector average of 72%. Our 2022/23 Teaching Excellence Framework data shows that we outperform our benchmarks for progression to highly skilled employment for every under-represented or disadvantaged student group.

**Our efforts were recognised this year through the following awards:**

- The student-run Durham University Women in STEM Society won the Bright Network award for Society of the Year 2022.
- The Financial Times Global Online MBA Ranking 2023, ranked the Durham MBA (Online) programme within the top five best programmes in the UK and Europe, and in the global top ten. The programme also ranked 1st in the UK and Europe and 2nd globally for Value for Money and placed 1st in the UK and 2nd globally for its efforts toward Environmental, Social and Governance (ESG) and net zero teaching.
- Durham Venture School, which brings together talented individuals to launch high-potential business startups, was nominated for a National Enterprise Educator's Award in the Entrepreneurship Catalyst category.
- The Careers and Enterprise team were shortlisted for the AGCAS Equality, Diversity and Inclusion Award 2023 for their Enabling Opportunities programme for under-represented student groups.



**Future plans**

**Refreshed strategic aims and actions for 2023/24 include:**

- Launching our new Principles of learning, teaching and assessment to build an equitable, inclusive, and innovative foundation for excellence.
- Launching our refreshed Graduate Attributes, which set the expectations for wider skills development amongst our students.
- Further expanding in-curricular work placement and internship opportunities.



**Case study**

**Top ten for work-based learning with new Forage award**

We have been named as one of the top universities in the UK for Work-Based Learning, with a new award from leading job simulation platform Forage.

The Awards recognise the top 30 institutions in the UK that have excelled in driving student engagement, early participation and faculty involvement in work-based learning. Durham ranked 9th.

Recent surveys provide overwhelming evidence highlighting the importance of work-based learning. 86 per cent of students said getting a better job is the primary reason they attend university and 87 per cent of employers said they're facing a skills gap or expect to be unable to find the talent they need in the next five years.

Laura Dorian, Acting Director for Careers and Enterprise explained why the University places such importance on work experience: *"learning is essential to support our students to develop their skills and knowledge to be ready for graduate employment. The Careers and Enterprise team have worked to substantially develop our work experience offer to students with bespoke internship programmes, exclusive opportunities with employers, funded programmes and established placement year opportunities. We are already seeing the impact of this with students and employers and are delighted this has been recognised by Forage."*



# Operational Review

## Wider Student Experience

### Goal

A transformative Wider Student Experience delivering long-lasting benefits for graduates and society.

### Current Position

We invest in our students to equip them with enhanced life skills and broader perspectives to complement their world-class degree, so they are able to make a positive and purposeful difference in an ever-changing and challenging world.

All our students become members of one of our 17 interdisciplinary colleges, which provide a sense of community that is distinctive to Durham, supporting retention and a life-long connection. All students are members of their college for their entire time at Durham and remain members for life.

A wide range of student-led activities spanning the University's seven domains of enrichment participation are available at both college and university level. From sports and physical activity, arts and culture, volunteering and wider community engagement, intellectual enquiry, active citizenship and community building and enterprise and employment - the opportunities are far reaching.

The second annual Wider Student Experience Survey, issued in summer 2023, revealed that participation in extracurricular activity was at pre-pandemic levels, with almost 90 per cent of students participating for at least one hour per week. The survey confirmed that participation increased students' perception of creative and social skills gain, and revealed that participation correlated with a stronger sense of belonging and with higher wellbeing.

To enable greater participation in enrichment activities, we provide bursaries (including funding from philanthropic donors) and are monitoring engagement by key characteristics to target support in order to facilitate our inclusive agenda.

We know that students can face a range of challenging situations during their time at university and we provide a variety of services to support their education and their personal development and resilience during this time.



### Achievements during 2022/23, include:

#### Student Support and Wellbeing

- Rolling out mental health training to staff working with students.
- Appointing our first Imam in collaboration with the student Islamic Society.
- Implementing a new strategy, Suicide: A Strategy for Making Durham University Safer, in response to widespread concerns across the HE sector on this tragic issue.

#### Student Enrichment

- Producing a refreshed set of Graduate Attributes to underpin education and wider student experience.
- A trial of the Durham Inspired Award across Hatfield College, Stephenson College and Trevelyan College.
- Delivering a collaborative training programme to leaders of sports clubs focused on providing safe, inclusive environments enabling all students to thrive and excel in their chosen sport.

#### Accommodation and facilities

- We successfully applied for planning permission for a new college site at Rushford Court, to temporarily house the College of St Hild and St Bede and ultimately become the home of the University's 18th college.
- Established a Housing Strategy Group to engage multiple local stakeholders in conversations around the future of student housing in Durham.



Strategic Risk SR1, SR2, SR4, SR5, SR8

## Future plans

### Ambitions for 2023/24:

- Implement a programme of student Respect, Values and Behaviours training.
- Deliver Phase 1 of the student support information system to enhance how we work together across teams to support our students.
- Implement an online gateway to the wider student experience and to showcase the best of our students' achievements to alumni and other external stakeholders.

### Ambitions for 2024/25 and beyond:

- Develop two new colleges alongside a fully refurbished College of St Hild and St Bede (2026/27).
- Provide an advice and support service for students seeking accommodation in the private sector.
- Explore the provision of dedicated University space for healthcare providers, and for chaplaincy and faith support.



### Case study

## Northern Lights head to New York after “Pitch Perfect” win at UK Finals

Our a cappella group Northern Lights triumphed at the UK ICCA (International Championship of Collegiate A Cappella) Semi-Finals in Wimbledon in March 2023.

Northern Lights, part of Music Durham, is in its tenth year as a group. Having made a huge impact on British A Cappella, the group became six-time North Regional Champions for Collegiate A Cappella, as well as consistently placing within the top three in the National UK ICCA Finals.

Above all, the students of Northern Lights value being a close and supportive environment. Although they are all driven members who constantly wish to improve the quality of their sound and performance, they are at heart a tight-knit group of friends who love performing together.

The group has produced successive sold-out shows at the Edinburgh Fringe for the past seven years and is regularly invited to perform at all kinds of gigs and events, from weddings and corporate functions to balls.

Their victory at the UK event led to a performance at the International Finals in New York where they came 5th.

Durham University Musical Theatre Troupe were crowned winners of the Inter-University Musical Theatre Festival.

Durham University Volunteering and Outreach received the Gold Award in the International Corporate Social Responsibility Awards.

Our highest ever points total in the British Universities and Colleges Sport league table, maintaining our overall position of 3rd place.



# Operational Review

## Global Durham



Strategic Risk SR1, SR2

### Current Position

Framed by the international outlook and composition of our staff and student body, we are a globally significant university in terms of the reach and impact of our research, and the influential and socially impactful work of our alumni community across the world.

We cultivate international recruitment, partnerships and networks to share knowledge, increase our global presence, reputation and impact, and generate revenue to support the sustainability of our institution. We continue to support students to engage in international experiences, grow international student numbers and develop our portfolio of international partners.

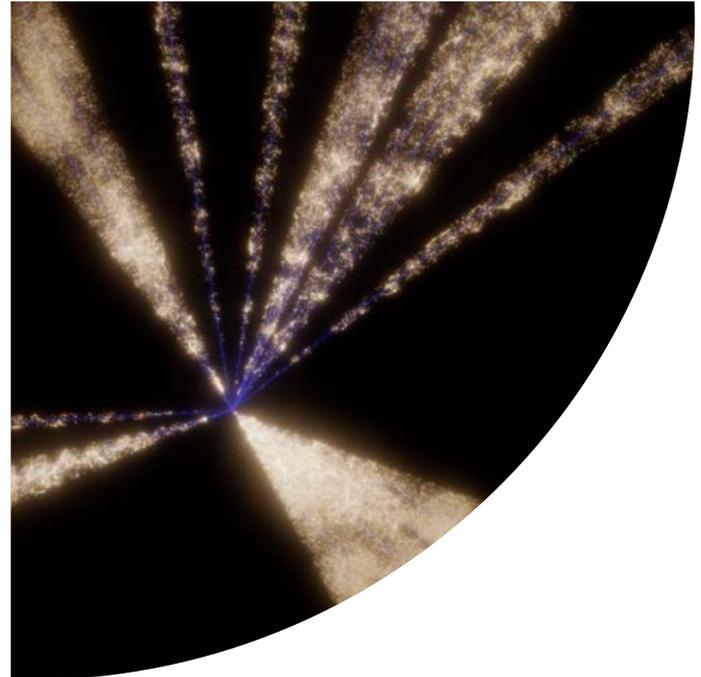
Our national and international reputation is critical to sustain our success in a global higher education market. In 2023, we were delighted that the University rose 14 places to number 78 in the highly prestigious QS World University Rankings. The QS rankings assessed over 18,300 subjects globally and Durham has an astonishing 12 subjects ranked in the world top 50 and 19 in the world top 100. This defines the extraordinary standard of our teaching and learning and the high employability prospects of our graduates.

#### Our best performing departments are:

- Theology and Religion, ranked 6
- Classics and Ancient History, ranked 8
- Archaeology, ranked 10
- Geography, ranked 14
- Anthropology, ranked 23

During 2022/23, we had 6,369 students (32 per cent) from outside the UK. This recruitment was supported by our International Study Centre, which offers pathway programmes for international students, providing an estimated 23 per cent of new international undergraduate students and 7 per cent of new international postgraduate taught students enrolling in Durham.

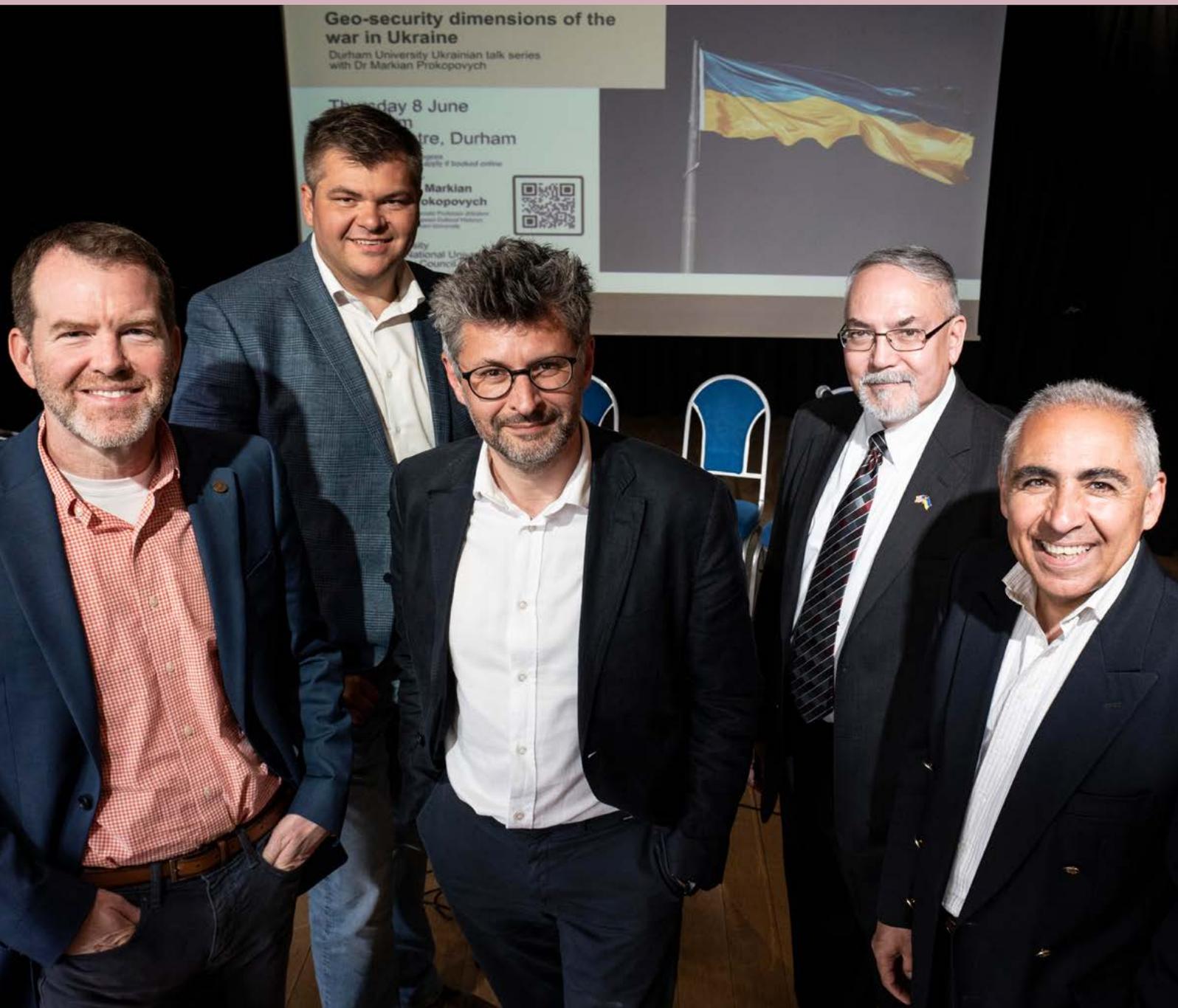
We renewed our partnerships with Uppsala University and the Palace Museum during the year. We also expanded our overseas footprint with representation in Singapore, Malaysia and the United States. Our in-country presences in China and India have contributed to a number of initiatives, including a large successful delegation for the Faculty of Social Sciences and Health to India and fruitful inbound delegations from the Palace Museum and Wuhan University. We continue to host visits from senior diplomatic staff such as the Canadian High Commissioner and the Japanese Ambassador.



2023 also saw our inaugural Global Week, with 35 individual events promoted and 34 stories highlighting the University's Global Impact were published online. During the week our social media accounts attracted more than 250,000 page impressions and the inaugural Durham Global Awards showcased some of the excellent work undertaken in support of internationalisation.

### Future plans

- To further develop a portfolio of programmes that are attractive to international students, both on campus and online.
- To use market analysis, partnerships and targeted scholarships to increase the diversity of our international student body.
- To create/deepen partnerships with strategically important international institutions, organisations and research communities.
- To develop a pan-university offering to provide opportunities for all students to develop cultural competence and encourage the forging of new global connections.



## Case study

### Twining Partnership with Zaporizhzhia National University, Ukraine

As part of a large-scale twinning initiative, supported by Universities UK (UUK) and the Ukrainian Ministry of Education, we are twinned with Zaporizhzhia National University (ZNU), in the South East of Ukraine.

The twinning scheme aims to provide tangible and collaborative support to Ukrainian universities and offers us both the opportunity for research collaboration in specialist areas. A Memorandum of Understanding between Durham and ZNU underpins our partnership and enables ZNU to access additional support from both the UK and Ukrainian HE systems.

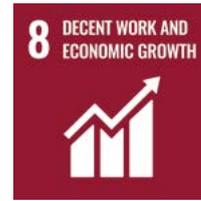
During 2022/23, we have worked with ZNU on academic research and supported ZNU's teaching. ZNU continues to deliver hybrid and remote teaching and learning to their students, and our academics are connecting with colleagues at ZNU to share educational resources, best practice and expertise.

We are funding a student exchange scheme, enabling ZNU students to come to Durham for up to three months. The first cohort of ten students arrived in October 2023. During Easter Term 2024, we will also welcome the first ZNU PhD student to join our Faculty of Arts and Humanities for a temporary period.



# Operational Review

## Civic and Regional Partnership



Strategic Risk SR1, SR2, SR3, SR4

### Current Position

Enhancing and demonstrating our contribution to local communities and the wider region is a critical imperative that cuts across much of our University Strategy. The Civic and Regional Strategy sets out our ambitious plan to build on our current position. Aligned to our Memorandum of Understanding (MoU) with Durham County Council (DCC), we are forging positive partnerships across the North East of England in key areas of shared interest including culture, citizenship, health and wellbeing, the economy and the lived environment.

We are working with partners to shape the cultural and heritage landscape in the North East of England. We run visitor attractions and sports facilities open to the public, and an extensive schools' engagement programme. We are a major partner in festivals, events and cultural projects across the region. We are working with DCC and the Culture Durham Partnership to develop a county-wide Place Partnership, building on the legacy of the City of Culture bid.

Our staff and students volunteer with local charities and organisations to support the community, through a wide variety of projects including work with school children, young carers, refugees and the elderly. Through our Community Engagement Task Force, we work in partnership with residents, students, local businesses, community and resident organisations to build strong relationships across the city for mutual benefit.

We are consolidating and building relationships with key organisations in the regional health sector, including County Durham and Darlington Foundation NHS Trust and DCC Public Health. Through the North East North Cumbria Academic Health Sciences Network, we are collaborating with partners to deliver innovative region-wide projects on digital health data.

We are a major employer in the region, providing jobs at a range of skill levels that are high-quality and well-paid. Bringing large numbers of students into the city supports the local economy through their spending and wider contribution to social and economic life. This year, we have built on our regional partnerships to increase opportunities for local people to study with us.

We have strengthened our engagement with key employment sectors to support economic growth and help secure inward investment.

- We are delivering leadership and management training to leading employers in key sectors.
- We received new government funding to continue work to commercialise research.
- We are working closely with DCC on the next stage of development of the North East Technology Park (NETPark) and on plans to develop Aykley Heads as a focus for a new Innovation District in Durham.
- We are engaging with regional partners in support of the Net Zero North East England partnership and on the proposal for a new Investment Zone on green industries.

### Future Plans

- Work with DCC and with other regional HEIs to develop a clear strategy and objectives in relation to the new North East Mayoral Combined Authority.
- Continue to strengthen partnerships with key organisations across the culture, heritage, public, health, and community sectors.
- Further develop engagement with local and regional businesses and third sector organisations.
- Build a Policy Engagement Framework to facilitate connections with local councillors and regional MPs, and to provide opportunities for our staff and students to use their expertise to shape local and national policy to the benefit of the region.

### Case study:

Enactus Durham is a non-profit, student-led organisation working to transform the lives of people in need through the power of business and social development, running social enterprises both in the UK and internationally. The Durham team were crowned 2023 Enactus UK Champions for their dedication to social enterprise and commitment to contributing to the UN Sustainable Development Goals.

### Case study:

In July 2023, we formalised our partnership with County Durham and Darlington NHS Foundation Trust (CDDFT) with a Memorandum of Understanding creating a key strategic partnership to promote greater cooperation in healthcare, research and innovation. Current activities include research projects, funding bids and a bespoke professional development programme building research skills of CDDFT clinicians.

### Case study:

In 2020/21, the University generated £4.80 of economic impact in the UK for every £1 received in income, with £1.9 billion Gross Added Value (GVA) and 17,320 jobs in the UK. These figures include £668m GVA and 10,790 jobs in the North East, of which £489m GVA and 8,710 jobs were in County Durham. (*BIGGAR Economics, November 2022*)

### Case study:

An archaeological project to raise aspirations and develop community engagement in Bishop Auckland was featured on BBC2's Digging for Britain in February 2023 and shortlisted for a Times Higher Education Award in the Outstanding Contribution to the Local Community category.



# Operational Review

## Equality, Diversity and Inclusion



Strategic Risk SR1, SR3, SR4, SR8

### Current Position

Equality, Diversity and Inclusion (EDI) are foundational for our development as a community, and for our academic success. As evidenced by the outstanding feedback we received in summer 2022 on our Race Equality Charter (REC) Mark award, the success of our academic departments in their Athena Swan submissions, and our top three positioning in the Queer Student Awards, Durham has the capacity and determination to make EDI a defining feature of our community – as much as it already is a distinguishing aspect of our ground-breaking research into the most challenging areas of social inequality and injustice.

We are currently establishing a bold, ambitious and integrated EDI framework, with a focus on creating the cultural conditions for inclusion for both staff and students, and ensuring we have the right leadership attributes to enable this, increasing our diversity at all levels, and enhancing a sense of belonging.

We recognise that Durham (the city and wider region) lacks demographic diversity, which can impact recruitment decisions, and work closely with external stakeholders to enhance the experience outside the confines of the University to promote a welcoming and accepting environment for everyone.

We monitor the proportion of staff who identify as, or declare, underrepresented characteristics against appropriate comparator groups.

The gender pay gap for the year to 31 March 2022 (the latest available figures) is 21.1 per cent, a reduction from 22.1 per cent in 2021 and 25.4 per cent in 2017. This reflects that our highest pay quartile is 59 per cent male and the lowest pay quartile is 64 per cent female. We acknowledge that the gender pay gap is still too large, although moving in the right direction, and are working to address this through a comprehensive action plan and engagement with our staff and Trade Unions.

The 2022/23 Academic Recruitment Campaign, led to the hire of 55 staff (from 1,502 candidates). The number of female candidates recruited declined to 33 per cent from 46 per cent two years ago, possibly due to the disciplines being recruited. However, the number of female hires in Business and in Social Sciences and Health continues to increase year on year. Overall, the number of BAME candidates has increased to 55 per cent but the number accepting offers remains static at 26 per cent.

The Athena Swan Charter recognises commitment to advancing gender equality. As of August 2023, 17 academic departments hold a Bronze award and six hold a silver award. Further submissions are planned for Michaelmas 2023 and we are also aiming to apply for an Institutional Athena Swan award in 2024.

This year we launched the Disability, Health Conditions and Reasonable Adjustments Hub and introduced a workplace passport for staff with disabilities to help ensure the provision of appropriate help and support.

	Professional Service staff (compared against North East and Yorkshire institutions)		Academic staff (compared against Russell Group institutions)	
	Current	Target	Current	Target
Disabled	7.5%	6.5%	4.9%	4.8%
BAME	3.7%	4.5%	18.0%	18.3%





### Case study

## New English literature scholarship launched for British students of Black heritage

We launched a new scholarship scheme for the 2023/24 academic year to support UK students of Black heritage to study English literature at Durham, where their financial circumstances may be a barrier to accessing higher education.

The scholarships will be available to one undergraduate per intake who will receive £4,000 annually, towards study-related expenses, for a minimum of three years, during their time at Durham.

The scholarship has been made possible by Durham graduate, the UK journalist and broadcaster Jeremy Vine, who has donated £120,000. Jeremy, who graduated in 1986 with a degree in English literature, said: *“I’ve watched the University with a great deal of love in the years since I left. I’ve always felt incredibly grateful to the University for being patient with me, teaching me to love poetry and setting me on a great course in life. As the years go on, I become more and more grateful. I’ve never really known how to express that gratitude until now.”*

Jeremy was inspired by his friend and Durham University graduate, Joel Donovan KC, who funds a similar scholarship at the University’s Law School.

Dr Shaïd Mahmood, Pro-Vice-Chancellor (Equality, Diversity and Inclusion), said: *“These scholarships are a very welcome addition to our existing grant and scholarship schemes, which are vital in supporting students from a range of diverse communities, who may not have applied otherwise, to thrive at Durham University.”*

## Future Plans

### Refreshed strategic aims and actions:

- Update staff and student induction to align to the new purpose, refreshed values and EDI strategic framework.
- Collaborate with DSU on the development of a student leadership programme to develop a diverse pipeline of future student leaders and promote inclusive leadership.
- Develop supportive pathways to enable progression from further education to apprenticeships, jobs and education at Durham.
- Deliver REC and Athena Swan actions to improve gender parity and tackle inequalities for racially minoritized staff and students.
- Develop a communications diversity toolkit to enhance communication with diverse audiences.
- Complete the Disability Smart Self-Assessment to improve the experience of disabled colleagues.

# Operational Review Sustainability



Strategic Risk SR1, SR2, SR3, SR4

## Current Position

During 2023, Council approved a new Sustainability Strategy and Ambition Statement defining our vision to ensure that Durham University delivers its mission of excellence in education, research and wider student experience in the most sustainable way possible. Sustainability is central in our engagement with stakeholders across the city, the region and beyond.

We are conscious that current and future students are increasingly making decisions based on an organisation’s social purpose and values, environmental sustainability and programmes relevant to climate change. Environmental sustainability is prominently included in all academic dimensions, such as our research agenda, the curriculum and the wider student experience. We recently increased our postgraduate teaching offering on sustainability and climate change.

Our Ambition Statement set a science-based net zero target for our greenhouse gas emissions by 2035, or before. Alongside realising our 2035 target we will take measures that tackle, as quickly as possible, our scope 3 emissions - with a long-term objective of striving to achieve Absolute Zero emissions by 2050.

Our new Biodiversity Strategy 2022-2032, describes our commitment to maintain and improve the high-quality of wildlife habitats, using Natural England’s Biodiversity metric 3.1 to assess the net gain or loss of habitat over time. Our estate covers 251 hectares and includes deciduous woodland, grassland and wetland habitats. Through this strategy we are working to enhance biodiversity, soil management, connectivity

between habitats and more. In 2022, we became one of the founder members of the Nature Positive Universities Network, a new global alliance that brings universities together to prioritise nature on campuses and in supply chains. The University also obtained observer status to the Convention on Biological Diversity.

Our staff are involved in international conversations on environmental issues, including at COP27 in Sharm El-Sheikh, contributing to the first global stocktake process under the Paris Agreement and integrating research into the global governance processes on climate change.

We continue to roll out decarbonisation projects on our estate, including installing solar panels and air source heat pumps on buildings. This year we were awarded a £1.1m grant from the Salix Public Sector Decarbonisation Scheme, which will support the replacement of a gas-fired heating system with air-source heat pumps, solar panels and improved roof insulation and new windows.

In 2022/23, we worked with student societies to organise a Sustainability Fair, Clothes Swap and our 3rd annual Greenspace Festival. We have 1,162 users on “My Greenspace” app who, last year, completed 37,392 sustainable actions, saving 65,965 kg of carbon emissions - that’s equal to approximately 111 flights from London to New York.

## Net Zero Key Metrics

Activity over which the University has direct control	2018/19 (baseline year) tCO <sub>2</sub> e1	2034/35 Science Based Target reduction (%)
Estate (Gas, Fleet, Fuel and F-Gas)	13,831	67%
Electricity use	10,179	100%
Business travel	5,732	40%
Commuting	37	40%
Waste	59	40%
Water	412	40%
<b>Total</b>	<b>30,250</b>	<b>-73%</b>



## Future Plans

In 2023/24 we will:

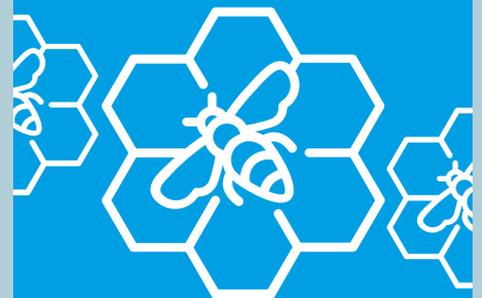
- Develop detailed plans for the decarbonisation of heat across our Estate.
- Work to achieve Hedgehog Friendly Campus Platinum status.
- Launch the new Greenspace Movement online training course.
- Deliver schemes to support Biodiversity Net Gain on our own land.
- Install over 2,500 solar panels on our Estate.



We were ranked joint **30th in the world** in the new **Sustainability** category in the **QS World University rankings 2024**



We are ranked **15th in the world** in the **Times Higher Education Impact Assessment for SDG 15 "Life on Land"**



Our monitoring of the estate has so far recorded **416 plants, 99 birds, 24 mammals, 5 amphibians, 355 moths, 45 hoverflies, 20 butterflies, 11 dragonflies and 8 bees.**

## Energy and Carbon Usage

Regarding our Scope 1 and 2 emissions, gas and electricity consumption is related to the operation of our estate, with over 300 buildings. Our oldest properties are located on the Peninsula, and include a Norman Castle, while our newest include the Mathematical Sciences and Computer Science Building, which is rated BREEAM Excellent.

On our non-residential estate we operate several energy intensive activities, including high-performance computers and research laboratories. On our residential estate we operate 17 colleges, which are home to around 6,500 students during term time.

The Scope 3 emissions we report are primarily related to staff business travel, commuting, waste management and water use.



UK GHG Emissions and energy use data	2022/23	2021/22
<b>Data used to calculate Scope 1 and 2 emissions:</b>		
Gas (kWh)	68,442,526	71,751,755
Electricity (kWh)	38,617,858	39,471,456
F-Gases (kg)	246	269
Fuel (litres)	67,061	31,689
Owned Transport Distance Travelled (km)	155,328	215,946
<b>Data used to calculate Scope 3 emissions:</b>		
Domestic Air Travel (passenger.km)	289,880	246,859
Short Haul Air Travel (passenger.km)	2,782,097	1,142,880
Long Haul Air Travel (passenger.km)	8,937,241	5,683,163
Employee Own Car Mileage (km)	455,267	301,390
Rail Travel (km)	3,556,237	934,379
Waste (tonnes)	1,942.99	1,954
Water (m3)	387,765	356,219
<b>Scope 1 emissions (tCO2e)</b>		
Gas Consumption	12,520	13,097*
Owned Transport	34	59
Fuel	164	44
F-Gas	568	560
<b>Total Scope 1 emissions (tCO2e)</b>	<b>13,286</b>	<b>13,760*</b>
<b>Scope 2 emissions (tCO2e)</b>		
Purchased Electricity	7,997	7,633
<b>Scope 3 emissions (tCO2e)</b>		
Business Travel:		
Domestic Air Travel	79	61
Short Haul Air Travel	509	173
Long Haul Air Travel	1,788	840
Rail Travel	125	33
Employee Own Car Mileage	76	51
Waste	35	35
Water (supply and treatment)	147	150
<b>Total Scope 3 (tCO2e)</b>	<b>2,758</b>	<b>1,343</b>
<b>Total gross emissions in metric tonnes (tCO2e)</b>	<b>24,040</b>	<b>22,736*</b>
<b>Intensity Ratio Tonnes CO2e per unit</b>	<b>1.06</b>	<b>1.04*</b>

\*figure amended from the 2021/22 report due to changes in the conversion factor used, to provide greater accuracy.

#### Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

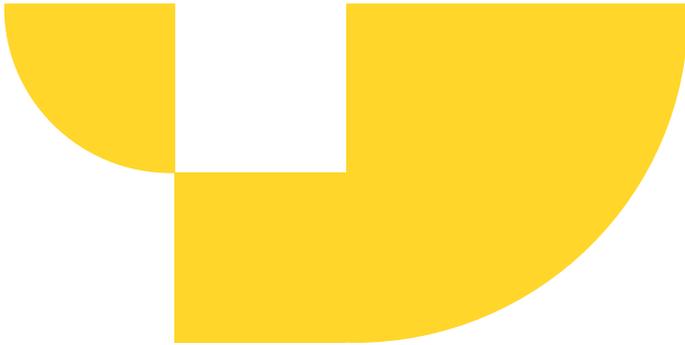
#### Intensity Measurement

The chosen intensity measurement ratio is total gross emission in metric tonnes CO2e per student as being the most relevant measure.



# Operational Review

## Size and Shape



The impact of Covid-19 led to two very large cohorts of home undergraduate students commencing in 2020 and 2021, resulting in the 2026/27 target for overall student numbers being exceeded. Going forward, we aim to reprofile our home and international students (61/39 per cent) and our undergraduate and postgraduate students (74/26 per cent) to achieve an optimum academic balance and support the diversity of our community. This approach is driven by external factors including the government freeze on the home undergraduate tuition fees, which means declining real terms income in respect of the majority of our students, the limited scale of the city and the need to ensure good community relations and our international profile.

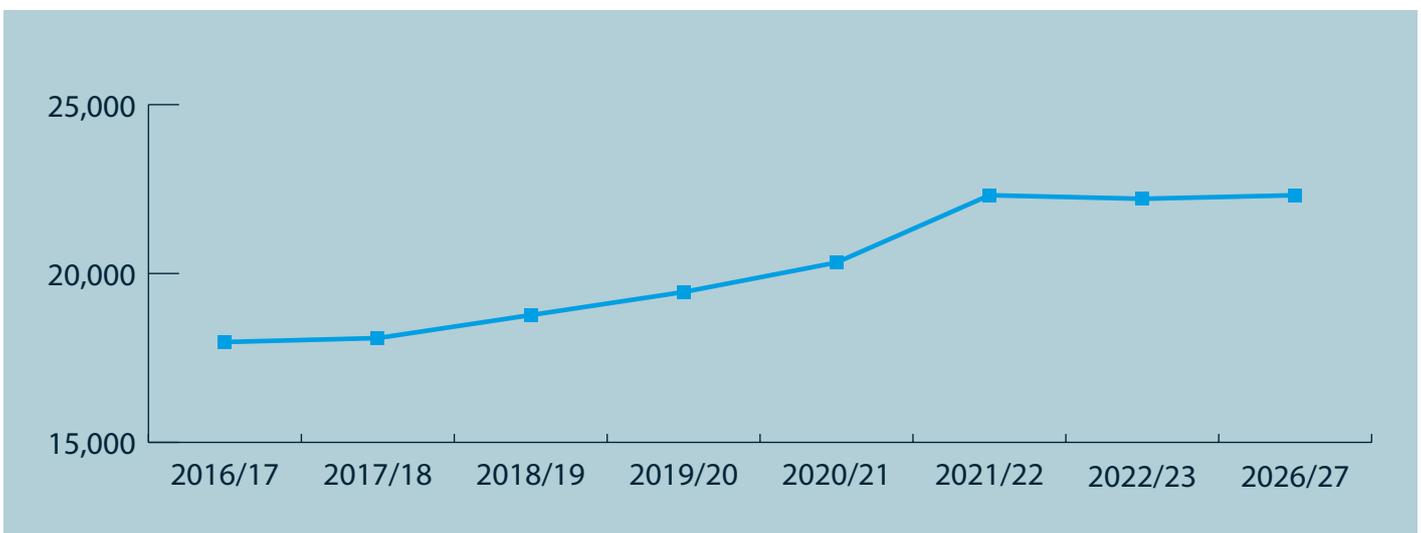
In recent years the proportion of international students coming from China (including Hong Kong) has increased. The strategy looks to expand the diversity of our international students to avoid the financial risk caused by an over-dependency on recruitment from a single country. To support our recruitment aims we are reviewing our programmes, particularly in postgraduate taught and experimental science, to widen our appeal.

Our size and shape strategy provides a framework and critical parameters for planning and aligning student and new staff recruitment, income and expenditure, and estates and infrastructure across the University. In respect of staff, the shape also refers to the balance between different types of academic staff, including academic track, teaching only, and research only, by subject area, and how to make our professional services more impactful and efficient.

### Current Position

Our institution comprises over 4,000 staff working in teaching, research, technical, support and professional roles. We have around 22,000 students from the UK and around the world, studying for undergraduate or postgraduate degrees. The vast majority of students are based in and around Durham although we do offer a number of partially or fully online programmes and deliver courses with other providers.

**Our 2017-2027 strategy prescribed targets to grow our student body, as shown in the table below.**



Growth 2016/17-2022/23 = 23%

Growth 2016/17-2026/27 = 24%





# Operational Review

## People



Strategic Risk SR3, SR6

### Current Position

Our staff are our most important asset and undertake a wide range of roles across the University to collectively enable delivery of our world-class research, education and wider student experience. Our staff are essential to the establishment of a supportive community to deliver our values and create a positive working environment to provide excellent opportunities for colleagues and students. Our refreshed People Strategy has a strong focus on the wellbeing, engagement and development of our people.

Our national and international reputation is important to attract candidates, in a competitive market, to come to the North East of England. We recognise that to recruit and retain some of the best people from around the world, we need to invest in high quality facilities, support, training and development.

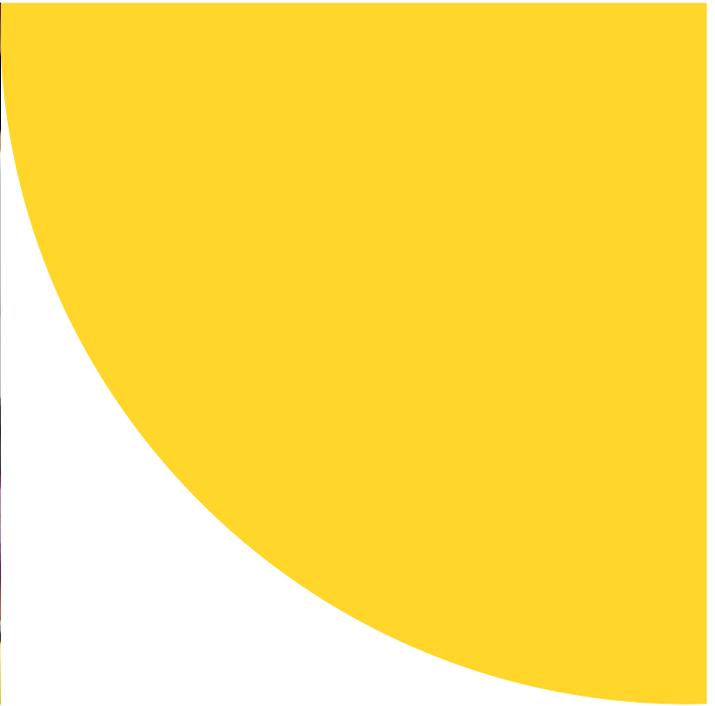
We provide a highly competitive and flexible reward package including generous pension schemes, a staff benefits platform with corporate discounts, travel schemes, health insurance, a generous holiday entitlement, volunteering and research leave policies, and an on-site nursery.

During 2023, we established a new committee of Council that will challenge and act as a sounding board, to ensure the People Strategy is aligned with the University Strategy and to champion the University's people and organisational development agenda. It will oversee the equity and inclusiveness of Durham as an employer and take a holistic approach to ensure that staff can flourish in their careers.

**2022/23 has seen significant disruption from periods of industrial action which has been very challenging for our whole community. Despite this difficult context we continued to make progress on a number of key priorities. These include:**

- The establishment of two working groups to consider staff workloads, building on and promoting the new Working Principles to facilitate more effective ways of working that positively impact workload.
- Our inaugural Professional Service staff awards ceremony to recognise outstanding contributions.
- Our first "Making a Difference" event showcasing the benefits and opportunities available and enabling staff to engage directly with members of the executive on key issues.
- Advanced level endorsement within the Good Work Pledge, recognising how we reward, develop and engage with staff and the local community.
- Introducing an Inclusive Culture statement, resources hub and leadership programme.
- Supporting 143 colleagues undertaking an apprenticeship programme and transferring funds from our Levy pot to local charities at their request
- New training programmes to improve the digital capabilities of staff.





## Future Plans

### Refreshed strategic aims and actions:

- Continue the workload project and embed the Working Principles.
- Ongoing review to deliver a fair, transparent, effective and efficient approach to academic progression.
- Continue working towards institutional Mental Health Charter status.
- Expanding training for managers and staff to support those with disabilities.
- Implement “employee voice” programme of events and activities to improve engagement.
- Review of recognition and reward processes, to ensure fairness, equality of opportunity and a focus on incentives and performance.
- Review the use of fixed term contracts.



## Case study

### Durham University Day Nursery receives Outstanding Ofsted rating

The Ofsted report praised the Day Nursery’s focus on communication and language, the children’s strong and trusting bonds with staff and high levels of independence for all children.

The report noted that: “the children are inspired and thrive at this outstanding nursery, and they are placed at the heart of its care. Staff plan a varied, ambitious and interesting educational programme that fully supports all areas of learning. The children who speak English as an additional language develop their understanding of the English language well, with the management team and staff having an excellent knowledge of safeguarding and child protection issues and are extremely positive role models to all the children”.

Lauren Edwards, Assistant HR Director and Ofsted Responsible Officer for the Nursery said: “Our Outstanding rating demonstrates the hard work and dedication given by our nursery team and the strong relationships that they have established with the parents and carers of the children and with our external agencies such as Durham County Council. I am very proud of the team and all they have achieved”.

Durham University Day Nursery is open to University staff, students and members of the public. It provides high quality care for children from six weeks to school age.





# Operational Review

## Estates and Accommodation

### Current Position

Our estate, set in a unique and historic environment, is arguably one of the most complex and architecturally important of any university in the UK. Evolving over almost 200 years, it includes many old, converted and listed buildings as well as new purpose-built accommodation. Durham is a small city which limits the opportunities to expand beyond our current footprint.

Our refreshed Estate Masterplan is a key enabler underpinning our refreshed University Strategy. We are continuing to make significant investment to improve the condition of our buildings, adapt to increased student numbers, facilitate hybrid working for some staff groups, and align with the aim to reduce our impact on the local community and environment. This investment will ensure our estate provides the best teaching, research, work and living environment for our staff, students and visitors.

**As part of our investment, and to support our space requirements, we recently purchased two buildings:**

- In August 2022, we acquired Boldon House, just outside Durham, and have subsequently been working on its transformation from a 1990s building to a modern satellite office. A number of our professional service teams will move in from early 2025.
- In October 2022, we purchased newly-built office space in Durham city centre to create a new home for our Business School. The relocation, also planned for 2024, will facilitate increased student and staff numbers, support interdisciplinary research opportunities and enhance engagement with industrial partners.

We continue to improve the standard of our estate towards the target of 75% being in categories A or B. We currently have 65.1% of residential buildings and 72.5% of non-residential buildings in these categories, up from 52.2% (for both) in 2015/16 at the start of the Strategy.

We are increasing both the amount and quality of residential accommodation for students, as part of our response to the housing challenges within the city, which is reflected in many areas across the UK. In 2022/23, 39% of students were housed in University-owned or managed accommodation and we aim to raise this to 45% by 2027/28.

**During 2022/23, we:**

- Refurbished numerous rooms and buildings to provide new and improved office, teaching and student spaces across campus.
- Progressed works in line with the agreed fire safety programme.
- Implemented phase 1 of our new integrated workplace management system (Planon).

### Future Plans

**Actions for the coming year include:**

- Repurposing current buildings to accommodate staff and student growth. Please see Note 12 for further details.
- Refurbishment programme to improve facilities to enhance the staff and student experience.
- Creating an 18th college at Rushford Court.





# Operational Review

## Digital

### Current Position

Our Digital Strategy, launched in February 2021, provides an ambitious programme of change, backed by a five-year investment plan, that will allow us to offer a digital environment that enables and empowers people towards the extraordinary.

The Strategy aims to embrace the opportunities afforded by digital technology, to support and enable the University to change and develop at the scale and pace required, through effective IT investments that deliver real value. We will continue to monitor and refresh the Digital Strategy in line with institutional developments and priorities, as well as the evolving digital landscape.

We continue to engage in world-leading research in the evolving field of Artificial Intelligence (AI). We have published blog posts and hosted a one-day symposium focusing on the current and future impact of AI on academic practice, with expert speakers from Durham and other universities alongside external partners. At an operational level, our AI chatbot, Holly, has already helped thousands of prospective students with a 97 per cent success rate, reducing the considerable burden on admissions staff while helping to build genuine connections with people considering us as their choice of institution.

Our finance and procurement administration has undergone a complete system transformation, with the implementation of Oracle Fusion during summer 2023, providing a single platform for finance and HR management in the cloud. Benefits include significant efficiency improvements through the removal of manual administrative processes and providing budget holders with greater autonomy and access to financial data.

### Other enhancements in our digital services during 2022/23 include:

- An upgraded student information system, responding to changes in statutory reporting requirements and updated legislation.
- A new University-wide IT operating model that embeds standards around cyber, governance and architecture.
- A 24/7 Security Operations Centre, providing round-the-clock security monitoring of our IT environments.
- The launch of a new Integrated Workplace Management System, optimising estates maintenance and support processes.

### Future Plans

We will continue to optimise the experience of our students, deliver sustainability improvements, and drive operational efficiencies that reduce complexity and workload for our staff.

### Initiatives will include:

- The launch of a new student support platform, enabling students to engage with services more easily, and for their issues to be managed and tracked more effectively.
- Dedicated e-sports facilities and a new on-demand platform to host live events and sporting competitions online.
- Optimise academic administration processes, starting with timetabling.
- Develop our data and analytics capabilities, through a technology architecture that supports and complements the University's new data strategy.
- Continue to develop our AI capabilities through the expansion of our existing chatbot services to support international applicants and IT helpdesk users. We will continue to lead engagement with new and emerging AI technologies such as Large Language Models.



# Operational Review

## Donor, Alumni and Supporter Engagement

### Current Position

We have 230,000 alumni and supporters globally. Our 86 alumni and supporter groups, called chapters, linked by location or common interest, encourage continued engagement with the University and our international alumni community.

Our programme has grown to offer 150 in person and digital events in over 185 countries. These events include trips by senior University colleagues and our Vice-Chancellor, committed to a programme of visiting and engaging with global alumni communities. During 2022/23, there have been visits to Singapore, Toronto, Malaysia and Japan, as well as both the East and West coast of the USA.

We have also enhanced our global volunteer and giving programmes: our November 2022 Dunelm Days alumni-led campaign offered 40 events in 20 countries.

### Fundraising

We actively seek donations, sponsorship and legacy gifts from individuals, trusts and foundations, commercial and charitable organisations, and government-related funding streams from around the world to support research, educational and outreach activities consistent with our charitable mission.

Donations have funded a range of transformative scholarships and research projects tackling world issues such as the energy transition and Alzheimer’s Disease. They also fund vital improvements to research, teaching and learning facilities and to our estate which includes a UNESCO World Heritage Site and several listed buildings.

More than 65 donor funded scholarship schemes support around 200 scholars. Our Durham Inspired North East Scholarships programme supports exceptional young people from our region to fulfil their potential at Durham, regardless of financial means. Through our community, we can also offer diverse student internships and career development, mentoring and networking opportunities.

In early 2023, we welcomed our first Fellow of the Sir Harry Evans Memorial Fund in honour of the late alumnus and legendary newspaper editor, a partnership with Sir Harry’s widow, Tina Brown and Reuters.



### Future Plans

- Drive the development of a new fundraising campaign for our 200th anniversary in 2032.
- Secure philanthropic support to widen access to Durham for underrepresented student groups.
- Build stronger relationships sooner in the student, alumni, donor and supporter journey.
- Develop a compelling and comprehensive package of alumni benefits and formalise an international student recruitment alumni ambassador programme.

### Case study

## Dunelm Days

Every November our alumni get together across the world for Dunelm Days, our global alumni celebration, bringing together Durham alumni, supporters, friends and family throughout the whole month. Organised and hosted by alumni, the events provide a fantastic way to make new connections and celebrate all things Durham. After a break of two years, the global celebration went ahead in 2022, with 41 events held in-person and online, bringing together over 400 people in 20 different countries and five continents. There was crazy golf in Cambridge, frisbee, BBQ and live music in Shenzhen and even a tour of a whiskey distillery in Dublin.

*“Dunelm Days is that time of the year when you remember that Durham is always with you no matter how far you travel in life!”* Alessandro Robert Berlé (MSc Management, St Cuthbert’s Society, 2017-19)

Strategic Risk SR1, SR2, SR3, SR4





## Financial Review

The ongoing implementation of the University Strategy (2017-2027) continued at pace during 2022/23 as the University welcomed an increased number of undergraduate students, but a slightly lower total number onto its campus for the full academic year compared to the previous year. The planned investment in staff and infrastructure resumed following a necessary pause during lockdown.

The University outperformed its financial expectations from early in the financial year, despite the prevailing very high rate of inflation and in particular a very material increase in energy costs.

Total income increased by £15.7m compared to the previous year. Particularly pleasing was the growth in research income to £57.5m, a 14.0% increase. Total staff and other operating expenditure, excluding the movement in the USS pension provision totalled £435m, £47.4m (10.9%) higher than the previous year, as the University managed increased activity levels particularly in research and undergraduate teaching

as well as the impact of exceptionally high inflation on the cost base.

Planned changes in use of several buildings resulted in impairment indicators. Market valuations were obtained from external independent experts for those buildings and impairment adjustments made where the market value was less than the carrying value. This resulted in an impairment charge to the SOCIE (Statement of Comprehensive Income and Expenditure) of £21.1m in the current financial year. Ahead of the implementation of a new finance system there was a comprehensive and retrospective review of the University's fixed asset register prior to the data being transferred to the new system, that resulted in the need to write down the holding value in the balance sheet of certain assets (a £36.5m prior-year adjustment and a £7.8m write-down posted in-year). The detail of these impairment adjustments and asset value write-downs is provided below.

The 2022/23 EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) achieved in-year was £49.2m (2021/22: £80.9m). Earnings before Depreciation (EBD) was £34.1m (2021/22: £70.1). The Total Comprehensive Deficit for the year was £0.2m (2021/22 Deficit: £28.7m).

## Results for 2022/23

The results for the year are described below:

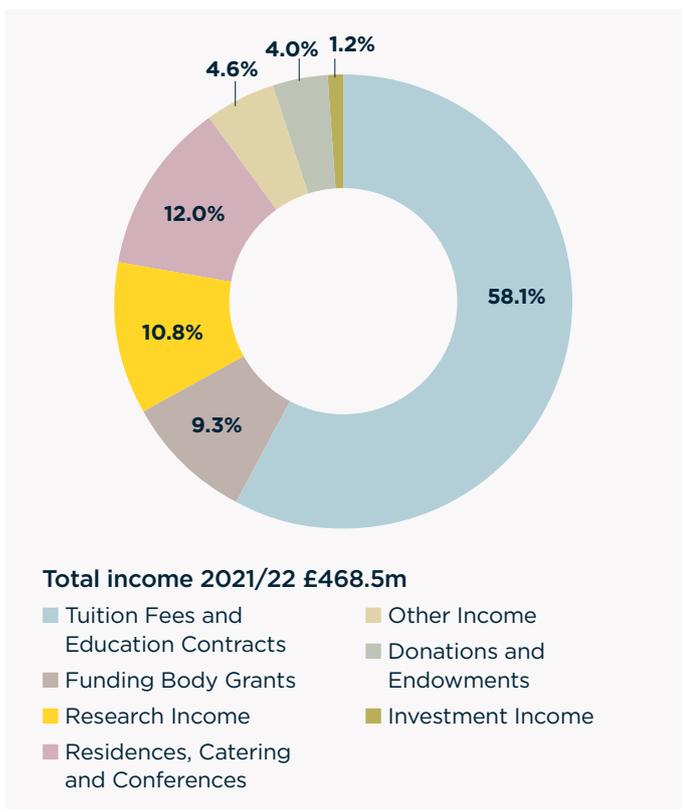
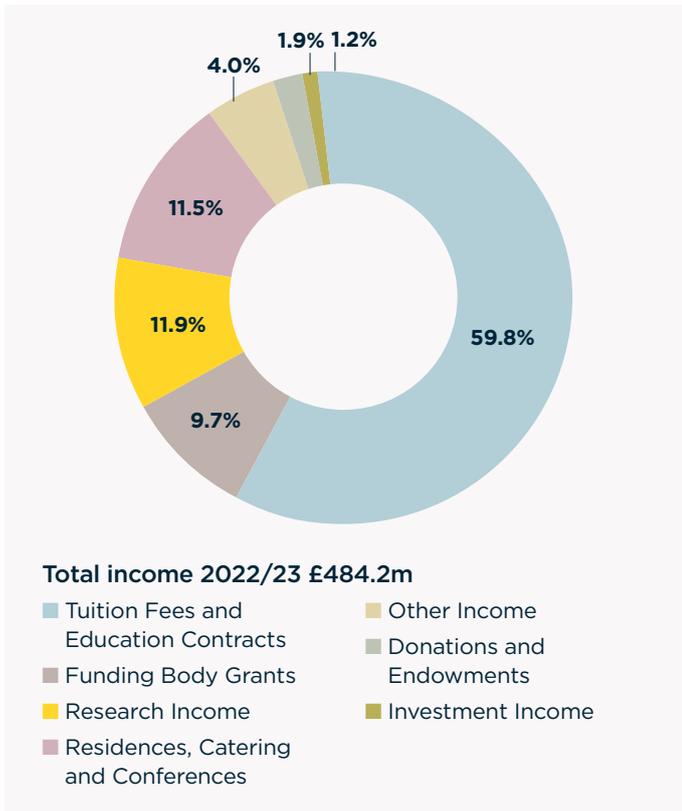
	Notes	2022/23 £m	Restated 2021/22 £m
<b>Adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and non cash items)</b>	<b>1</b>	<b>49.2</b>	<b>80.9</b>
Interest payable		(15.1)	(10.8)
<b>EBD (earnings before depreciation)</b>		<b>34.1</b>	<b>70.1</b>
<b>Non-cash items</b>			
Valuation of derivatives	2	11.7	12.2
Pension adjustments – actuarial gain	3	4.9	37.2
Net (loss) / gain on investments	4	(4.6)	(14.1)
USS Pension provision adjustment	5	21.0	(90.6)
(Loss) / Gain on disposal of fixed assets		(7.3)	0.2
Impairment adjustment		(21.1)	(0.5)
Depreciation		(39.0)	(44.7)
<b>Total comprehensive expenditure</b>		<b>(0.2)</b>	<b>(30.2)</b>

- Adjusted EBITDA is a financial metric that has removed one-off, non-cash and non-recurrent items from EBITDA to show an EBITDA figure for the University that is not distorted by irregular gains or losses in one particular year. This is a non-GAAP measure which does not have a standardised meaning and therefore may not be comparable against other Universities.
- See Note 21 of the Financial Statements for details of our derivatives. This is a non-cash movement.
- This is the difference, year on year, of revisions to the estimated value of the DUPS scheme assets and liabilities held by the University. It is a non-cash movement.
- An unrealised gain/(loss) which is subject to the volatility of investment movements. It is a non-cash movement.
- This is the difference, year on year, of revisions to the estimated value of the provision for the USS pension scheme assets and liabilities. It is a non-cash movement.
- See Note 33 which provides details of the prior-year adjustment. This has no impact on the 2022/23 figures but an adjustment of £1.5m is reflected in an increase in depreciation in the restated 2021/22 figures.

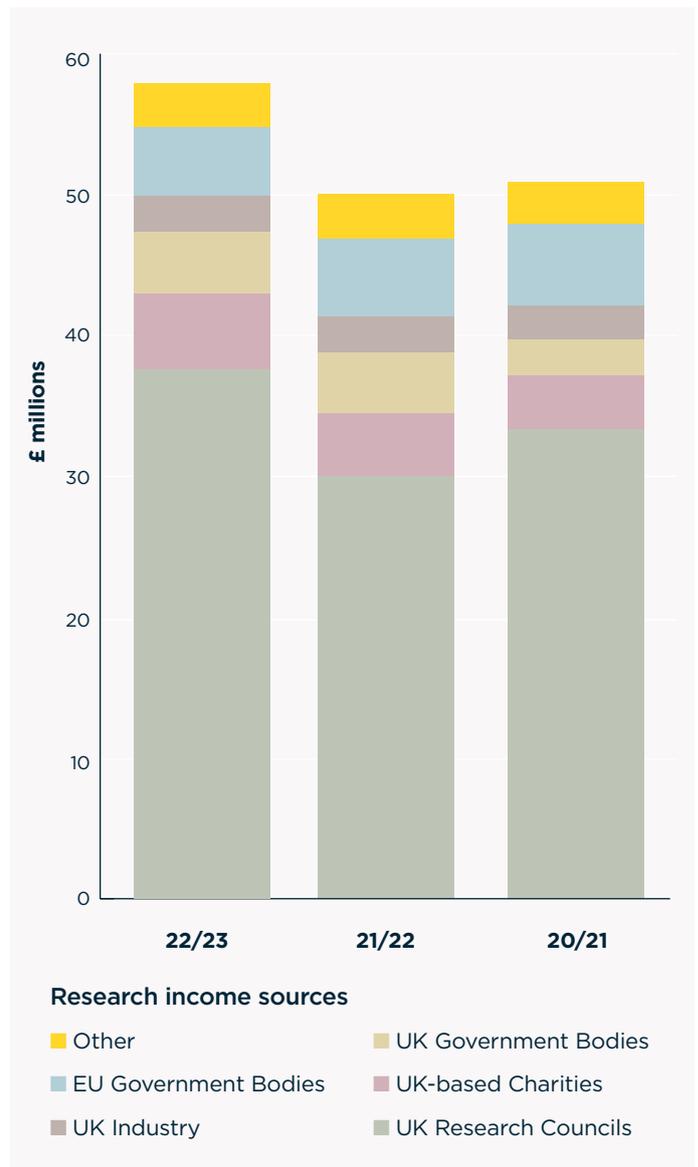
Adjusted EBITDA and EBD are the primary measures used by the University for forecasting the financial performance during the year and exclude certain items deemed to be 'non-operating' or 'non-cash' in nature which are set out separately in the table. Total Comprehensive Income has been impacted by valuations of assets and liabilities relating to fixed assets, investments, pension scheme accounting and interest rate swaps. The collective impact of these non-cash items in the current year was unfavourable by £40.2m (2021/22: unfavourable by £100.3m).

## Operating income and expenditure

The elements of operating income and expenditure giving rise to the EBITDA were as follows.



Total operating income, increased by 3.3% to £484.2m. Tuition fee income increased by 6.4% to £289.9m representing 59.9% of total income and when residence fees are included, income from students represented 71.4% of total income. The main area of growth in tuition fee income came from full-time international students. Recognised income from work on our research grants increased by £7.1m and 14.0% in 2022/23, being 11.9% of total income.

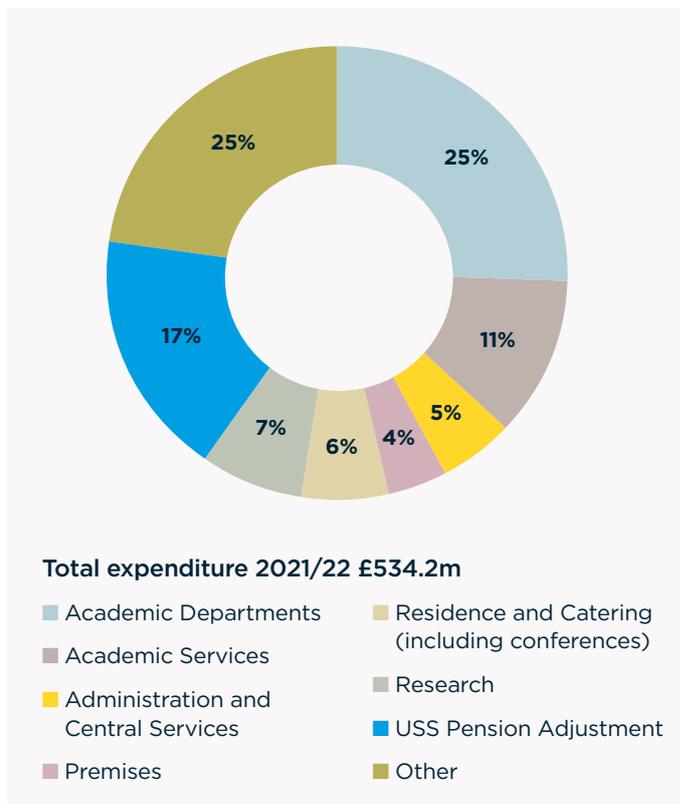
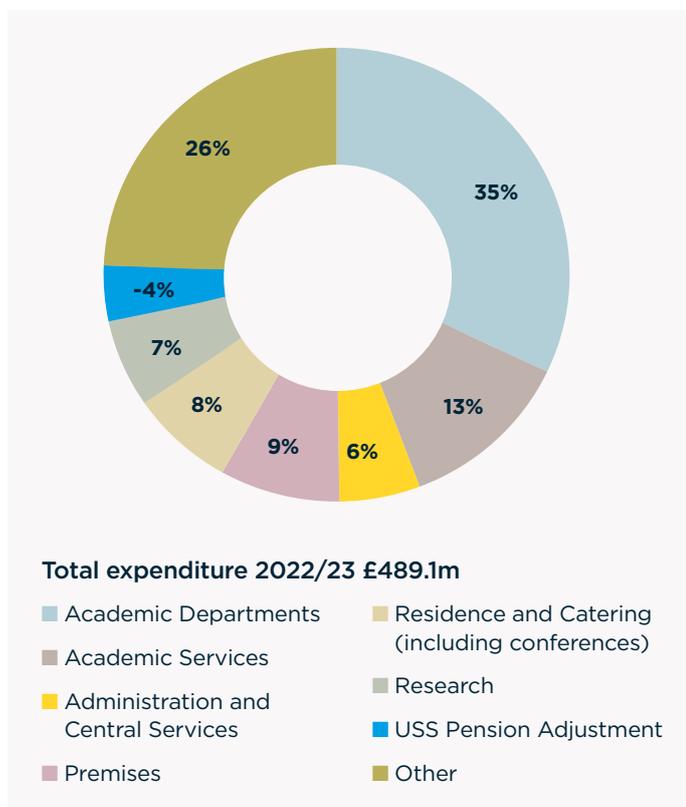


The value of research grant awards for the last three years are:

Year	Value (£m)
2022-23	85.4
2021-22	50.8
2020-21	57.9

Total operating expenditure, excluding pensions and impairment adjustments, increased by 11.1%. Depreciation charges, excluding impairment adjustments, reduced by 12.8% after taking into consideration the impact of the prior period adjustment. Interest payable increased by 39.3% due to the need to include a £4m increase compared to 2020/21 in 'notional interest on pension scheme deficits'. There has been no material change to how operating expenditure is apportioned compared to the prior year.

The expenditure exclusive of pension adjustments can be classified into these categories:



### Student Numbers

Undergraduate Student numbers have increased in line with the Strategy. Postgraduate and distance learning numbers have not increased this year, however plans for new programmes and new markets will take effect from 2024/25. Improved rankings in league tables will also facilitate growth.

The following chart presents the change in student numbers over the last three years.

Student numbers	2022/23	2021/22	2020/21
<b>Undergraduate</b>			
Home / EU	13,814	13,798	12,758
Overseas	3,827	3,447	3,193
<b>Total Undergraduate</b>	<b>17,641</b>	<b>17,245</b>	<b>15,951</b>
<b>Postgraduate</b>			
Taught home	893	1,034	1,246
Taught overseas	1,823	2,065	1,207
Research home	963	1,032	1,047
Research overseas	643	630	592
<b>Total Postgraduate</b>	<b>4,322</b>	<b>4,761</b>	<b>4,092</b>
Distance learning	168	224	225
<b>Total</b>	<b>22,131</b>	<b>22,230</b>	<b>20,268</b>

## Balance Sheet

The value of fixed assets was increased with capital additions of £159.4m, exceeding the charge for depreciation of £39.0m. The acquisitions of Boldon House and Waterside buildings for professional services staff and the Business School respectively, though reported last year, were post balance sheet events. The actual expenditure was made in the current financial year and forms part of the £159m highlighted above. Overall spend was higher than prior year 2021/22 as the University's planned investment in its estate, paused during the Covid-19 pandemic, continued.

An impairment adjustment of £8.3m for the Hild/Bede College site and of £12.5m for the Stockton campus have been recognised within a £21.1m impairment charge. The former is as a result of emptying the college site in advance of a major planned refurbishment and the latter as a result of further consolidation on the campus combined with a reduction in property values in that location. In addition, following a review of fixed assets for the migration of the data to the new finance system, further charges have been recognised. Principal factors behind the adjustments were a recategorization of capital expenditure as plant (rather than buildings), poor historic documentation with regard to successive refurbishments/replacements and historic lack of componentisation of buildings elements across the estate. The total value identified for the above is £36.5m which has been recognised as a prior year adjustment. £7.8m of write-off for disposals has also been recognised as a charge in the current financial year.

Investments decreased overall by net £44.0m due to a depreciation of £0.5m in the value of endowment properties and a decrease of £43.5m in pooled investment fund assets.

Pension liabilities in respect of USS decreased by £16.3m on the balance sheet as a result of improved asset values and reducing liabilities with the fund. The net liability in respect of the Durham University Pension Scheme decreased by £5.5m for the same reasons.

Endowment reserves increased through £2.3m of new donations. The expenditure on existing grants, investment income and donations resulted in a net increase in restricted reserves of £0.1m. General reserves decreased by £2.6m after taking into consideration the prior year adjustment.

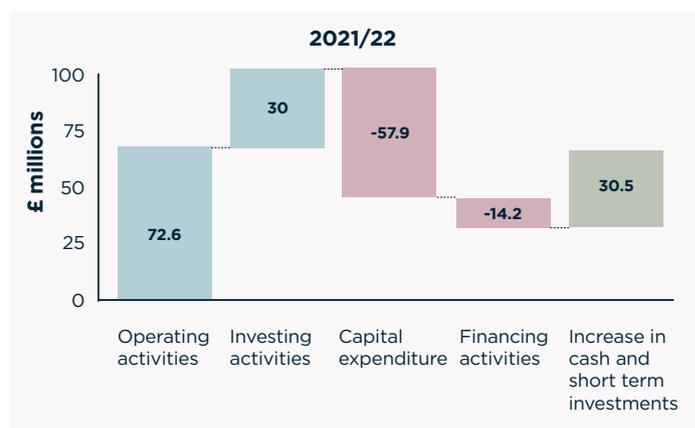
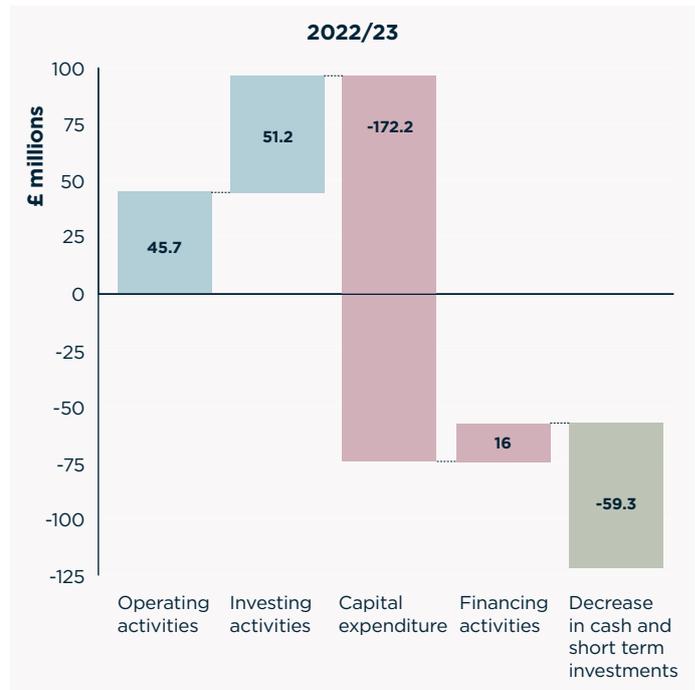
## Cash generation, liquidity, financing and covenant compliance

### Cash balances

Consolidated cash balances reduced by £59.3m to £23.9m as a result of the use of cash to fund our capital programme activities. The following waterfall charts compare the sources and applications of operating cash generated for 2022/23 and 2021/22.

Debt collection continues to be effectively managed. The net debt written off in the year was £5,016 (2021/22: £74,834).

Capital expenditure during the year has been funded by grants, internally generated funds, benefactions and existing loan funding. The Revolving Credit Facility remained at £75.0m during 2022/23 to support in-year working capital requirements.



### Covenant compliance

There have been no issues during the year with respect to

covenant compliance. The University has conducted robust modelling across a horizon of 24 months with respect to its going concern status and is satisfied that the risk of a significant financial impact impacting on its covenant compliance is remote. The Basis of Preparation accounting policy provides further information with respect to the University's going concern considerations.

## Monitoring financial performance

The financial strategy performance indicators, by which financial performance is measured, focus on the following:

- Total annual income – to monitor performance against the targets set-out in the ten-year strategy.
- Staff costs as a percentage of income – to maintain parity with the sector.
- EBD and EBITDA – specifically relating to generation of cash from operating activities, as well as compliance with our financial covenants.

## Going Concern

Council has assessed its going concern status over a period of two years to July 2025. In addition, Council reviews and approves five-year financial forecasts, including cash flow forecasts, annually to be fully satisfied that it can meet its working capital needs from its forecast cash balances.

The University's latest budget was approved in July 2023 and the five-year forecast in October 2023. The base forecast was begun earlier and factored in the key economic assumptions at the time, with inflation in 2023/24 expected to fall to 5% and remain at that level in the plan period. Inflation impacts on utilities, food prices and most bought in commodities throughout.

For reasons including both external economic uncertainties, including rising interest rates, higher inflation, Brexit, the Ukraine conflict and immigration policy uncertainty as well as internal systems and process changes, the University has revisited its base forecast and its scenario modelling. It has updated its stress tests and reverse stress test as part of its sensitivity analysis work. The reverse stress test is designed to understand what it would take for the University to breach its contractual covenants and explores plausible scenarios that would cause such a breach to occur. The covenant position forms the main risk to going concern given the University's strong level of cash and available resources.

The University's base case scenario projects compliance with all loan covenants to 31 July 2025 and liquidity headroom (excluding liquid investments but including the revolving credit facility), no lower than £100m through the going concern assessment period.

A number of plausible down-side scenarios have been run on the baseline forecast to stress test the cash position, as well as the ability to remain compliant with covenant restrictions. This included modelling risks to (international) student fee income, increases in staff costs and increased inflation on goods and services.

Under the plausible downside scenario, cash remains well above the treasury minimum of £40m at all points in the going concern assessment period.

It should also be noted the scenarios did not assume any mitigating actions were taken to offset the impact on cash. If necessary, the University has developed a structured set of actions it could take, including the introduction of progressively more stringent cost controls and reductions, as well as reductions in capital spending or asset disposals.

The University has clearly demonstrated its ability to successfully take rapid mitigating actions during the pandemic.

The University has considered scenarios to reverse stress test the model under which it either utilises all cash and liquid investments or breaches loan covenants.

These scenarios would require a significant reduction in forecast income, with no mitigating actions. Forecast International tuition fee income of £176m in 2024/25, would have to fall by more than 27% (9% of total income), in order to breach the covenant, EBITDA to Interest Cover.

After reviewing these forecasts, the Council is of the opinion that, based on the current considerable financial resources and the latest cash flow forecasts, the University will have sufficient funds to meet their liabilities as they fall due over the period to 31 July 2025.

The reverse stress test developed scenarios based on a realistic position and a worst-case outlook for the University based on assumptions made of the global uncertainties. These assumptions included, but were not limited to:

- A fall in international recruitment – whether due to UK or foreign government policy changes, league table position changes or other market factors.
- Higher goods and services cost inflation than planned.
- Higher staffing costs whether due to national pay arrangements or pension scheme changes.

The outputs of these tests were then reviewed against the Group's current and projected future net cash/debt and liquidity position. This assessment enabled the University to understand how it could mitigate against these risks and meet its liabilities as they fall due.

The results of this testing show that a significant financial impact against the Council-approved financial forecasts must occur before any covenants are breached. The University has assessed the gross impact of such factors singly and in combination and assessed its approach to mitigating such changes through reprioritisation of resources, structural and policy changes, within the context of its overall strategy for the forthcoming period. It has assessed and identified the extent of reductions to spending and slowdown of investments in infrastructure as well as staffing to avoid any breach occurring.



At 31 July 2023 the University had £23m in cash and access to a £75m revolving credit facility, of which £45m is undrawn. Its non-current investments totalled £221m (see Note 15).

Financial operating performance in 2022/23 was better than budgeted and the Council, having considered its forecasts together with the sensitivity analysis included within the reverse stress testing exercise, is confident that it will be able to meet all its future financial obligations and operate within its financial covenants to July 2025 with a firm expectation to continue to do so into the foreseeable future. As a result, these financial statements have been prepared on a going concern basis.

## Outlook

The University continues to be impacted by dramatic changes in the national and global operating environment, notably the war in Ukraine, the inflationary erosion in value of the static Home Undergraduate fee as well as commodity price inflation, and the consequent acute financial impacts of these on it, on other universities as well as on our students and staff. Having reached the midpoint of its ten year University Strategy, Durham has recently refreshed its scope, not only to embed a culture of equity and inclusion across the full spectrum of its activities but also in taking decisive and rapid steps to address these challenges to its financial sustainability and reduce its financial risk. Its recent migration to a new financial system recognises that greater financial visibility and efficiency is an important mitigation to the economic challenges being faced.

The University is continuing to invest in its estate and infrastructure in line with its ambitious capital programme, ensuring that it remains well placed to both enhance its academic position and improve its teaching and research for the long-term. As a long-established university with an outstanding reputation, Durham has weathered many storms and it is well placed to hold itself together as a community, preserve and enhance its areas of excellence and to ensure that it continues to invest for the future while responding to the constraints of the current financial environment.



# Governance

## Framework

Durham University was founded in 1832 by an Act of Parliament. Its legal status derives from a Royal Charter dated 1837 and the Universities of Durham and Newcastle upon Tyne Act 1963 when King's College became the independent University of Newcastle. It is also a charity exempt from registration under Schedule 3 of the Charities Act 2011. It is regulated by the Office for Students (OfS) and was approved as a registered provider of higher education by the OfS in September 2018.

The University's objects, powers and framework of governance are set out in its Charter and Statutes, which are published at: [durham.ac.uk/about-us/governance/governance-documentation](https://durham.ac.uk/about-us/governance/governance-documentation). A comprehensive review of the University Statutes concluded in July and the revised text was approved by the Privy Council in October 2023.

The effectiveness of the governance and management arrangements is regularly evaluated through periodic internal and external reviews.

## Management

The principal academic, administrative and Accountable Officer of the University is the Vice-Chancellor, who is responsible to Council (the University governing body) for the overall strategic direction and performance of the University, and as Warden has overall responsibility for Durham's colleges. The Vice-Chancellor and Warden is supported by a senior leadership team.

The University Secretary is responsible for the University's overall governance, assurance and legal compliance and reports directly to the Chair of Council and the Vice-Chancellor.

The Chief Financial Officer is responsible for the University's Financial Strategy, including financial planning and reporting, treasury management policy, procurement, and value for money.

## Governance Committees

Council is the governing body and Trustee Board of the University with overall responsibility for its affairs and sustainability.

Council is responsible for setting the strategic vision and values of the University, for the organisation of teaching and research and control of the University's property and finances. Council ensures the establishment and monitoring of systems of control and accountability, including financial and operating controls, risk assessment, value for money and other regulatory responsibilities including compliance with the OfS's ongoing conditions of registration and terms and conditions of funding.

Halpin Partnership (an independent management consultancy firm) conducted a review of Council in 2021 and Senate in 2022. The University continues to respond to the



recommendations from both Effectiveness Reviews, with Council establishing a People and Organisational Development Committee, introducing the position of Senior Independent Governor and recruiting two Council Apprentices. The Executive Summary on the Council Effectiveness Review can be seen at: [durham.ac.uk/about-us/governance/council](https://durham.ac.uk/about-us/governance/council)

Council comprises: up to twelve lay members, including the Chair, drawn from outside the University; seven appointed members of University staff; and ex-officio members that include the Vice-Chancellor and Warden, Deputy Vice-Chancellor and Provost, Dean of Durham (or Vice-Dean during a vacancy in the office) and President of Durham Student's Union. The Council's gender balance during 2022/23 was 55 per cent male to 45 per cent female.

The appointment process for members of Council is overseen by the Governance and Nominations Committee, which ensures there is an appropriate mix of skills and experience to enable Council to fulfil its responsibilities. A skills register of Council members is maintained by the University Secretary. Lay member vacancies are advertised externally and independent search companies are used to help widen the pool and diversity of candidates. Staff member vacancies are advertised widely within the University.

An induction programme is provided to new Council members and members receive ongoing development training through presentations to Council on topical issues and from external providers such as Advance HE.

Lay members do not receive payment for their work on Council or its Committees but may claim reimbursement of reasonable expenses that are disclosed in the financial statements. A Register of Interests of all Council members is retained by the University Secretary to help manage conflicts of interest.

Lay Council members are encouraged to be involved in aspects of University life to cultivate a wider understanding of the University and engage with stakeholders. This includes: reviewing student academic appeals; joining recruitment panels for senior posts; and attendance at Convocation (meetings with alumni) and graduation ceremonies. Dedicated events to enable Council members to meet students and staff were also held during the year.

In 2022/23, Council met on eight occasions. This included Council's annual Strategy Day and annual joint meeting with Senate. The confirmed minutes of meetings are published on the University website: [durham.ac.uk/about-us/governance/council](https://durham.ac.uk/about-us/governance/council)

Members considered a range of key items during the year.

A refresh of the University Strategy, including the development of a Science Strategy, as a priority focus for the University.

Due to the impact of a continued period of national industrial action including a marking and assessment boycott, undertaken by the University and College Union, Council considered mitigations applied in line with the University's Regulations, in ensuring a robust and fair process was applied so that as many students as possible could progress and graduate from their studies.

Council monitored the University's financial condition including review and approval of the annual financial statements; and investment in the University's estate for the refurbishment of the Waterside Building as a new home for the Faculty of Business, and Rushford Court as a temporary decant for the College of St Hild and St Bede. Council also approved an updated financial agreement and memorandum of understanding with the Recognised Colleges and received regular reports from its committees regarding the oversight of pensions, investments and targeted philanthropic and fundraising activities.

Council received reports on key staffing matters, remuneration and diversity pay. Members also agreed to the establishment of a People and Organisational Development Committee, reporting to Council, to provide assurance around EDI and Human Resource matters. Council was involved in the recruitment and appointment of the University's 13th Chancellor and the new Deputy Vice-Chancellor and Provost.

In assurance of the quality of academic provision, Council received, from Senate, details of the response to the outcome to the Research Excellence Framework and the University's submission for the 2023 Teaching Excellence Framework.

The Durham Students' Union President presented regular updates, focussing on the challenge of the impact to students from the nationwide cost-of-living crisis, and the availability of student housing in the City.

Council received details of the outcome to the Senate Effectiveness Review and combined with the outcomes to the Council Effectiveness and Statutes Reviews, agreed to form a Governance Review Implementation Group to progress the

next phase of the University's governance review.

In responding to a recommendation from the Council Effectiveness Review, Council recruited Omar Ahmed and Navreet Badwal as the first Council Apprentices, commencing 1 August 2023.

## Council Membership 2022/23

### Lay members

- Joe Docherty (Chair)
- Joanna Barker (Vice-Chair)
- Jonathan Bewes
- Kay Boycott
- Janette Brown (to September 2022)
- Leslie Ferrar
- James Grierson
- Alison Hastings
- Denise Lievesley
- Cheryl Millington
- Nigel Perry
- Terry Toney

### Ex-officio members

- Karen O'Brien - Vice-Chancellor and Warden
- Antony Long (to December 2022) Richard Crisp (from January 2023) - Deputy Vice-Chancellor and Provost
- Michael Hampel - Vice-Dean of Durham
- Joe McGarry - President of Durham Students' Union

### Staff members

- Rebecca Askew
- Colin Macpherson
- Amir Michael
- Liadi Mudashiru
- Ari Sadanandom
- Corinne Saunders
- Jun Jie Wu

Laura Curran, Postgraduate Academic Officer, Durham Students' Union was invited to meetings as an attendee during 2022/23.

The University Secretary and Chief Financial Officer are standing attendees of Council meetings.



## Statement of the Council's Primary Responsibilities

1. To set and agree the mission, strategic vision and values of the University.
2. To agree long term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
3. Subject to the powers of the Senate, to be responsible for the organisation of teaching and research, including the organisation of Faculties, Boards of Studies and other groupings, the appointments of the Deputy Vice-Chancellor, Pro-Vice-Chancellors, Heads of Departments (Chairs of Boards of Studies), and the prescription of the dates when the Michaelmas, Epiphany and Easter Terms begin and end.
4. To appoint the Vice-Chancellor as Chief Executive of the University and Accountable Officer, and to put in place suitable arrangements for monitoring his/her performance. The Council is responsible for the removal of the Vice-Chancellor for good cause.
5. To delegate authority to the Vice-Chancellor, as Chief Executive, for the effective academic, corporate, financial, estate and human resource management of the University.
6. To establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor.
7. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and for managing conflicts of interest. Council is responsible for the appointment of the University's external auditors.
8. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
9. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself and the University's system of governance.
10. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
11. To safeguard the good name and values of the University and to be responsible for the ethical governance of the University.
12. To appoint the University Secretary as Secretary to Council.
13. To be the employing authority for all staff in the University and in the maintained Colleges and Societies and to be responsible for establishing a human resources strategy and, subject to the powers of the Senate, for the maintenance of discipline.
14. To be the principal financial and business authority of the University including:
  - a) ensuring that proper books of account are kept; approving the annual budget, financial statements and financial forecasts; establishing budget centres within the University for the efficient management of resources and appointing Budget Officers for each budget centre; the approval of fees.
  - b) having overall responsibility for the University's assets, property and estate.
15. To ensure that there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders, including providing transparency about value for money for students and for taxpayers.



## Responsibilities of Council in the preparation of the Financial Statements

The Council is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, at any time, the financial position of the University and which enable Council to ensure that the financial statements are prepared in accordance with the accounting instructions from the OfS, the University's Statutes, the Statement of Recommended Practice: Accounting for further and higher education and other relevant accounting standards. In addition, Council through its Accountable Officer is required by the OfS to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

In the preparation of the financial statements and in accordance with the exercise of its powers under the statutes, Council is responsible for ensuring:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates which are made are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- The University has adequate resources to continue in operation for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Council has taken reasonable steps to:

- Ensure funds from the OfS are used only for the purposes for which they have been given and in accordance with OfS guidance and the University's ongoing conditions of registration.
- Ensure funds from the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been given and in accordance with the agreement between the NCTL and the University and any other conditions, which the NCTL may from time to time impose.
- Ensure there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the University and to prevent and detect fraud and other irregularities.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

In so far as the Council is aware:

- There is no relevant audit information of which the auditor is unaware.
- The Council has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

16. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name. This includes accountability for health, safety and security and for equality, diversity and inclusion. Council is responsible for making regulations for the custody and use of the common seal of the University and for representing the University in all negotiations for obtaining grants from public bodies in aid of the work of the University.
17. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
18. To promote a culture which supports inclusivity and diversity across the institution.
19. To maintain and protect the principles of academic freedom and freedom of speech legislation.
20. To receive and test assurance that academic governance overseen by Senate is adequate and effective.
21. To ensure that all students have opportunities to engage with the governance of the University and that this allows for a range of perspectives to have influence.
22. To receive assurance that adequate provision has been made for the general welfare of students. Subject to the powers of the Senate, to be responsible for the regulation of the relations between the Council and the students, and for the maintenance of student discipline.
23. Subject to the provisions of the Statutes, to be responsible for the recognition of the recognised Colleges of the University. In particular, University Council shall approve the appointment of the Heads of the Recognised Colleges.
24. To approve changes to Statutes and to ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.



## Council Sub-Committees

The work of Council is supported by several committees which exercise delegated authority in accordance with terms of reference approved by Council and whose decisions and recommendations are formally reported to Council.

### Audit and Risk Committee Membership 2022/23

#### Lay members

- Kay Boycott (Chair)
- Cheryl Millington
- Nigel Perry (from January 2023)

#### Co-opted member

- Martin Cocker

Audit and Risk Committee provides the primary source of assurance to Council on the adequacy of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness; and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England, and other bodies. The Committee advises Council on the appointment and performance of the internal and external auditors, agrees the audit programme, and sets the policy on the use of auditors for non-audit work. Any incidents that may affect the performance of the University are reported to the Committee, which ensures management takes appropriate action to mitigate risks.

The Committee reviews the draft annual report and financial statements including the external auditor's formal opinion, the statement of members' responsibilities, the statement of internal control and any relevant issues raised in the external auditors' management letter. No significant issues were identified in relation to the financial statements for the year ended 31 July 2023.

The University has a hybrid internal audit function. An in-house service is supported by bought-in generalist internal audit service, provided by Uniac, and specialist support for information technology audits provided by PwC and for health and safety audits provided by British Safety Council until September 2022. The external and internal auditors are appointed by Council, on the recommendation of Audit and Risk Committee. There was no change in audit providers during 2022/23.



### Finance Committee Membership 2022/23

#### Members of Council

- Joanna Barker (Chair)
- Jonathan Bewes
- James Grierson
- Colin Macpherson
- Amir Michael

#### Co-opted members

- Rebecca Askew
- Leslie Ferrar

#### Ex-officio members

- Joe Docherty - Chair of Council
- Karen O'Brien - Vice-Chancellor and Warden
- Antony Long (to December 2022) Richard Crisp (from January 2023) - Deputy Vice-Chancellor and Provost
- Joe McGarry - President of Durham Students' Union

Finance Committee advises Council on the financial position of the University budgets and financial forecasts. The Committee plays an important role in ensuring the long-term sustainability of the institution through advising Council on the use of accounting policies and changes to accounting treatment, approving the University's policies on investment and borrowing, monitoring implementation of the strategy for the Estate and overseeing the University's employee pension arrangements. The Committee also monitors the effective and efficient procurement and use of resources in accordance with the objectives of the University.



## Governance and Nominations Committee Membership 2022/23

### Members of Council

- Alison Hastings
- Ari Sadanandom
- Terry Toney

### Staff members

- Gillian Bentley
- Kieran Fernandes

### Ex-officio members

- Joe Docherty (Chair) – Chair of Council
- Karen O'Brien - Vice-Chancellor and Warden
- Joe McGarry - President of Durham Students' Union

Governance and Nominations Committee is responsible for keeping under review and advising Council on the University's governance arrangements and ensuring the University pursues governance good practice and complies with external governance requirements. The Committee reviews the role description for Council members, oversees a systematic and transparent selection process, and makes recommendations to Council for the appointment and succession planning of members for Council and its Committees. The Committee is responsible for ensuring there is an appropriate mix of skills, knowledge and experience to enable Council to fulfil its responsibilities. The Committee reviews annually the Council Register of Interests, develops processes for the periodic review of Council's effectiveness and oversees the action plan for addressing proposed recommendations and suggestions.

The Committee receives reports on the University's compliance in relation to governance codes and OfS registration and advises Council on these matters.

## People and Organisational Development Committee Membership 2022/23

### Lay Members of Council

- Leslie Ferrar
- Denise Lievesley (Chair)

### Staff members

- Rebecca Askew
- Charlotte Clarke
- Nicole Westmarland

### Ex-officio members

- Joe Docherty – Chair of Council
- Karen O'Brien - Vice-Chancellor and Warden
- Richard Crisp - Deputy Vice-Chancellor and Provost
- Shaid Mahmood – Pro-Vice-Chancellor (EDI)
- Joanne Race – Director of Human Resources and Organisational Development
- Laura Curran – Student Union Postgraduate Officer

People and Organisational Development Committee assists Council in fulfilling its primary responsibility for being the employing authority for all University staff, being responsible for establishing a human resources strategy, and for the maintenance of discipline. It also provides guidance on the performance management reward practices, monitors compliance with relevant legal and regulatory frameworks, and the employee relations culture and climate.

This Committee was established in 2022/23 in response to the Council effectiveness review and met twice during the year.

## Remuneration Committee

The Committee comprises four lay members of Council, one of whom is appointed Chair, plus the Chair of Council. The Vice-Chancellor is not a member and may attend meetings, by invitation, but is not present when their own remuneration is under discussion.

### Membership 2022/23

#### Members of Council

- Jonathan Bewes
- Alison Hastings (Chair)
- Denise Lievesley
- Nigel Perry

#### Ex-officio members

- Joe Docherty – Chair of Council

Remuneration Committee determines the annual remuneration of senior staff (Executive Committee members including the Vice-Chancellor, professors and equivalent level senior posts within the Grade 10 pay range) in line with its policy to encourage enhanced performance and reward staff for their contribution to the success of the University in a fair and responsible manner. Decisions take account of market data (UCEA Korn Ferry, CUC (Committee of University Chairs) and other survey information) as well as the public interest, the safeguarding of public funds, the University's interests and the need to remain competitive. The Committee also approves, cognisant of the use of public funds, any termination arrangements for senior staff. Council receives an annual statement on the work of the Committee during the year.

The Committee recognises the need to offer competitive salary packages to attract and retain outstanding staff in senior leadership roles. Remuneration is set in the context of the institution, and the expected contribution and attributes required of these roles. Note 7 of the Financial Statements provides further details of the remuneration of the Vice-Chancellor and senior staff.

The internal University web pages include the policy around income derived from external activities and the staff Expenses Policy.

The Remuneration Committee has mapped its activities against the requirements of the CUC, Higher Education Senior Staff Remuneration Code and is satisfied that it is fully compliant.



#### And the student...

- ❑ Student transitions and belonging (Dyer 2020; Timmis et al 2016)
- ❑ Overlaps between student and youth transitions (Farrugia 2018; Theodoridis 2021)
- ❑ Students, study skills, employability
- ❑ Students, wellbeing and the mental health crisis
- ❑ All have a digital dimension...





## University Strategy Implementation Committee

The University Strategy Implementation Committee provides strategic oversight and scrutiny of progress in implementing the University Strategy 2017-2027 to give assurance to Council. This Committee was demised by Council in January 2023.

### Membership 2022/23

#### Members of Council

- James Grierson
- Liadi Mudashuri
- Nigel Perry
- Corrine Saunders
- Terry Toney (Chair)

#### Ex-officio members

- Karen O'Brien - Vice-Chancellor and Warden
- Antony Long - Deputy Vice-Chancellor and Provost
- Joe McGarry - President of Durham Students' Union

### Senate

Senate provides assurance to Council on academic quality and standards. Senate is responsible for promoting, directing and regulating teaching and research, key components of the business model. Senate is supported by the Education, Research, and Wider Student Experience Committees. Senate membership is drawn from across University staff plus representatives from Durham Students' Union and is chaired by the Vice-Chancellor. A review of the effectiveness of Senate concluded in 2022 overseen by a Joint Steering Group of Senate and Council and supported by Halpin, the independent consultants that conducted the review of Council. Senate recommended several workstreams to Council, in ensuring that Senate continued to fulfil its role in assuring Council of the quality of teaching and learning, research, and wider student experience.

**University Ethics Committee** is a joint committee of Senate and Council and chaired by a lay member of Council. The Committee is responsible for fostering an environment in which ethics and integrity are firmly embedded in the University's ethos and culture. The Committee provides advice on the development of institutional policies and guidelines relating to ethical issues arising from research and advises on other ethical issues as requested.

**University Executive Committee** is a joint committee of Senate and Council and chaired by the Vice-Chancellor. Membership comprises the Deputy Vice-Chancellor and Provost, the Pro-Vice-Chancellors, the Executive Faculty Deans, the Chief Financial Officer, the Chief Information Officer (until February 2022), the Director of Human Resources, the Director of Strategic Initiatives Delivery Unit, the Director of Estates and Facilities and the University Secretary. The Director of Advancement, Marketing and Communications is a standing attendee of meetings. The Committee oversees the development and delivery of the University Strategy and monitors the achievement of its performance objectives. The Committee coordinates the University's integrated planning and budgeting process and recommends the annual budget and financial forecasts, manages key risks and makes recommendations to Senate and Council on important policy initiatives.



## System of Internal Control

Council is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which Council is responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; Council can therefore only provide reasonable and not absolute assurance of effectiveness.

**The key elements of the University's system of internal control, which are designed to discharge the responsibilities set out above, include the following:**

- Clear definitions of the matters reserved for Council and Senate (the University's senior governance committee for academic matters) and the authority delegated to individual managers.
- A medium and short-term planning process, supplemented by detailed annual income, expenditure and capital budgets.
- Regular reviews of financial results involving variance reporting and updates of forecast out-turns.
- Financial Regulations detailing financial controls and procedures approved by Council and Finance Committee. University Regulations, Guidelines and Codes of Practice approved by Senate provide similar structure and guidance on academic matters.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions being subject to formal detailed appraisal and review according to delegated authorities.
- A risk-based approach to design and implementation of internal control.
- Unambiguous strategic risks ownership by members of the University Executive Committee, who are responsible for alerting the Committee of significant matters.
- Routine reporting of matters concerning risk management and internal control to Council and Audit and Risk Committee routinely, or as significant matters arise.
- Strategy performance indicators, business operation and compliance risks and financial performance are monitored by the University Executive Committee.
- There is an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives including the risk of corruption, fraud, bribery and other irregularities.

The process has been in place throughout the year ended 31 July 2023, and up to the date of approval of the financial statements, and is in accordance with the responsibilities assigned with OfS guidance and the University's ongoing conditions of registration.

Council's review of the effectiveness of the system of internal control is informed by the hybrid internal audit model, which complies with the professional standards of the Chartered Institute of Internal Auditors.

The internal auditors undertake a planned programme of assurance reviews (covering business, operational, compliance and financial risks) as part of a risk-based strategic and annual assurance plan and report their findings to the University's management and Audit and Risk Committee. These are summarised in the University Assurance Service Annual Report, which includes an independent opinion on the adequacy and effectiveness of the University's arrangements for the provision of adequate internal control, corporate governance, risk management, quality of data to the OfS, Higher Education Statistics Agency and other public bodies and the achievement of value for money.

From an assessment of the performance of the University Assurance Service by the Audit and Risk Committee, informed by the views of the Vice-Chancellor, it is considered that these arrangements were effective for the year ended 31 July 2023 and the period up to the date of approval of the audited financial statements.

Any internal control deficiencies identified during the course of either internal or external audit work were reported to the Executive Risk Owner and Audit and Risk Committee, and remedial actions were agreed in response to all recommendations made.



## Public Benefit

As a charity, we operate for the public benefit through providing education and enhancement through research for the wider community, in line with our purpose and values. We conduct our business in a fair, proper, transparent and ethical manner; in accordance with the seven principles identified by the Committee on Standards in Public Life. We have adopted the core values and six key elements in the CUC Higher Education Code of Governance (2020) and act in accordance with the Charity Commission’s guidance on public benefit.

We adopt the Association of Fundraising Professionals Code of Ethical Principles and Standards and are registered with the UK Fundraising Regulator. In line with our fundraising policies, there are written agreements in place with the University’s two independent recognised colleges, St Chad’s and St John’s, and with the University College Development Trust.

### Value for money

We offer opportunities for educational and personal development that provide graduates with the qualities they need to succeed over the course of their lives in a changing and uncertain world. The fundamental value of a Durham education is therefore to be seen in terms of the sustained long-term benefits provided to graduates and society.

For students, the value of a Durham degree will be reflected in outstanding opportunities for further study, salary and for highly skilled and long-term employment. Exceptional performance in national league tables and international rankings will continue to provide our graduates with significant reputational benefits.

The wider public benefit of the University is reflected in our commitment to enhance social mobility, in the contributions our scholars and graduates make to regional and national economies, and in the community partnerships and engagement of our students, staff and alumni.

Value for money will be enhanced by our ongoing efforts to strengthen the effectiveness and efficiency of our operations, including the development of student-centred processes and the intelligent use of IT systems. This will be complemented by the prioritisation of staff resource in relation to the core academic objectives of the University.

We are committed to actively engaging students as partners and will ensure that they are informed of the costs that they may be expected to incur during their studies. The University Council ensures that value for money is addressed in key institutional decisions, in the scrutiny of proposals for investment, in the annual review of institutional performance, and in seeking assurance on the University’s academic, operational and financial management

### Freedom of expression

Always curious, we challenge ourselves and each other to answer the big questions and create a positive impact in the world.

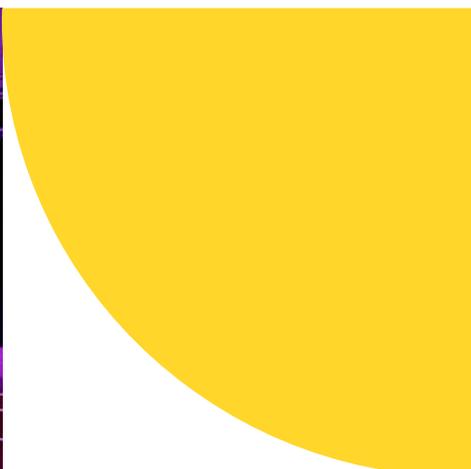
We promote the right of everyone to freely express views and ideas that are within the law, without fear of interference or persecution, through respectful debate and conversation, to challenge discrimination and build strong, positive communities.

We have a duty to protect free speech and we respect UK law and government guidance in this area as outlined in our Freedom of Expression code of practice.

*Signed on on 31 January 2024 on behalf of Durham University*

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**Joe Docherty**  
Chair of Council





# Independent auditor's report to the Council of Durham University

## Opinion

We have audited the financial statements of Durham University (the 'University') for the year ended 31 July 2023, which comprise Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance sheet, Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent University's affairs as at 31 July 2023 and of the group's and the parent University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the University use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent University to cease to continue as a going concern.

In our evaluation of the Council's conclusions, we considered the inherent risks associated with the group's and the parent University's business model including effects arising from macro-economic uncertainties such as Brexit and cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Council members and the related disclosures and analysed how those risks might affect the group's and the parent University's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Council is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Office for Students (OfS) Accounts direction (issued October 2019) (the 'OfS Accounts direction')

In our opinion, in all material respects:

- Funds from whatever source administered by the parent University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with relevant terms and conditions; and
- The requirements of the OfS Accounts direction have been met.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the OfS Accounts direction requires us to report to you where:

- The parent University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- The parent University's expenditure on access and participation activities for the financial year has been materially misstated.

## Responsibilities of governing body

As explained more fully in the Statement of responsibilities of the Council members set out on page 54, the governing body members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council members are responsible for assessing the group's and the parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the university, and the sector in which it operates. We determined that the following laws and regulations were most significant;
  - financial reporting legislation (FEHE SORP 2019, United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 and the OfS Accounts Direction (October 2019));
  - regulatory environment (including the OfS framework and relevant OfS regulatory notices); and
  - the Higher Education Code of Governance published by the CUC.

The engagement team remained alert to any indications of fraud and non-compliance with laws and regulations throughout the audit;

- We understood how the University is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit Committee, and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
  - The University's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
  - The University's control environment including the adequacy of procedures for authorisation of transactions.
- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and



- Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the university operates in, its understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulations or matters in relation to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [frc.org.uk/auditorsresponsibilities](http://frc.org.uk/auditorsresponsibilities) This description forms part of our auditor's report.

## Use of our report

This report is made solely to the University's Council members, as a body, in accordance with 3.1 of the University's articles of government. Our audit work has been undertaken so that we might state to the University's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

**Gareth Hitchmough FCA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

Liverpool, 31/1/2024

Automatic  
Door



Durham  
University





# Statement of Principal Accounting Policies

## 1. Basis of Preparation

The financial statements have been prepared under the historical cost convention, other than where land and certain heritage assets were revalued to their fair value at transition to FRS 102, with the revalued amount being treated as deemed cost. The financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and the Financial Reporting Standard 102 (FRS 102). The University is a public benefit entity and has applied the relevant public benefit requirements of FRS 102.

## 2. Exemptions under FRS 102

The University has taken advantage of the exemptions available under section 3.3 of the SORP (1.12(b) of FRS 102) to not disclose the following in its financial statements:

- a) A separate cash flow statement for the University
- b) Transactions with other group members.

And also of the practical expedient under FRS 102 Section 11 from consideration of substantial debt modifications, where the only changes are due to the move from LIBOR to SONIA in 2022.

## 3. Going Concern

Council has assessed its going concern status over a period of two years to July 2025. In addition, Council reviews and approves five-year financial forecasts, including cash flow forecasts, annually to be fully satisfied that it can meet its working capital needs from its forecast cash balances.

The University's latest budget was approved in July 2023 and the five-year forecast in October 2023. The base forecast was begun earlier and factored in the key economic assumptions at the time, with inflation in 2023/24 expected to fall to 5% and remain at that level in the plan period. Inflation impacts on utilities, food prices and most bought in commodities throughout.

For reasons including both external economic uncertainties, including rising interest rates, higher inflation, Brexit, the Ukraine conflict and immigration policy uncertainty as well as internal systems and process changes, the University has revisited its base forecast and its scenario modelling. It has updated its stress tests and reverse stress test as part of its sensitivity analysis work. The reverse stress test is designed to understand what it would take for the University to breach its contractual covenants and explores plausible scenarios that would cause such a breach to occur. The covenant position forms the main risk to going concern given the University's strong level of cash and available resources.

The University's base case scenario projects compliance with all loan covenants to 31 July 2025 and liquidity headroom (excluding liquid investments but including the revolving credit facility), no lower than £100m through the going concern assessment period.

A number of plausible down-side scenarios have been run on the baseline forecast to stress test the cash position, as well as the ability to remain compliant with covenant restrictions. This included modelling risks to (international) student fee income, increases in staff costs and increased inflation on goods and services.

Under the plausible downside scenario, cash remains well above the treasury minimum of £40m at all points in the going concern assessment period.

It should also be noted the scenarios did not assume any mitigating actions were taken to offset the impact on cash. If necessary, the University has developed a structured set of actions it could take, including the introduction of progressively more stringent cost controls and reductions, as well as reductions in capital spending or asset disposals.

The University has clearly demonstrated its ability to successfully take rapid mitigating actions during the pandemic.

The University has considered scenarios to reverse stress test the model under which it either utilises all cash and liquid investments or breaches loan covenants.

These scenarios would require a significant reduction in forecast income, with no mitigating actions. Forecast International tuition fee income of £176m in 2024/25, would have to fall by more than 27% (9% of total income), in order to breach the covenant, EBITDA to Interest Cover.

After reviewing these forecasts, the Council is of the opinion that, based on the current considerable financial resources and the latest cash flow forecasts, the University will have sufficient funds to meet their liabilities as they fall due over the period to 31 July 2025.

The reverse stress test developed scenarios based on a realistic position and a worst-case outlook for the University based on assumptions made of the global uncertainties. These assumptions included, but were not limited to:

- A fall in international recruitment – whether due to UK or foreign government policy changes, league table position changes or other market factors.
- Higher goods and services cost inflation than planned.
- Higher staffing costs whether due to national pay arrangements or pension scheme changes.

The outputs of these tests were then reviewed against the Group's current and projected future net cash/debt and liquidity position. This assessment enabled the University to understand how it could mitigate against these risks and meet its liabilities as they fall due.

The results of this testing show that a significant financial impact against the Council-approved financial forecasts must occur before any covenants are breached. The University has assessed the gross impact of such factors singly and in combination and assessed its approach to mitigating such changes through reprioritisation of resources, structural and

policy changes, within the context of its overall strategy for the forthcoming period. It has assessed and identified the extent of reductions to spending and slowdown of investments in infrastructure as well as staffing to avoid any breach occurring.

At 31 July 2023 the University had £23m in cash and access to a £75m revolving credit facility, of which £45m is undrawn. Its non-current investments totalled £221m (see Note 15).

Financial operating performance in 2022/23 was better than budgeted and the Council, having considered its forecasts together with the sensitivity analysis included within the reverse stress testing exercise, is confident that it will be able to meet all its future financial obligations and operate within its financial covenants to July 2025 with a firm expectation to continue to do so into the foreseeable future. As a result, these financial statements have been prepared on a going concern basis.

## 4. Basis of Consolidation

The financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year to 31 July 2023.

The consolidated financial statements include the results of student organisations that have elected to opt into a framework enabling them to operate within the organisational and governance structure of the University but do not include those of the student bodies which are separate entities, as the University has no significant control or influence over the policy decisions of those bodies.

The University has investment shareholdings in spin-off companies over which it has no significant influence on policy or strategy decisions. These companies are not consolidated but are accounted for as investments, see Note 15.

## 5. Recognition of Income

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by a sponsor negotiated discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Funds the University receives and disburses as a paying agent on behalf of a funding body are excluded from the income and expenditure of the University where it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

### Non-exchange transactions

Such transactions take place where income is received without approximately equal value being given in exchange and are accounted for using the performance model.

- Government grants (including funding council teaching and other grant, research grants from government sources and capital grants), grants from non-government sources (including research grants from non-government sources and capital grants) and donations are recognised within the Statement of Comprehensive Income and Expenditure when the University is entitled to the income and any performance related conditions have been met. Income received in advance of performance related conditions is deferred on the balance sheet and released to the Statement of Comprehensive Income and Expenditure as such conditions are met.
- Where grants or donations have no performance related conditions but have a restriction regarding how they may be spent, the income is retained within the restricted reserve until such time that it is utilised in line with the restrictions, at which point the income is released to general reserves through a reserve transfer.
- Endowments are donations where the donor has specified either that the gift must be invested and only the income spent against the donor's stated aims (which may be restrictive or for the general purposes of the University) or that the gift may be spent against the donor's stated restrictive aims but any unspent funds are to be invested. Endowments are recognised when the University is entitled to the income and are recorded as permanent or expendable endowment reserves as appropriate.

## 6. Employee benefits

### Post-employment benefits (pensions)

The University participates in the Universities Superannuation Scheme (USS) and in the Durham University Pension Scheme (DUPS), both of which are defined benefit schemes, externally funded and until 31 March 2016 contracted out of the State Second Pension (S2P). The assets of the schemes are held in separate trustee-administered funds. The University also contributes to Aviva Pensions, a defined contribution scheme in compliance with the government's automatic enrolment requirements.

The two funded defined benefit schemes are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the schemes.

The USS scheme is a multi-employer scheme for which the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the scheme is accounted for as if it were a defined contribution scheme and the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme for the accounting period. However, because the University has entered into an agreement (the scheme Recovery Plan that determines how all employers will fund the overall deficit) it is required to recognise a liability within provisions for the contractual commitment to make deficit contributions and any resulting expense appears in the Statement of Consolidated

Income and Expenditure. The provision is calculated based on the value of deficit contributions over the period of the Recovery Plan discounted to their present fair value.

### Defined Benefit Scheme

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The University's net obligation in respect of its defined benefit pension scheme (DUPS) is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any scheme assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of the scheme and having maturity dates approximating to the terms of the scheme's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

### Defined Contribution Scheme

A defined contribution scheme is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Consolidated Income and Expenditure in the periods during which services are rendered by employees.

### Short term employee benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

## 7. Leases

### Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below. Only finance leases with an initial value of over £10,000 are recognised in line with the policy on recognising fixed assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## 8. Service Concession Arrangements

When the University enters into a service concession arrangement, the terms of the arrangement are considered, to inform management's judgements on how to account for the arrangement. The University has a service concession arrangement in place with Mount Oswald Colleges LLP for the use of two Colleges for the provision of accommodation to students.

Fixed assets held under service concession arrangements are initially recognised on the Balance Sheet at the present value of the lease payments when the assets are brought into use, with a corresponding financial liability. Subsequently, fixed assets are shown at valuation less accumulated depreciation.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

## 9. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at the rates at the date of the Balance Sheet or, where there are related forward exchange contracts, at contract rates. The resulting exchange differences are recognised in the Statement of Comprehensive Income and Expenditure.

## 10. Tangible Fixed Assets

### a. Capitalisation

Tangible assets are capitalised where they are capable of being used for a period which exceeds one year and which:

- Individually have a cost equal to or greater than £10,000; or
- Collectively have a cost equal to or greater than £10,000 where the assets are functionally interdependent or are purchased together and intended to be used as a group under common management control; or
- Irrespective of their individual cost, form part of the initial equipping of a new building.

Expenditure on a tangible asset after its initial purchase is capitalised where it increases the expected future benefit to the University. The cost of such enhancement is added to the gross cost of the relevant asset. All capital expenditure is initially held on the balance sheet as work in progress and capitalised when fully available and ready for use.

## b. Valuation

Tangible fixed assets are stated as follows:

Asset	Basis
Land	Deemed cost at 1 August 2014 (valuation at that date)
Freehold buildings	Cost or, in the case of buildings for which the cost cannot readily be ascertained, at valuation
Leasehold buildings	Cost
Equipment and other tangible fixed assets	Cost

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

## c. Depreciation

Freehold land is not depreciated as it is considered to have an indefinite useful life. Other tangible assets are depreciated on a straight-line basis over their useful life as follows:

Asset	Basis
Freehold buildings	15 to 50 years according to the designated useful life of its components
Leasehold buildings	Over the term of the lease
General and scientific equipment, furniture and IT infrastructure	8 years
Motor vehicles and computer equipment and software	4 years
Equipment acquired for specific research projects	Project life (generally 3 years)

No depreciation is charged on assets in the course of construction. Borrowing costs attributable to the acquisition or construction of a fixed asset are not capitalised but are recognised as an expense in the Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

## 11. Intangible Assets

### a. Capitalisation

Intangible assets are capitalised where they are capable of being used for a period which exceeds one year and which:

- Individually have a cost equal to or greater than £10,000; or
- Collectively have a cost equal to or greater than £10,000 where the assets are functionally interdependent or are purchased together and intended to be used as a group under common management control; or
- Irrespective of their individual cost, form part of the initial equipping of a new building.

Expenditure on an intangible asset after its initial purchase is capitalised where it increases the expected future benefit to the University. The cost of such enhancement is added to the gross cost of the relevant asset. All capital expenditure are initially held on the balance sheet as work in progress and capitalised when fully available and ready for use.

### b. Valuation

Intangible assets are stated as follows:

Asset	Basis
Software	Cost

A review for impairment of an intangible asset is carried out if events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable.

### c. Amortisation

Asset	Basis
Software	Between 4 and 10 years

No amortisation is charged on assets in the course of construction. Borrowing costs attributable to the acquisition or construction of an intangible asset are not capitalised but are recognised as an expense in the Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

## 12. Heritage assets

### a. Capitalisation

Heritage assets are capitalised where they:

- Individually have a cost or value equal to or greater than £10,000 or
- When acquired as a collection with the intention that they remain as a collection have a cost or value equal to or greater than £10,000.

### b. Valuation

Heritage assets are stated as follows:

Asset	Basis
Purchased items	Cost
Donated items	Valuation

Donated items where a valuation cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements are not included in the financial statements.

The ongoing conservation of heritage assets plus the quality standards surrounding the keeping of our collections ensure that there is no impairment due to damage or deterioration.

### c. Depreciation

Heritage assets are not acquired with a view to disposal but are held in perpetuity for the benefit of the University and the wider community. Many items are ancient at the time of acquisition and with the benefit of the University's ongoing

conservation programme there is every reason to suppose that their lives will continue to survive for an indeterminate period (see Note 13). Heritage assets are not depreciated as they have indefinite useful lives. The carrying amount of heritage assets is reviewed where there is evidence of impairment.

### 13. Investments

Non-current asset investments are held as follows:

- Investments in subsidiary companies are stated at the original cost of the investment and reviewed for impairment where appropriate.
- Investments in associates are stated at the original cost of the investment and reviewed for impairment where appropriate.
- Endowment property is comprised of long-term holdings of land and buildings held for rental income or capital appreciation rather than for delivering services. Endowment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions at the Balance Sheet date.
- Market securities are comprised of long-term holdings of quoted investments held for income and capital growth and are included in the Balance Sheet at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

Current asset investments are included in the Balance Sheet at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

### 14. Stock

Stock is stated at the lower of cost and net realisable value.

### 15. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents contain sums relating to endowment reserves which bear restrictions regarding their use.

### 16. Financial Instruments

As allowable under FRS 102 the University has adopted in full the recognition, measurement and disclosure requirements of sections 11 and 12 of FRS 102. Where the University's financial assets and liabilities meet the criteria for basic financial instruments prescribed within FRS 102, these instruments are held at amortised cost using the effective interest method or cost and are subject to an annual impairment review.

The University has hedging instruments under the terms of a loan taken out in 2010 and held as derivatives. The university has not designated these as financial hedges under Section 12 of FRS 102 and as such the instruments are held at fair value with the annual change in value being recorded within the Income Statement as part of the surplus for the year.

### 17. Provisions

Provisions are recognised in the financial statements where the University has a present financial obligation as a result of a past event and it is probable that a cost will arise on settlement of the obligation and a reliable estimate can be made of its value. The amount recognised is determined by discounting the expected future cash flows at a rate that reflects risks specific to the liability.

### 18. Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the cost of such inputs, including tangible fixed assets.

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. A deferred tax liability is provided for if transactions or events giving rise to an obligation to pay more tax in the future, or less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that they are more likely than not to be recoverable in the future.

### 19. Joint Venture

The University's share of income and expenditure in joint venture entities is reported in the Statement of Comprehensive Income and Expenditure and its share of assets and liabilities of joint venture entities is recognised in the consolidated Balance Sheet using the gross equity method.

### 20. Significant Accounting Estimates and Judgements

The University prepares its consolidated financial statements in accordance with FRS 102, the application of which often requires certain estimates and judgements to be made by management when formulating the financial position and performance. In determining and applying accounting policies, judgement is often required where the choice of specific policy, accounting estimates or assumptions could materially affect the reported results or net asset position. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuations for investments (including investments properties and other securities) and pension funds rely on third party and other market valuations. These valuations are subject to inherent uncertainty as global markets continue to recover from the global pandemic and grapple with current global issues: climate change, war, recession etc. The resulting accounting estimates will therefore, by definition, be unlikely to equal the related actual results and may lead to adjustments to the future carrying value of assets and liabilities.



The University recognises the importance of regularly reviewing these estimates and judgements and papers covering these are considered and prepared annually by management for scrutiny by the Audit and Risk Committee.

The judgements, estimates and assumptions that have a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below.

## a) Judgements

### i) Mount Oswald Campus Project (MOCP)

Judgements have been taken in accounting for amounts attributable to individual elements of the Mount Oswald Campus Project (MOCP).

The University holds 15% equity in Mount Oswald Colleges LLP, the Special Purpose Vehicle set up to operate the residences. This investment is made through the University's wholly owned subsidiary, Durham Mount Oswald Ltd.

In 2018, the University issued a headlease to Mount Oswald Colleges LLP (MOC) in relation to land held on Mount Oswald, Durham. The premium linked to the headlease obligations has been determined at £19.8m and judgement has been taken in determining that the most appropriate treatment is the recognition of this income over the 53-year life of the lease. The annual amount released to the Income Statement is £372k. This value relating to the next financial year is held within Current Liabilities (Note 20) with the remaining balance held as a Long-Term Creditor (Note 21).

Under the MOCP, the University has entered into an agreement with MOC for the provision of student accommodation in Durham, which is always in high demand. This agreement provides for an annual nomination charge based on contractually agreed terms each October for the following academic year, until the contract terminates in 2071. This arrangement is deemed to be a Service Concession Arrangement under the terms of Section 34 of FRS 102 and the University recognises the assets and liabilities to the extent that the University is required to fulfil nominations commitments at each 31 July.

Future carrying values of assets and liabilities are therefore known with reasonable certainty.

## ii) Queens Campus Stockton

In the early 1990's the University established and built a new campus at Stockton, comprised of a number of buildings clustered together on a new riverside development. In 2016 it was announced that the School of Medicine, Pharmacy and Health were to transfer to Newcastle University.

Since that time, some of the buildings have been sold to external third parties, whilst others have either been used for alternative teaching or been mothballed.

In 2022, management reviewed the remaining five buildings on the site and made a judgement that the campus as originally envisaged no longer exists. It is therefore judged as appropriate to value the five buildings as individual assets, as current and future anticipated teaching use will be restricted.

In 2022, two of the buildings, Wolfson and Ebsworth, were used for teaching. For Wolfson this has reduced, with on-site teaching being concentrated in Ebsworth. As such it is viewed as appropriate to continue to carry Ebsworth at its book value and that the original useful life estimate is still valid. Wolfson has been impaired to its current market value.

Management will continue to review activity on this site and the strategic direction of the University teaching here. The net book value of the one unimpaired building at 31 July 2023 is £4.3m (2022, two buildings: £16.2m).

The other four buildings (2022: three buildings) have been valued at market value provided by an independent external valuer, resulting in a total impairment charge to date of £17.8m of which £12.5m was charged to the SOCIE in the current financial year. The market value of the four buildings at 31 July 2023 is £6.4m (2022, three buildings: £8.4m).

## iii) Hild/Bede College

The college was established in 1839 and occupies a large site on a hillside opposite and overlooking the city. There are a range of buildings on the site of varying dates and quality, one being listed. Over 50% of the site is grass and woodlands with planning restrictions on any newbuild.

The college buildings on the site provide for student accommodation and the usual range of college facilities, music room, gym, JCR etc. In addition, the Education Department has until recently been based here; there is also a nursery and several houses. Values in the fixed asset register relate to undepreciated old refurbishments.

The University has entered into an Intention to Lease with Unite with a view to establishing a temporary replacement college at Rushford Court, aiming to empty the Hild/Bede site of activity for a full redevelopment, and a business case to this effect was approved by Finance Committee on 21 June with tenders from interested parties received in September. It is not known at present what the future redevelopment will look like, but it is likely, subject to planning that there will be some demolition, renovation and new build.

In the circumstances management have impaired the site to its development value of £4.4m, provided by an independent external valuer, resulting in an impairment charge of £8.3m.

## iv) Fixed Asset Review

In advance of the transfer of fixed asset data to the Oracle Fusion platform, a review of all fixed assets was undertaken, particularly for buildings. Historically, all building costs were allocated a useful economic life (UEL) of 50 years.

The review identified an historical error in the application of the Componentisation Policy, introduced in 2012, in that it was not applied retrospectively nor subsequently for projects of less than £1m. This policy splits the costs of building works into component parts with different UELs.

Unfortunately, for many of the pre-2012 building costs in the fixed asset register, there was insufficient information available to allow this componentisation policy to be applied retrospectively using original documentation.

In the absence of any evidence to the contrary, management therefore made the judgement to use the componentisation data from subsequent and similar buildings componentisations and apply this retrospectively. This resulted in a prior period adjustment of £32.5m.

The review also identified several items of plant associated with buildings but not included above, such as boilers, which had historically been treated as having a UEL of 50 years. Using the information available, management reclassified these as items of plant at the appropriate UEL. This resulted in a prior period adjustment of £4.0m.

Each line in the fixed asset register was examined and where the historical information permitted, these costs were attached to individual buildings in preparation for the transfer to Oracle Fusion. However, there were undepreciated cost lines in the fixed asset register which lacked such attribution. Management made the decision to treat these items as disposals which resulted in a loss on disposal charge to the SOCIE of £7m in 2022/23.

## b) Estimates

### i) Useful economic lives of fixed assets (UEL)

The UEL of the University's assets are determined by management at the time the asset is acquired. These UELs are reviewed regularly and amended when necessary to reflect current estimates of where the carrying amount of that asset may not be recoverable. The UEL is based on historical experience with similar assets and sector norms as well as anticipation of future events, which may impact their life, such as changes in technology. Nevertheless, some assets, including buildings, remain in use well beyond their useful life and to this extent there is no charge to depreciation in respect of fully written-off assets.

The depreciation charge for the year of £37.8m (2022: £43.9m) is calculated using consistently applied depreciation rates calculated from UEL estimates.

UELs associated with building costs were reviewed as part of the fixed asset review above at Note iv) under Judgements. Management are satisfied that the UELs applied throughout the year are appropriate.

### ii) Non-current asset investments – endowment properties

Endowment properties are included at fair value which was determined by a property valuation expert on the date that the property was endowed to the University. After initial recognition, the properties enter a rolling programme of external valuations on a "Red Book" basis with a firm of local but national chartered surveyors, familiar with the University portfolio. The last such valuation was in 2023. In the intervening years, a senior member of the estates department, a qualified surveyor, performs a desktop valuation using available local market data.

It is assumed that the properties are held on a long-term basis with no intention to sell on the open market in the foreseeable future and that they will continue to be used for their current purpose. Management believes this to be an appropriate, reasonable and consistent approach.

At year end the properties were valued at £17.2m (2022: £17.7m) after the most recent external valuation. The prior year value was based upon the last external market valuation in 2019 with subsequent internal annual market updates.

### iii) Calculation of USS Pension Provision

The University participates in this multi-employer scheme, which is one of the biggest private pension schemes in the UK used by over 340 employers across the wider higher education (HE) sector. USS is a trust with appropriate governance structures and produces annual audited accounts and independent valuations of its assets and liabilities.

Participants in the scheme are not able to identify their individual share of the assets and liabilities.

Given the involvement of so many wider HE institutions, the British University Finance Directors Group (BUFDG) works with an external professional advisor, Mercers, to provide sector

wide guidance to enable individual institutions to value their pension liability. In addition, BUFDG provides its members with a model to enable the annual pension liability to be calculated in a standardised manner. The University relies upon this work in determining its required provision.

The calculation of the liability for the present value of recovery contributions to the USS scheme is made using assumptions about the future salary and numerical growth of members of the USS scheme. The estimates used for these variables are consistent with those used in creating the University's financial forecasts.

The BUFDG model calculates the liability based upon the current USS recovery plan period to 2038. The impact of changes to the above assumptions over that period have the following impact:

Year on year pay increases of an additional 1% have an impact on the FRS 102 liability of £9.6m.

Year on year movement in staff numbers of 1% have an impact on the FRS 102 liability of £9.3m.

The provision at 31 July 2023 is £125.4m (2022: £141.8m). Further information is available in Note 22, Provision for Liabilities and Note 29, Pensions.

### iv) Calculation of Durham University Pension Scheme (DUPS) Provision

The University sponsors DUPS, which is a funded defined benefit pension scheme for qualifying University employees not eligible for membership of Universities Superannuation Scheme. The Scheme is administered by a Sole Independent Trustee Company, Vidett, which is legally separate from the University.

The calculation of the defined benefit pension liability in the DUPS scheme is made using actuarial assumptions including future salary and general inflation and the expected longevity of scheme members. The estimates used for these assumptions are consistent with those used in creating the University's financial forecasts and in actuarial valuation of the scheme for the trustees. The assumption having the largest impact is that of the discount rate.

The impact of a change in the discount rate of +1% on the FRS 102 liability would be a reduction of £16.0m.

The impact of a change in the discount rate of -1% on the FRS 102 liability would be an increase of £19.0m.

The University contracts a specialist pension advisory company to calculate the provision and provide the detailed disclosure information required.

The provision at 31 July 2023 is £26.3m (2022: £31.8m). Further information is available in Note 22, Provision for Liabilities and Note 29, Pensions.

## Financial Statements

### Consolidated and University Statements of Comprehensive Income and Expenditure for the year ended 31 July 2023

		Consolidated	University	Restated Consolidated	Restated University
	Note	2023	2023	2022	2022
		£'000	£'000	£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	1	289,887	289,887	272,353	272,353
Funding body grants	2	46,778	46,778	43,570	43,570
Research grants and contracts	3	57,517	57,517	50,462	50,462
Other income	4	74,945	74,283	78,140	77,840
Investment income	5	5,723	5,723	5,407	5,407
Donations and endowments	6	9,373	9,373	18,613	18,613
<b>Total income</b>		<b>484,223</b>	<b>483,561</b>	<b>468,545</b>	<b>468,245</b>
<b>Expenditure</b>					
Staff costs	7	261,606	261,606	241,288	241,288
USS provision	22	(21,045)	(21,045)	90,602	90,602
<b>Total staff costs</b>		<b>240,561</b>	<b>240,561</b>	<b>331,890</b>	<b>331,890</b>
Other operating expenses	9	173,428	172,978	146,310	146,005
Depreciation and amortisation	12, 14	38,953	38,953	44,650	44,650
Impairment adjustment	12	21,100	21,100	495	495
Interest and other finance costs	10	15,090	15,090	10,836	10,836
<b>Total expenditure</b>		<b>489,132</b>	<b>488,682</b>	<b>534,181</b>	<b>533,876</b>
<b>Deficit before other gains and share of operating surplus of joint venture</b>		<b>(4,909)</b>	<b>(5,121)</b>	<b>(65,636)</b>	<b>(65,631)</b>
Net loss on investments	15	(4,634)	(4,634)	(14,113)	(14,113)
Change in fair value of derivatives		11,687	11,687	12,173	12,173
(Loss) / Gain on disposal of fixed assets		(7,315)	(7,315)	202	202
Share of operating surplus in Joint Venture		-	-	-	-
<b>Deficit for the year before tax</b>		<b>(5,171)</b>	<b>(5,383)</b>	<b>(67,374)</b>	<b>(67,369)</b>
Taxation	11	-	-	-	-
<b>Deficit for the year</b>		<b>(5,171)</b>	<b>(5,383)</b>	<b>(67,374)</b>	<b>(67,369)</b>
Actuarial gain in respect of pension scheme	29	4,940	4,940	37,168	37,168
<b>Total comprehensive expenditure for the year</b>		<b>(231)</b>	<b>(443)</b>	<b>(30,206)</b>	<b>(30,201)</b>
<b>Represented by:</b>					
Endowment income	23	2,278	2,278	895	895
Restricted income	25	55	55	(1,344)	(1,344)
Unrestricted income		(2,564)	(2,776)	(29,757)	(29,752)
		<b>(231)</b>	<b>(443)</b>	<b>(30,206)</b>	<b>(30,201)</b>

All items of income and expenditure relate to continuing activities. The accompanying notes and policies form part of these financial statements.

## Consolidated Statement of Changes in Reserves for the year ended 31 July 2023

	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2021</b>	<b>98,223</b>	<b>10,473</b>	<b>366,694</b>	<b>475,390</b>
Prior period adjustment (Note 33)	-	-	(35,054)	(35,054)
<b>Restated balance at 1 August 2021</b>	<b>98,223</b>	<b>10,473</b>	<b>331,640</b>	<b>440,336</b>
Surplus / (Deficit) from income and expenditure statement	895	(1,344)	(65,430)	(65,879)
Prior period adjustment (Note 33)	-	-	(1,495)	(1,495)
Restated surplus / (deficit) from income and expenditure statement	895	(1,344)	(66,925)	(67,374)
Other comprehensive income	-	-	37,168	37,168
Release of restricted funds spent in year	300	(300)	-	-
<b>Total comprehensive income / (expenditure) for the year</b>	<b>1,195</b>	<b>(1,644)</b>	<b>(29,757)</b>	<b>(30,206)</b>
<b>Restated balance at 31 July / 1 August 2022</b>	<b>99,418</b>	<b>8,829</b>	<b>301,883</b>	<b>410,130</b>
Surplus / (Deficit) from income and expenditure statement	2,267	66	(7,504)	(5,171)
Other comprehensive income	-	-	4,940	4,940
Release of restricted funds spent in year	11	(11)	-	-
<b>Total comprehensive income / (expenditure) for the year</b>	<b>2,278</b>	<b>55</b>	<b>(2,564)</b>	<b>(231)</b>
<b>Balance at 31 July 2023</b>	<b>101,696</b>	<b>8,884</b>	<b>299,319</b>	<b>409,899</b>

## University Statement of Changes in Reserves for the year ended 31 July 2023

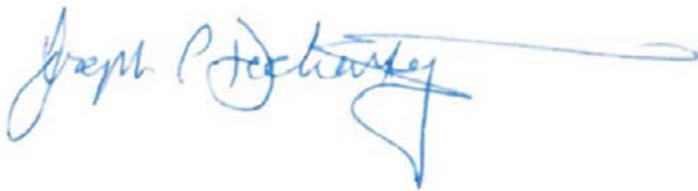
	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2021</b>	<b>98,223</b>	<b>10,473</b>	<b>367,953</b>	<b>476,649</b>
Prior period adjustment (Note 33)	-	-	(35,054)	(35,054)
<b>Restated balance at 1 August 2021</b>	<b>98,223</b>	<b>10,473</b>	<b>332,899</b>	<b>441,595</b>
Surplus / (Deficit) from income and expenditure statement	895	(1,344)	(65,425)	(65,874)
Prior period adjustment (Note 33)	-	-	(1,495)	(1,495)
Restated surplus / (deficit) from income and expenditure statement	895	(1,344)	(66,920)	(67,369)
Other comprehensive income	-	-	37,168	37,168
Release of restricted funds spent in year	300	(300)	-	-
<b>Total comprehensive income / (expenditure) for the year</b>	<b>1,195</b>	<b>(1,644)</b>	<b>(29,752)</b>	<b>(30,201)</b>
<b>Restated balance at 31 July / 1 August 2022</b>	<b>99,418</b>	<b>8,829</b>	<b>303,147</b>	<b>411,394</b>
Surplus / (Deficit) from income and expenditure statement	2,267	66	(7,716)	(5,383)
Other comprehensive income	-	-	4,940	4,940
Release of restricted funds spent in year	11	(11)	-	-
<b>Total comprehensive income / (expenditure) for the year</b>	<b>2,278</b>	<b>55</b>	<b>(2,776)</b>	<b>(443)</b>
<b>Balance at 31 July 2023</b>	<b>101,696</b>	<b>8,884</b>	<b>300,371</b>	<b>410,951</b>

## Consolidated and University Balance Sheets as at 31 July 2023

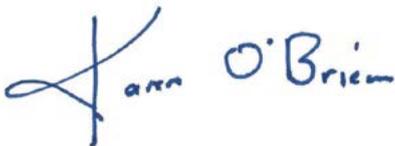
	Note	Consolidated	University	Restated Consolidated	Restated University
		2023	2023	2022	2022
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Fixed assets	12	678,077	678,077	584,907	584,907
Heritage assets	13	37,975	37,975	37,865	37,865
Intangible Assets	14	11,999	11,999	6,728	6,728
Investments	15	220,776	220,776	264,745	264,745
Investment in subsidiaries	15	-	1,764	-	1,764
Investment in associates	15	51	49	51	49
<b>Total non-current assets</b>		<b>948,878</b>	<b>950,640</b>	<b>894,296</b>	<b>896,058</b>
<b>Current assets</b>					
Stock	16	269	269	271	271
Trade and other receivables	17	31,156	31,012	29,735	29,418
Investments	18	-	-	359	359
Cash and cash equivalents	19	23,945	23,379	83,200	82,907
<b>Total current assets</b>		<b>55,370</b>	<b>54,660</b>	<b>113,565</b>	<b>112,955</b>
<b>Creditors: amounts falling due within one year</b>	20	<b>(158,140)</b>	<b>(158,140)</b>	<b>(122,956)</b>	<b>(122,844)</b>
<b>Net current liabilities</b>		<b>(102,770)</b>	<b>(103,480)</b>	<b>(9,391)</b>	<b>(9,889)</b>
<b>Total assets less current liabilities</b>		<b>846,108</b>	<b>847,160</b>	<b>884,905</b>	<b>886,169</b>
<b>Creditors: amounts falling due after more than one year</b>	21	<b>(283,468)</b>	<b>(283,468)</b>	<b>(300,200)</b>	<b>(300,200)</b>
<b>Provisions</b>					
Pension provisions	22	(151,741)	(151,741)	(173,575)	(173,575)
Other provisions	22	(1,000)	(1,000)	(1,000)	(1,000)
<b>Total net assets</b>		<b>409,899</b>	<b>410,951</b>	<b>410,130</b>	<b>411,394</b>

	Note	Consolidated 2023 £'000	University 2023 £'000	Restated Consolidated 2022 £'000	Restated University 2022 £'000
<b>Restricted Reserves</b>					
Endowment reserves	23	101,696	101,696	99,418	99,418
Restricted reserves	25	8,884	8,884	8,829	8,829
<b>Unrestricted Reserves</b>					
Income and expenditure reserve		299,319	300,371	301,883	303,147
<b>Total reserves</b>		<b>409,899</b>	<b>410,951</b>	<b>410,130</b>	<b>411,394</b>

The Financial Statements and the accompanying notes and policies that form part of these Financial Statements were approved by the Council on 31 January 2024 and signed on its behalf by:



**J Docherty**  
Chair of Council



**K O'Brien**  
Vice-Chancellor



**S Willis**  
Chief Financial Officer

## Consolidated Cash Flow Statement for the year ended 31 July 2023

	Note	2023 £'000	Restated 2022 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(5,171)	(67,374)
Contributions to defined benefit plans	29	(16,828)	(10,029)
<b>Adjustment for non-cash items and net changes in working capital</b>			
Depreciation	12	37,833	39,858
Amortisation of intangibles	14	1,120	719
Gift of Building	12	-	(4,781)
Impairment adjustment	12	21,101	495
Loss on investments	15&25	4,273	13,959
Movement in fair value of derivatives	21	(11,687)	(12,173)
Decrease in stock	16	2	57
Increase in debtors	17	(1,420)	(5,472)
Increase in creditors	20&21	5,205	17,307
Interest cost on pension	10&29	5,791	1,602
(Decrease) / Increase in pensions provisions	22	(5,857)	98,454
Decrease in other provisions	22	-	(9)
Receipt of donated heritage assets	13	(110)	-
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(5,723)	(5,407)
Interest payable	10	9,299	9,234
Endowment donations	6	(5,013)	(3,314)
(Profit) / Loss on sale of tangible fixed assets		7,315	(202)
Net (income) / expenditure on restricted reserves	25	(55)	1,644
Capital grant income	6	(367)	(248)
<b>Net cash flow from operating activities</b>		<b>39,708</b>	<b>74,320</b>
<b>Cash flows used in investing activities</b>			
Proceeds from sale of fixed assets		-	563
Capital grant receipts	25	367	248
Investment income	5	5,723	5,407
Payments made to acquire fixed assets	12	(159,420)	(57,909)

	Note	2023 £'000	Restated 2022 £'000
Payments made to acquire intangible assets	14	(6,391)	(2,862)
New non-current asset investments (including endowments and pooled funds)	15	(4,387)	(3,818)
New non-current asset disposals (including endowments and pooled funds)	15	44,138	-
Returned deposits	18	359	25,394
Endowment cash received	23	5,013	3,314
<b>Net cash outflow from investing activities</b>		<b>(114,598)</b>	<b>(29,663)</b>
<b>Cash flows used in financing activities</b>			
Interest paid	10	(9,299)	(9,234)
Receipts from revolving loan facility		96,000	-
Payments made to revolving loan facility		(66,000)	-
Repayment of amounts borrowed	21	(4,692)	(4,541)
Capital element of finance lease payments	21	(374)	(373)
<b>Net cash flow from financing activities</b>		<b>15,635</b>	<b>(14,148)</b>
<b>(Decrease) / Increase in cash and cash equivalents in the year</b>	<b>19</b>	<b>(59,255)</b>	<b>30,509</b>
Cash and cash equivalents at beginning of the year	19	83,200	52,691
Cash and cash equivalents at end of the year	19	23,945	83,200
<b>Net change in cash and cash equivalents in the year</b>		<b>(59,255)</b>	<b>30,509</b>

## Analysis of Changes in Net Debt

	At 1 August 2022 £'000	Cash Flows £'000	Other Non-Cash Changes £'000	At 31 July 2023 £'000
<b>Cash and Cash Equivalents</b>				
Cash	83,200	(59,255)	-	23,945
Overdrafts	-	-	-	-
Cash Equivalents	-	-	-	-
<b>Total</b>	<b>83,200</b>	<b>(59,255)</b>	<b>-</b>	<b>23,945</b>
<b>Borrowings</b>				
Debt Due within One Year	4,822	25,308	4,671	34,801
Debt Due After One Year	268,542	-	(4,823)	263,719
<b>Total</b>	<b>273,364</b>	<b>25,308</b>	<b>(152)</b>	<b>298,520</b>

# Notes to the financial statements

## 1. Tuition fees and education contracts

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Full-time home and EU students	124,913	124,913	124,171	124,171
Full-time international students	147,536	147,536	131,011	131,011
Part-time students	5,092	5,092	5,729	5,729
Short courses	2,688	2,688	2,645	2,645
Research training support grants	9,065	9,065	8,545	8,545
Other fees	593	593	252	252
<b>Total</b>	<b>289,887</b>	<b>289,887</b>	<b>272,353</b>	<b>272,353</b>

## 2. Funding body grants

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
<b>Recurrent grant</b>				
Office for Students	7,479	7,479	7,781	7,781
Research England	34,919	34,919	31,806	31,806
<b>Specific grants</b>				
Office for Students	-	-	91	91
<b>Capital grants</b>				
Office for Students	296	296	1,555	1,555
Research England	4,084	4,084	2,337	2,337
<b>Total</b>	<b>46,778</b>	<b>46,778</b>	<b>43,570</b>	<b>43,570</b>

## 3. Research grants and contracts

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Research councils	38,090	38,090	30,048	30,048
UK charities	5,138	5,138	4,440	4,440
Central / Local Government	4,147	4,147	3,789	3,789
UK industries	2,712	2,712	3,243	3,243
EU Government	4,018	4,018	5,528	5,528
Other overseas	3,315	3,315	3,271	3,271
Other sources	97	97	143	143
<b>Total</b>	<b>57,517</b>	<b>57,517</b>	<b>50,462</b>	<b>50,462</b>

The University participates in a number of joint research contracts with other Universities, both as lead institution and in collaboration with another institution as lead. Income from such arrangements during 2023 amounted to £20.1m (2022 £20.3m).

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>Total grant and fee income</b>				
Grant income from OfS	7,862	7,862	9,427	9,427
Grant income from other bodies	47,981	47,981	42,688	42,688
Fee income from taught awards	277,542	277,542	260,911	260,911
Fee income from research awards	57,517	57,517	50,462	50,462
Fee income from non-qualifying courses	3,280	3,280	2,897	2,897
<b>Total</b>	<b>394,182</b>	<b>394,182</b>	<b>366,385</b>	<b>366,385</b>

#### 4. Other income

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Residences, catering and conferences	55,626	55,626	56,566	56,566
Other services rendered	6,939	6,939	5,281	5,281
Other income	12,380	11,718	16,293	15,993
<b>Total</b>	<b>74,945</b>	<b>74,283</b>	<b>78,140</b>	<b>77,840</b>

#### 5. Investment income

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Investment income on endowments	1,473	1,473	1,160	1,160
Investment income on restricted reserves	224	224	93	93
Other investment income	4,026	4,026	4,154	4,154
<b>Total</b>	<b>5,723</b>	<b>5,723</b>	<b>5,407</b>	<b>5,407</b>

## 6. Donations and endowments

	<i>Note</i>	<b>Consolidated</b>	<b>University</b>	Consolidated	University
		<b>2023</b>	<b>2023</b>	2022	2022
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital grants and donations		367	367	248	248
New endowments	23	5,013	5,013	3,314	3,314
Donations with restrictions	25	1,764	1,764	2,687	2,687
Unrestricted donations		2,229	2,229	12,364	12,364
<b>Total</b>		<b>9,373</b>	<b>9,373</b>	<b>18,613</b>	<b>18,613</b>

## 7. Staff costs

	<b>Consolidated</b>	<b>University</b>	Consolidated	University
	<b>2023</b>	<b>2023</b>	2022	2022
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Subtotal</b>				
Salaries	204,703	204,703	189,856	189,856
Social security costs	19,196	19,196	17,517	17,517
Other pension costs				
USS (See note 28(a))	33,904	33,904	26,623	26,623
DUPS (See note (28(b)))	5,409	5,409	6,955	6,955
NOW (See note 28(c))	398	398	337	337
<b>Subtotal</b>	<b>263,610</b>	<b>263,610</b>	<b>241,288</b>	<b>241,288</b>
Staff costs capitalised	(2,004)	(2,004)	-	-
<b>Total net staff costs charged to SOCIE</b>	<b>261,606</b>	<b>261,606</b>	<b>241,288</b>	<b>241,288</b>

### a) Analysis of staff costs by activity

Academic and related expenditure	170,077	170,077	151,851	151,851
Administration and central services	21,772	21,772	18,987	18,987
Premises	8,165	8,165	7,013	7,013
Residences, catering and conferences	17,885	17,885	12,459	12,459
Research grants and contracts	23,263	23,263	22,584	22,584
Student and staff facilities and amenities	12,350	12,350	16,040	16,040
General educational expenditure	2,162	2,162	2,034	2,034
Miscellaneous expenditure	5,932	5,932	10,320	10,320
<b>Total net staff costs charged to SOCIE</b>	<b>261,606</b>	<b>261,606</b>	<b>241,288</b>	<b>241,288</b>

### b) Emoluments of the Vice-Chancellor

As well as their basic pay, the Head of Institution (HOI) is eligible to join the USS. Should the post holder not wish to be a member, the University will pay life assurance premiums and an Additional Remuneration Allowance (ARA) on the same basis as all other employees who opt out of pension scheme membership, to compensate for the loss of full employer pension contributions.

In addition, the postholder is provided with rent free accommodation to enable the better performance of their duties. From April 2021 this has been deemed a taxable benefit. This accommodation is a flat within a larger University-owned building and has an estimated market rental value of £14,000 pa (2022: £12,000 pa).

There are no other emoluments paid to the postholder.

**Emoluments of the Vice-Chancellor – 2022**

Professor Anthony Long was Acting Vice-Chancellor for the period from 1 August 2021 to 31 December 2021 and was a member of the USS. He did not occupy the post holder provided accommodation.

Following the appointment of Professor Karen O'Brien, Professor Long resumed his former post of Deputy Vice-Chancellor and Provost for the remainder of the academic year and has subsequently retired at the end of December 2022.

A summary of the emoluments of Professor Long, in his capacity as Vice-Chancellor is set out below:

<b>1 August 2021 to 31 December 2021</b>	<b>£'000</b>
Salary	120
Pension contribution to USS	25
<b>Total Emoluments</b>	<b>145</b>

Ratio of Head of Institution pay against median pay of all staff (see notes below)

<b>2021-22 – Professor Long</b>	<b>Basic Pay multiple</b>	<b>Total Pay multiple</b>
Including casual and agency workers	10.48	11.13
Excluding casual and agency workers	8.01	7.96

Professor Karen O'Brien was Vice-Chancellor from 1 January 2022 and is not a member of the USS.

The Vice-Chancellor's accommodation was not ready for occupation when she started in January 2022. The University rented temporary accommodation for the first three months of her tenure and she continued in the same accommodation in a private capacity for a further period before taking up residence in a flat in Hollingside House, a University owned property, on 1 September.

A summary of the emoluments of Professor O'Brien is set out below:

<b>1 January 2022 to 31 July 2022</b>	<b>£'000</b>
Salary	164
ARA	18
Life Assurance Contributions	10
Provision of Accommodation	4
Relocation Expenses	2
<b>Total Emoluments</b>	<b>198</b>

Ratio of Head of Institution pay against median pay of all staff (see notes below)

<b>2021-22 – Professor O'Brien</b>	<b>Basic Pay multiple</b>	<b>Total Pay multiple</b>
Including casual and agency workers	10.62	11.00
Excluding casual and agency workers	8.11	7.87

## Emoluments of the Vice-Chancellor – 2023

Professor Karen O'Brien has been Vice-Chancellor throughout the year and is not a member of the USS.

A summary of the emoluments of Professor O'Brien is set out below:

1 August 2022 to 31 July 2023	£'000
Salary	290
ARA	31
Life Assurance Contributions	18
Provision of Accommodation	14
<b>Total Emoluments</b>	<b>353</b>

Ratio of Head of Institution pay against median pay of all staff (see notes below)

2022-23 – Professor O'Brien	Basic Pay multiple	Total Pay multiple
Including casual and agency workers	10.57	11.29
Excluding casual and agency workers	8.08	7.74

### Notes

#### a) Ratio of Head of Institution pay against median pay of all staff

The methodology used in this calculation has been that provided by the OfS Accounts Direction. For both the Head of Institution and the whole workforce, the method has been applied consistently. The pay multiples are calculated by comparing the Head of Institution pay with the median pay of the workforce across two dimensions – basic pay and total pay.

**Basic pay** – This includes all elements of pay excluding any allowance in substitution for employer pension contributions, expressed as a full-time equivalent (FTE) annual salary. The figure also excludes bonuses, market supplements, responsibility allowances, employer pension contributions, severance payments and any other benefits, including those in kind.

**Total pay** – Total earnings, including all elements of pay including market supplements, bonuses, responsibility allowances, employer pension contributions and any other benefits.

There is a direct correlation between the scale of income for the HEI and the pay multiple of the Head of Institution and it is typical for larger HEI's to have multiples higher than the sector average (which for Russell Group institutions in 2021/22 was 8.8, excluding casual and agency workers). Where some institutions outsource lower paid positions, for example cleaning and catering staff, Durham does not subcontract these roles which impacts on our pay ratios.

#### b) Vice-Chancellor Pay

The University is a large and complex institution with over 4,300 FTE staff and more than 22,000 students. It has an annual turnover of almost £484m per annum and is now mid-way in its ambitious ten-year strategy which continues its programme of extensive estate refurbishment and new development totalling some £750m. It has successfully recruited 330 new academic staff and welcomed an increase of 4,000 additional students since 2017/18 ahead of its planned strategic trajectory. The University generates £1.2bn GVA, two thirds of which accrues to the North East of England.

The Guardian and The Times and Sunday Times Good University Guide ranks the University at number 7 and a world top 100 university (QS World Rankings 2024) with a global reputation for excellence in research and education. Students from over 150 countries study at Durham and 40% of staff are of non-UK origin. Its students benefit from a world-leading wider student experience which combines academic excellence and a commitment to produce highly motivated, well-rounded, and socially engaged leaders of tomorrow.

A member of the prestigious Russell Group, the University produces world-leading research across the Arts and Humanities, Business Science and Social Sciences, with subjects such as Theology and Religion, Archaeology and Classics and Ancient History ranked in the Top 10 in the world (QS 2023).

The Vice-Chancellor's salary is reviewed annually in accordance with our published pay policy by independent members of the Remuneration Committee. This includes external benchmarking and consideration of the scale, complexity, and performance of the University. Competitive salary packages are essential to attract and retain outstanding staff in senior leadership roles.

**c) Remuneration of other higher paid staff***Excluding employer's pension contributions*

	<b>2023</b>	2022
	<b>No.</b>	No.
£100,000 – £104,999	22	19
£105,000 – £109,999	13	11
£110,000 – £114,999	9	12
£115,000 – £119,999	9	9
£120,000 – £124,999	10	4
£125,000 – £129,999	2	7
£130,000 – £134,999	9	5
£135,000 – £139,999	7	5
£140,000 – £144,999	-	6
£145,000 – £149,999	4	5
£150,000 – £154,999	1	1
£155,000 – £159,999	-	1
£160,000 – £164,999	-	2
£165,000 – £169,999	1	2
£175,000 – £179,999	1	1
£180,000 – £184,999	1	1
£185,000 – £189,999	1	1
£195,000 – £199,999	1	-
£210,000 – £214,999	-	1
£220,000 – £224,999	1	-
£245,000 – £259,999	-	1
£290,000 – £294,999	1	-
<b>Total</b>	<b>93</b>	<b>94</b>

**d) Key management personnel (KMP)**

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Key management personnel remuneration	<b>3,135</b>	2,998
<b>Number of staff</b>	<b>16</b>	16

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling. The remuneration disclosed above relates to the members of the University Executive Committee whose ex officio membership is comprised of: The Vice-Chancellor and Warden, The Deputy Vice-Chancellor and Provost, The Pro-Vice-Chancellor (Research), The Pro-Vice-Chancellor (Education), The Pro-Vice-Chancellor (Equality, Diversity and Inclusion), The Pro-Vice-Chancellor (Global), The Pro-Vice-Chancellor (Colleges & Student Experience), The Executive Faculty Deans: Arts and Humanities, Business, Science, Social Sciences and Health, The Chief Financial Officer, The University Secretary, The Director of Human Resources, The Director of Strategic Initiatives Delivery Unit, The Director of Estates and Facilities.

#### Notes

i) No member of KMP received any compensation for loss of office during the financial year.

ii) Most members of KMP participate in membership of the USS. The estimated value of the in-year change in obligation to fund the pension scheme liability, attributable to those KMP members is £317,392 (2022: £830,015).

e) Staff numbers	2023	2022
<i>Full time equivalent staff numbers by type</i>	No.	No.
Academic	2,063	1,991
Professional and technical	1,224	1,097
Administrative and clerical	708	624
Facilities and other support	612	598
<b>Total</b>	<b>4,607</b>	<b>4,310</b>

#### f) Council members

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arms' length and in accordance with the University's Financial Regulations and usual procurement procedures and are disclosed within the information provided in Note 8.

No Council member has received any remuneration or waived payments during the year (2022: nil).

The total expenses paid to or on behalf of ten of the council members was £21,381 (2022: £18,203 to 15 of the Council members). This represents travel and subsistence expenses incurred in attending Council and Committee meetings in their official capacity.

**g) Trade Union information**

The Trade Union (Facility Time Publication Requirements) regulations 2017 require us to publish information on trade union facility time. The University recognises the following trade unions: University and College Union (UCU), Unite, G.M.B. and UNISON.

**For the period April 2022 to March 2023**

Relevant Union Officials	2022 - 2023	2021 - 2022
Number of employees who were relevant union officials during the relevant period	27	24
Full-time equivalent employee number	23.97	21.09

Percentage of time spent on facility time	Number of Employees 2022 - 2023	Number of Employees 2021 - 22
0%	9	6
1-50%	17	18
51-99%	1	-
100%	-	-

Percentage of pay bill spent on facility time	2022 - 23	2021 - 22
Total cost of facility time	£46,126	£56,295
Total Pay Bill	£263,245,000	£241,288,000
Percentage of pay bill spent on facility time	0.02%	0.02%

Paid Trade Union activities		
Time spent on paid trade union activities as a percentage of total paid facility time hours	44.21%	7.82%

**h) Compensation for loss of office**

Compensation for loss of office in respect of 66 (2022: 67) employees totalled £419k (2022: £244k in respect of 67 employees). An analysis of the categories of termination benefits provided is set out below:

Category	2023 £'000	2022 £'000
Redundancy	109	115
Payment in Lieu of Notice (PILON)	140	106
Termination Payment	170	23
<b>Total Compensation for loss of office</b>	<b>419</b>	<b>244</b>

**Notes**

- i) The University pays statutory redundancy only.
- ii) When an employee is to leave the University, it is often not practical nor desirable that the employee continues to have access to University systems or premises. In those circumstances it is deemed appropriate to pay the employee PILON and not require them to work their notice. Each employee is assessed on a case-by-case basis.
- iii) In certain cases, it is deemed appropriate to make payment to an employee to terminate their employment with the University, over and above any redundancy and PILON. Each employee is assessed on a case-by-case basis with legal advice being sought as required.
- iv) An employee may have any or all the above categories in their final pay.

## 8. Related party transactions

The University maintains a Register of Interests for all members of Council and the University Executive Committee (UEC). The Registers are updated annually or when a new member starts. The Register of Interests for Council members is available for public scrutiny on the University website.

Following disclosure of organisations in which Council/UEC members are associated, a review is undertaken in accordance with FRS 102 s33.2 to identify any members who are in positions of control or significant influence in those organisations. For any members thus identified, a review is undertaken of that organisation's transactions with the University. For the current financial year, no such related party transactions were identified.

There are a number of organisations which are closely associated with the University. Where any member is involved with that organisation, their name and transactions, in the format prescribed by FRS 102 is set out below:

Organisation	Member	Receipts £	Debtors £	Payments £	Creditors £
Durham Cathedral	Philip Plyming	59,001	1,297	90,110	58,320
Durham Students Union	Dan Lonsdale	2,995	-	1,206,312	-
Mount Oswald Colleges LLP	James Grierson, Clare O'Malley	355,484	-	10,326,511	-
N8 Ltd	Karen O'Brien	-	-	73,021	-
St Chads College	Jun Jie Wu	31,082	-	592,701	31,520

Philip Plyming is the Dean of Durham as was his predecessor on the Council, Andrew Tremlett. The University and the Cathedral work in partnership in many areas of mutual interest.

Dan Lonsdale is the President of the Durham Students' Union. The University makes certain payments on behalf of and is reimbursed by Durham Students' Union, but plays no part in its day to day operations.

James Grierson and Clare O'Malley are both representatives of the University on the Mount Oswald Campus Project, details of which can be found under Accounting Policy Note 20a.

Karen O'Brien is a director of N8 Limited, a University joint venture investment. Details of this investment can be found under Note 15a.

Jun Jie Wu is a trustee of St Chad's College. Although associated and working closely with the University, St Chad's is a separate charity.

The University has no transactions with its subsidiary companies.

There are many Durham Student Organisations (DSOs) that have opted-in, to a framework enabling them to operate in an autonomous manner within the University. Transactions for these DSOs form part of the financial statements. For the few DSOs that have opted-out, they manage their own finances and the University is not involved in their affairs, though certain costs incurred by the University, on their behalf, are recharged to them.

## 9. Analysis of non-staff costs by activity

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Academic and related expenditure	52,237	52,237	40,369	40,369
Administration and central services	8,013	8,013	6,596	6,596
Premises	36,193	36,193	16,639	16,639
Residences, catering and conferences	20,678	20,678	21,604	21,604
Research grants and contracts	10,270	10,270	11,921	11,921
Student and staff facilities and amenities	11,267	11,267	12,899	12,899
General educational expenditure	31,298	31,298	29,074	29,074
Miscellaneous expenditure	3,472	3,022	7,208	6,903
<b>Total</b>	<b>173,428</b>	<b>172,978</b>	<b>146,310</b>	<b>146,005</b>

### Other operating expenses include:

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
External auditors' remuneration in respect of audit services	309	309	200	200
External auditors' remuneration in respect of non-audit services	13	13	6	6
<b>Operating lease rentals:</b>				
Land and buildings	8,759	8,759	10,417	10,417
Other	674	674	623	623

## 10. Interest and other finance costs

	Note	Consolidated	University	Consolidated	University
		2023	2023	2022	2022
		£'000	£'000	£'000	£'000
Loan interest		9,299	9,299	9,234	9,234
Net charge on USS pension scheme	22	4,707	4,707	492	492
Net charge on DUPS pension scheme	29	1,084	1,084	1,110	1,110
<b>Total</b>		<b>15,090</b>	<b>15,090</b>	<b>10,836</b>	<b>10,836</b>

## 11. Taxation

	Consolidated 2023	University 2023	Consolidated 2022	University 2022
	£'000	£'000	£'000	£'000
<b>Recognised in the statement of comprehensive income</b>				
<b>Current tax</b>				
Current tax expense	-	-	-	-
Foreign tax	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
<b>Current tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Deferred tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

(Deficit) / Surplus before taxation	(5,171)	(5,383)	(67,374)	(67,369)
UK Corporation tax @ 19% (2021 - 19%)	(982)	(1,023)	(12,801)	(12,800)
Effect of: Surplus falling within charitable exemption	982	1,023	12,801	12,800
Other differences attributable to subsidiaries	-	-	-	-
Deferred tax movement	-	-	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 12. Fixed assets

### Tangible assets

#### Consolidated

Cost or Valuation	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Service Concessions	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 July 2022</b>	<b>711,608</b>	<b>1,192</b>	<b>193,896</b>	<b>6,313</b>	<b>31,960</b>	<b>944,969</b>
Additions	-	30	-	6,893	152,497	159,420
Capitalisation	45,664	-	22,508	-	(68,172)	-
Disposals	(39,201)	-	(4,652)	(6,313)	-	(50,166)
<b>At 31 July 2023</b>	<b>718,071</b>	<b>1,222</b>	<b>211,752</b>	<b>6,893</b>	<b>116,285</b>	<b>1,054,223</b>

Depreciation	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Service Concessions	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 July 2022</b>	<b>183,285</b>	<b>338</b>	<b>139,890</b>	-	-	<b>323,513</b>
Prior year adjustment	36,549	-	-	-	-	36,549
<b>At 1 August 2022</b>	<b>219,834</b>	<b>338</b>	<b>139,890</b>	-	-	<b>360,062</b>
Charge for year	12,204	727	18,589	6,313	-	37,833
Disposals	(32,239)	-	(4,298)	(6,313)	-	(42,850)
Impairment	21,101	-	-	-	-	21,101
<b>At 31 July 2023</b>	<b>220,900</b>	<b>1,065</b>	<b>154,181</b>	-	-	<b>376,146</b>

#### Net Book Value

<b>At 31 July 2023</b>	<b>497,171</b>	<b>157</b>	<b>57,571</b>	<b>6,893</b>	<b>116,285</b>	<b>678,077</b>
<b>At 1 August 2022 (restated)</b>	<b>491,774</b>	<b>854</b>	<b>54,006</b>	<b>6,313</b>	<b>31,960</b>	<b>584,907</b>

**University**

<b>Cost or Valuation</b>	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Service Concessions	Assets in the Course of Construction	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 July 2022</b>	<b>711,608</b>	<b>1,192</b>	<b>193,896</b>	<b>6,313</b>	<b>31,960</b>	<b>944,969</b>
Additions	-	30	-	6,893	152,497	<b>159,420</b>
Capitalisation	45,664	-	22,508	-	(68,172)	-
Disposals	(39,201)	-	(4,652)	(6,313)	-	<b>(50,166)</b>
<b>At 31 July 2023</b>	<b>718,071</b>	<b>1,222</b>	<b>211,752</b>	<b>6,893</b>	<b>116,285</b>	<b>1,054,223</b>

<b>Depreciation</b>	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Service Concessions	Assets in the Course of Construction	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 July 2022</b>	<b>183,285</b>	<b>338</b>	<b>139,890</b>	-	-	<b>323,513</b>
Prior period adjustment	36,549	-	-	-	-	36,549
<b>Restated balance at 1 August 2022</b>	<b>219,834</b>	<b>338</b>	<b>139,890</b>	-	-	<b>360,062</b>
Charge for year	12,204	727	18,589	6,313	-	<b>37,833</b>
Disposals	(32,239)	-	(4,298)	(6,313)	-	<b>(42,850)</b>
Impairment	21,101	-	-	-	-	<b>21,101</b>
<b>At 31 July 2023</b>	<b>220,900</b>	<b>1,065</b>	<b>154,181</b>	-	-	<b>376,146</b>

**Net Book Value**

<b>At 31 July 2023</b>	<b>497,171</b>	<b>157</b>	<b>57,571</b>	<b>6,893</b>	<b>116,285</b>	<b>678,077</b>
<b>At 1 August 2022 (restated)</b>	<b>491,774</b>	<b>854</b>	<b>54,006</b>	<b>6,313</b>	<b>31,960</b>	<b>584,907</b>

**Notes**

The large increase in the value of assets in the course of construction is due to the purchase of "The Sands" for £84m in October 2022, plus subsequent works as the building is converted to be the new home of Durham University Business School. These costs will be capitalised once the building works are completed with an expected occupation date late in 2024. Following this relocation, the old Business School building will be repurposed for other education departments.

Also included within assets in the course of construction is the £4m purchase cost of "Boldon House" plus subsequent refurbishment costs. It is the intention that support services currently located in "Mountjoy" will relocate to "Boldon House" in 2025. Following this relocation, "Mountjoy" will be repurposed for education..

Impairments relate mainly to the Hild/Bede and Queens Campus sites, see the Judgements note iii) for further details.

Details of the prior period adjustment can be found at Note 33.

### 13. Heritage Assets

The University holds world-class collections, including four collections with Arts Council Designation Status (Bishop Cosin's Library, the Sudan Archive, and the Chinese and ancient Egyptian collections). These collections are housed and displayed across several buildings in the University including Palace Green Library, the Oriental Museum and Durham Castle. The collections are overseen by the Department of Library and Collections.

The collections include 40,000 items in the Oriental Museum collections, over 130 archive collections 70,000 rare and early printed books, over 25,000 objects within the Archaeology and biosciences collections, around 6,000 works in the Art Collection, and around 5,000 in the Durham Castle collection. Collections are catalogued and records can be accessed via Discover: [durham.ac.uk/departments/library](https://durham.ac.uk/departments/library)

The bulk of the collections were acquired many years ago. The information regarding their purchase price or value is not available and a valuation cannot be obtained at a cost which is commensurate with the benefits to users of the financial statement. As such these items are excluded from the financial statements. In addition, the University owns many of the World Heritage Site buildings surrounding Palace Green, such as Durham Castle. These buildings are still being used by the University for educational or related purpose and as such are also not included as heritage assets.

The collections continue to grow through purchase and donation in line with the Collection Development Policy (CDP), and the acquisition of artefacts is overseen by the Acquisition and Disposal Panel (ADP). The ADP reports to the University Library and Collections Committee, which is a sub-committee of University Executive Committee. Items will only be accepted into the collections where they meet the criteria set out in the CDP.

The work of the department, including collections care is governed by professional and sectoral best practice and standards. Our policies, procedures and practices align with this best practice and in some cases drive best practice for the sector. The Conservation Team specialise in books and printed materials but advise on collection care across various media and locations. The collections, and the spaces in which they are kept are continuously being monitored by the department and any indications of deterioration are noted and conservation actions scheduled.

Our curators, archivists and conservators are all professionally trained with accredited qualifications and as part of their Continuing Professional Development remain up to date with current best practice. Many publish books and articles in the academic and professional press demonstrating their engagement and development of research and professional activities.

Our museums are Accredited by Arts Council England. The Art Collection is working towards Accreditation which can only be achieved once it has a permanent public gallery. The archives are accredited by The National Archives. All accreditation includes assessment of policies, procedure and practice and physical facilities.

Museums are free to the public, though a charge is made for guided tours of Durham Castle. Opening times vary but are year-round, with the exception of a closure period during the Christmas vacation. Archives and books may be viewed in the secure reading room of Palace Green Library, where there is also a public display of parts of the Archaeology collection. Artworks are displayed throughout the University or stored in a range of storage locations including 5 The College, Grey College, Spennymoor Store and the Oriental Museum.

An extensive programme of engagement with schools and community groups is led by the Collections Outreach team which includes site visits and digital streaming from the various venues.

Acquisitions	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Acquisitions purchased with specific donations	-	-	-	5	686
Acquisitions purchased with University funds	-	-	-	-	-
<b>Total cost of acquisitions purchased</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>686</b>
Value of acquisitions by donation	110	-	-	45	-
<b>Total acquisitions capitalised</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>686</b>

Movements	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Balance at 1 August	37,865	37,865	37,865	37,865
Additions	110	110	-	-
Depreciation charge for year	-	-	-	-
<b>Balance at 31 July</b>	<b>37,975</b>	<b>37,975</b>	<b>37,865</b>	<b>37,865</b>

## 14. Intangible assets

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Balance at 1 August	6,728	6,728	4,585	4,585
Additions	6,391	6,391	2,862	2,862
Amortisation charge for year	(1,120)	(1,120)	(719)	(719)
<b>Balance at 31 July</b>	<b>11,999</b>	<b>11,999</b>	<b>6,728</b>	<b>6,728</b>

The additions during the year relate to the purchase and setup of cloud-based software applications. The large increase compared to the prior year is largely as a result of the project to move all finance systems to the Oracle Fusion platform.

The amortisation periods vary between four and ten years.

## 15. Non-current investments

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Investment in joint ventures (a)	-	-	-	-
Investment in associates (b)	51	49	51	49
Investment in subsidiaries (c)	-	1,764	-	1,764
Other investments (d)	220,776	220,776	264,745	264,745
<b>Balance at 31 July</b>	<b>220,827</b>	<b>222,589</b>	<b>264,796</b>	<b>266,558</b>

### a. Investment in Joint Venture

The University holds a 12.5% share of N8 Limited, a company limited by guarantee. This is a joint venture company owned equally by eight research intensive Northern Universities. The arrangement is treated as a joint venture and is accounted for using the equity method, such that 12.5% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 12.5% of its net income is reported in the University's consolidated income and expenditure account.

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Balance at 1 August	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Share of surplus retained	-	-	-	-
<b>Balance at 31 July</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### b. Investment in Associates

The University holds a number of small investments including its minority holding in Mount Oswald LLP, held through its wholly owned subsidiary company, Durham Mount Oswald Limited.

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Balance at 1 August	51	49	49	49
Additions	-	-	2	-
Disposals	-	-	-	-
Share of surplus retained	-	-	-	-
<b>Balance at 31 July</b>	<b>51</b>	<b>49</b>	<b>51</b>	<b>49</b>

**c. Investment in Subsidiary**

The companies in which the University has a major interest and whose results are consolidated in these statements are as follows:

Name	Principal Activities	Percentage of Shares and Class
Durham Mount Oswald Limited	Property investment	100% Ordinary Shares
Durham University Investments Ltd	Intermediate holding company	100% Ordinary Shares
Durham University Developments Ltd*	Property (not active)	100% Ordinary Shares
Durham Women's Football Club Ltd*	Football club activities	100% Ordinary Shares
SmartBioFilm	Dormant company	100% Ordinary Shares
H2CHP	Dormant company	100% Ordinary Shares
Respiratone	Dormant company	100% Ordinary Shares

All the above companies are incorporated in England and Wales

\*These shares are held indirectly through Durham University Investments Limited

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
<b>At cost less impairment</b>				
Balance at 1 August	-	1,764	-	1,764
Additions	-	-	-	-
Disposals	-	-	-	-
Share of surplus retained	-	-	-	-
<b>Balance at 31 July</b>	<b>-</b>	<b>1,764</b>	<b>-</b>	<b>1,764</b>

**d. Other Investments**

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Balance at 1 August	264,745	264,745	274,888	274,888
Additions	4,387	4,387	3,816	3,816
Disposals	(44,138)	(44,138)	-	-
Fair Value Adjustments	(4,218)	(4,218)	(13,959)	(13,959)
<b>Balance at 31 July</b>	<b>220,776</b>	<b>220,776</b>	<b>264,745</b>	<b>264,745</b>

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
<b>Other Investments consist of:</b>				
At fair value:				
Market securities	203,452	203,452	246,809	246,809
Endowment properties	17,196	17,196	17,745	17,745
At cost:				
Group investment in spin-outs	128	128	191	191
<b>Balance at 31 July</b>	<b>220,776</b>	<b>220,776</b>	<b>264,745</b>	<b>264,745</b>

**Note**

i) The fair value of market securities is the stock market value at 31 July.

ii) The calculation of the fair value of endowment properties is detailed under Significant accounting estimates and judgements at 20(b)(ii). A reconciliation between the opening and closing carrying values is detailed below.

iii) There are no restrictions with regard to the disposal or use of the endowment properties, nor any contractual obligations associated with them.

<b>Endowment Properties</b>	<b>£'000</b>
Opening Balance	17,745
Decrease in fair value	(549)
<b>Balance at 31 July</b>	<b>17,196</b>

iv) Investments in spin-offs are held at cost.

The University held investments in the following companies which have been set up to carry out spin-out businesses. The results of these companies are not included in the consolidated statements.

Pepmotec Ltd ***	24.90% Ordinary Shares
GeoEnergy Durham ***	24.90% Ordinary Shares
Geospatial Research Ltd ***	24.00% Ordinary Shares
OlexSys Ltd ***	22.00% Ordinary Shares
Concept Analyst Ltd ***	20.00% Ordinary Shares
Fitovol Ltd***	20.00% Ordinary Shares
H2CHP	18.70% Ordinary Shares
Geoptic Ltd	16.67% Ordinary Shares
TPH Surveys Ltd	15.00% Ordinary Shares
Northern Light Optical	15.00% Ordinary Shares
Durham Magneto Optics Ltd	12.75% Ordinary Shares
Nevragenics	12.26% Ordinary Shares
Snowfox Discovery	10.00% Ordinary Shares
Magnitude Biosciences Ltd	10.76% Ordinary Shares
Gamble De Grussa Ltd	10.35% Ordinary Shares
Nascent Semiconductor	9.75% Ordinary Shares
Lightox Limited	4.35% Ordinary Shares
Low Carbon Materials	2.85% Ordinary Shares
Kromek Group PLC	0.10% Ordinary Shares
P2I Ltd	0.04% Ordinary Shares

\*\*\* Not consolidated because at 31 July 2023 the University did not exercise effective control over these companies. Other companies are not consolidated because the level of shareholding is below 20%

**(Deficit) / Surplus on investment**

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
The (deficit) / surplus on investment comprises:				
Endowment pooled funds	(1,589)	(1,589)	(3,127)	(3,127)
Other pooled funds	(6,474)	(6,474)	(11,525)	(11,525)
Endowment properties	(549)	(549)	693	693
Market securities	4,400	4,400	-	-
Investments in spin-offs	(422)	(422)	(154)	(154)
<b>Total</b>	<b>(4,634)</b>	<b>(4,634)</b>	<b>(14,113)</b>	<b>(14,113)</b>

**16. Stock**

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Goods for resale	269	269	271	271

**17. Trade and other receivables**

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Research grant receivables	16,476	16,476	14,325	14,325
Other trade receivables	12,004	11,860	12,954	12,637
Prepayments and accrued income	2,676	2,676	2,456	2,456
<b>Total receivables at 31 July</b>	<b>31,156</b>	<b>31,012</b>	<b>29,735</b>	<b>29,418</b>

**18. Current investments**

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Short term investment in shares	-	-	359	359

## 19. Cash and cash equivalents

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	23,945	23,379	83,200	82,907

## 20. Payables: amounts falling due within one year

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Unsecured loans	34,801	34,801	4,822	4,822
Trade payables	11,316	11,316	14,265	14,265
Other payables	5,033	5,033	8,003	7,891
Research grants received on account	34,637	34,637	38,363	38,363
Social security and other taxation payable	6,052	6,052	8,155	8,155
Accruals and deferred Income	59,408	59,408	43,036	43,036
Service Concession Arrangements	6,893	6,893	6,312	6,312
<b>Total current payables at 31 July</b>	<b>158,140</b>	<b>158,140</b>	<b>122,956</b>	<b>122,844</b>

### Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Donations and research grants	1,525	1,525	1,955	1,955

## 21. Payables: amounts falling due after more than one year

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Derivatives	2,136	2,136	13,823	13,823
Mount Oswald headlease	17,613	17,613	17,987	17,987
Unsecured loans	263,719	263,719	268,390	268,390
<b>Total non-current payables at 31 July</b>	<b>283,468</b>	<b>283,468</b>	<b>300,200</b>	<b>300,200</b>

Analysis of unsecured loans	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Due within one year or on demand	34,801	34,801	4,822	4,822
Due between one and two years	4,780	4,780	4,801	4,801
Due between two and five years	13,637	13,637	14,279	14,279
Due in five years or more	245,302	245,302	249,310	249,310
<b>Total secured and unsecured loans</b>	<b>298,520</b>	<b>298,520</b>	273,212	273,212
Due within one year	(34,801)	(34,801)	(4,822)	(4,822)
<b>Due after more than one year</b>	<b>263,719</b>	<b>263,719</b>	268,390	268,390

## Loans

On 26 July 2004 the University agreed a loan facility with Barclays Bank plc for £90m. The loan is unsecured, and the terms are as follows:

- An existing loan of £41m repayable in equal quarterly instalments over a 30-year period providing finance for capital expenditure.
- An additional loan facility of up to £12m repayable in equal instalments over a 30-year period providing additional finance for capital expenditure. At 31 July 2018 this facility had been fully drawn down.
- A further loan facility of up to £35.5m, plus £1.5m interest added to the principal sum, repayable over a 30-year period commencing on 31 October 2006. The loan is profiled so that the repayments increase during the course of the loan.
- On 22 August 2018, as part of a refinancing deal that included the private placement detailed below, an amendment and restatement agreement was issued and the loan was reduced to £55m, with the option of a £25m revolving credit facility.
- On 27 October 2022, the University entered into a new revolving credit facility agreement with Barclays for £75m.

All the above loans bear interest at SONIA (previously LIBOR), but are subject to interest rate hedging arrangements described below. The balance of the Barclays Bank loan at 31 July 2023 total was £37.3m and the amount drawn on revolving credit facility was £30m.

On 31 December 2021, LIBOR ceased being the representative rate for Sterling and in an announcement on 28 April 2017, the Working Group of Sterling Risk-Free Reference Rates (RFRWG) identified SONIA (Sterling Overnight Index Average) as its preferred near risk-free interest rate benchmark for Sterling. The Reference Rate for all existing Sterling Loans, therefore needed to move from LIBOR to SONIA on or before 'Cessation'.

As SONIA is not a like-for-like comparison to LIBOR in terms of percentage, a credit adjustment spread (CAS) is applied to achieve economic equivalence to LIBOR. The CAS that Barclays applied, was the 5-Year Historic Median (5YHM) announced on 5 March 2021. The 5YHM is the method that has been adopted by ISDA (International Swaps and Derivatives Association) and was the recommended approach for Sterling LIBOR loans transitioning at Cessation by the RFRWG.

Whilst the SONIA + CAS rate is not perfectly aligned to LIBOR, the difference is negligible and as our swaps offset a proportion of the loan, any financial gain/loss relating to the change is expected to be minimal.

On 30 June 2014 loan funding was agreed with the North East Local Enterprise Partnership. The loan is for £10m to support IT infrastructure development including high-performance computing and data management facilities as phase one of a larger project to develop novel complex data handling and laboratory space. The rate of interest is fixed at 1.9% and the loan is repayable over ten years which commenced 30 June 2019. The value of this loan at 31 July 2023 is £6.2m.

In August 2018 the University entered into a private placement to secure funding of £225m to support the delivery of the University Strategy 2017 - 2027:

- £80m is repayable in 2048 and charges annual interest at 2.66%.
- £70m is repayable in 2058 and charges annual interest at 2.72%.
- £75m is repayable in 2067 and charges annual interest at 2.67%.

The loan liabilities have been classified according to the maturity date of the longest permitted refinancing.

## Interest rate hedging

Under the terms of a loan taken out in 2010 the University committed to hedging at least 60% of its loan balances and developed and implemented a hedging strategy to achieve this over the term of the loans with additional protection against interest rate fluctuations for an additional 25% of the outstanding balance until July 2020. The hedging instruments in place at 31 July 2021 were as follows:

- £4.5m amortising to nil by March 2027, fixed at 5.66%.
- £23.5m amortising to nil by July 2034, fixed at 5.36%.
- £29.5m rising to £30.9m by July 2027 then amortising to £27m by July 2034 and then level until June 2040, fixed at 4.61%.

The fair value of the liability represented by these interest rate hedges is disclosed as Derivatives in the note above. These hedges are to remain in place even though some of the related loans were repaid in August 2018.

## 22. Provisions for Liabilities

### i) Pensions

	Consolidated and University			
	USS Pension Provision	DUPS Pension Provision	Total Pension Provision	Total Pension Provision
	2023	2023	2023	2022
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>141,783</b>	<b>31,792</b>	<b>173,575</b>	<b>120,716</b>
Amounts charged to pension costs: non-cash items				
Current service cost	-	4,221	4,221	6,635
Administration costs	-	1,236	1,236	1,208
	-	<b>5,457</b>	<b>5,457</b>	<b>7,843</b>
Less				
Employer contributions	(11,314)	(7,096)	(18,410)	83,974
Deficit contributions	(9,732)	-	(9,732)	(3,392)
	<b>(21,046)</b>	<b>(7,096)</b>	<b>(28,142)</b>	<b>80,582</b>
Amounts charged to interest and other finance costs: non-cash items				
Unwinding of USS pension provision discount	4,707	-	4,707	492
Net interest charge on pension scheme	-	1,084	1,084	1,110
	<b>4,707</b>	<b>1,084</b>	<b>5,791</b>	<b>1,602</b>
Net charged to expenditure	(16,339)	(555)	(16,894)	82,184
Actuarial gain in respect of pension schemes	-	(4,940)	(4,940)	(37,168)
<b>Balance at 31 July 2023</b>	<b>125,444</b>	<b>26,297</b>	<b>151,741</b>	<b>173,575</b>
<b>ii) Other Liabilities</b>				
Fudan Tax Provision			1,000	1,000
<b>Total Provisions for Liabilities</b>			<b>152,741</b>	<b>174,575</b>

### **Obligation to fund deficit on USS Pension**

The USS scheme is a multi-employer scheme for which the assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore unable to identify its share of the underlying assets and liabilities of the scheme and, as required by Section 28 of FRS 102 "Employee benefits", the scheme is accounted for as if it were a defined contribution scheme.

As part of the 2020 valuation of the USS pension scheme, the trustees determined, after consultation with the employers, a recovery plan to extinguish the shortfall by 31 March 2038. The contributions being paid by the employer include an amount designed to recover the deficit, the rates of which are disclosed in note 29a. In accordance with FRS 102 Section 28, a liability is recognised for the contractual commitment to make such deficit contributions, calculated based on the value of deficit contributions over the period of the Recovery Plan discounted to their present fair value using an appropriate discount rate. The increase in the provision includes the amount of recovery contributions payable less the impact of unwinding the discount during the year.

### **Defined Benefit Obligations**

The deficit on the University sponsored pension scheme (DUPS) is recognised as a liability. Details of this scheme, including the basis of the accounting valuation and the movement in assets and liabilities and the resulting deficit, are disclosed in Note 28.

### **Fudan Tax Provision**

The £1m relating to the Fudan Tax Provision represents potential corporate, individual income tax liabilities and late payment surcharges arising from the joint DBA programme delivered between Durham University Business School and its partner Fudan University (Shanghai, China). The calculation represents liabilities relating to ongoing programme delivery.

## 23. Endowment reserves

Consolidated and University	Restricted Permanent	Unrestricted Permanent	Restricted Expendable	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August</b>					
Capital	49,427	32,854	11,589	<b>93,870</b>	93,340
Accumulated income	4,957	-	591	<b>5,548</b>	4,883
	<u>54,384</u>	<u>32,854</u>	<u>12,180</u>	<u><b>99,418</b></u>	<u>98,223</u>
New endowments	4,958	-	55	<b>5,013</b>	3,314
Investment income	1,075	144	254	<b>1,473</b>	1,160
Expenditure	(1,425)	(144)	(501)	<b>(2,070)</b>	(1,145)
Decrease in market value of investments	(1,114)	(148)	(338)	<b>(1,600)</b>	(3,127)
(Decrease) / Increase in market value of properties	-	(549)	-	<b>(549)</b>	693
Transfer from General Funds	-	-	-	-	-
Transfer from Restricted reserves	11	-	-	<b>11</b>	300
<b>Total endowment comprehensive income for the year</b>	<u>3,505</u>	<u>(697)</u>	<u>(530)</u>	<u><b>2,278</b></u>	<u>1,195</u>
<b>Balance at 31 July</b>	<b>57,889</b>	<b>32,157</b>	<b>11,650</b>	<b>101,696</b>	<b>99,418</b>
<b>Represented by</b>					
Capital	52,426	32,157	11,117	<b>95,700</b>	93,870
Accumulated income	5,463	-	533	<b>5,996</b>	5,548
	<u>57,889</u>	<u>32,157</u>	<u>11,650</u>	<u><b>101,696</b></u>	<u>99,418</u>
<b>Analysis by type of purpose:</b>					
Fellowships	19,802	-	-	<b>19,802</b>	17,001
Lectureships	523	-	3,027	<b>3,550</b>	3,877
Scholarships and bursaries	18,387	-	245	<b>18,632</b>	18,459
Research support	8,671	-	5,159	<b>13,830</b>	13,370
Prize funds	2,483	-	-	<b>2,483</b>	2,502
Student facilities	8,023	-	3,219	<b>11,242</b>	11,355
General	-	32,157	-	<b>32,157</b>	32,854
<b>Balance at 31 July</b>	<b>57,889</b>	<b>32,157</b>	<b>11,650</b>	<b>101,696</b>	<b>99,418</b>
<b>Analysis by asset:</b>					
Fixed assets				<b>17,196</b>	17,745
Current and non-current asset investments				<b>71,148</b>	68,396
Cash and cash equivalents				<b>13,352</b>	13,277
<b>Balance at 31 July</b>				<b>101,696</b>	<b>99,418</b>

## 24. Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. The movements in the year on the total funds of all connected institutions were as follows:

	College Trusts £'000	Fellowships £'000	Prizes £'000	Scholarships £'000	Total £'000
<b>Balance at 1 August 2022</b>	2,825	3,338	49	1,754	<b>7,966</b>
Additions	53	-	-	-	<b>53</b>
Income	57	98	1	32	<b>188</b>
Expenditure	(114)	(125)	-	(7)	<b>(246)</b>
Change in market value	(39)	(189)	(1)	(30)	<b>(259)</b>
<b>Balance at 31 July 2023</b>	<b>2,782</b>	<b>3,122</b>	<b>49</b>	<b>1,749</b>	<b>7,702</b>
Number of funds	5	2	2	9	<b>18</b>

## 25. Restricted reserves

Consolidated and University	Unspent Capital Grants	Donations	2023 Total	2022 Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	89	8,740	<b>8,829</b>	10,473
New grants	-	-	-	197
New donations	-	1,764	<b>1,764</b>	2,687
Transfer to endowments	-	-	-	-
Transfer to capital grants	-	-	-	-
Transfer of previous year donations	-	(20)	<b>(20)</b>	-
Investment income	-	224	<b>224</b>	93
Capital grants utilised	-	-	-	-
Expenditure	-	(1,902)	<b>(1,902)</b>	(4,321)
<b>Total restricted comprehensive income / (expenditure) for the year</b>		66	<b>66</b>	(1,344)
Transfer to endowments	-	(11)	<b>(11)</b>	(300)
<b>Balance at 31 July</b>	89	8,795	<b>8,884</b>	8,829

### Analysis of other restricted funds / donations by type of purpose:

Fellowships	-	634	<b>634</b>	822
Scholarships and bursaries	-	2,930	<b>2,930</b>	2,530
Research support	-	1,478	<b>1,478</b>	1,298
Student facilities	89	3,654	<b>3,743</b>	4,084
Prize funds	-	99	<b>99</b>	95
<b>Balance at 31 July</b>	89	8,795	<b>8,884</b>	8,829

## 26. Financial instruments

	Note	Consolidated 2023 £'000	University 2023 £'000	Consolidated 2022 £'000	University 2022 £'000
<b>Financial assets</b>					
<i>Financial assets at fair value through Statement of Comprehensive Income</i>					
Listed investments	15	203,452	203,452	246,809	246,809
<i>Financial assets that are equity instruments measured at cost less impairment</i>					
Other investments	15	128	128	191	191
<i>Financial assets that are debt instruments measured at amortised cost</i>					
Cash and cash equivalents	19	23,945	23,379	83,200	82,907
Other investments	18	-	-	359	359
Other receivables	17	28,480	28,336	26,962	26,962
<b>Financial liabilities</b>					
<i>Financial liabilities at fair value through Statement of Comprehensive Income</i>					
Derivatives	21	2,136	2,136	13,823	13,823
<i>Financial liabilities measured at amortised cost</i>					
Loans	21	298,520	298,520	273,211	273,211
Service concessions	20	6,893	6,893	6,312	6,312
Finance leases	21	17,613	17,613	17,987	17,987
Trade payables	20	11,316	11,316	14,265	14,265
Other payables	20	11,085	11,085	16,158	16,046

### Credit Risk

The bulk of the University's receivables relate to either tuition fees, the bulk of which is underwritten by the Student Loan Company, or research funding which is covered by contractual arrangements. Any credit risk is deemed low.

### Market Risk

Listed investments are held at market value and as such are subject to market adjustments. The University portfolio is managed, and investments are held in short, medium and long-term envelopes to meet the planned needs of the University. The mix of investments in each envelope is selected to meet these identified term needs.

### Liquidity Risk

The University holds large cash balances and has credit arrangements to draw upon. Whilst there is no anticipated future requirement to liquidate the portfolio of listed investments, this could be achieved if required.

Details of the loan requirements can be found in Note 21. Most of the interest is either fixed or covered by swaps. The bulk of the loans relate to the private placement of £225m. There are covenants around financial performance, however any breach will result in a fine rather than a demand for repayment.

## 27. Capital commitments

	Consolidated	University	Consolidated	University
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
<b>Commitments contracted for</b>	<b>21,063</b>	<b>21,063</b>	<b>32,887</b>	<b>32,887</b>

## 28. Lease obligations

	Land and Buildings	Plant and Machinery	2023 Total	2022
	£'000	£'000	£'000	£'000
<b>Payable during the year</b>	<b>4,732</b>	<b>477</b>	<b>5,209</b>	<b>4,904</b>
<b>Future minimum lease payments due</b>				
Not later than 1 year	4,729	394	5,123	4,620
Later than 1 year and not later than 5 years	17,281	404	17,685	17,337
Later than 5 years	36,807	3	36,810	38,097
<b>Total lease payments due</b>	<b>58,817</b>	<b>801</b>	<b>59,617</b>	<b>60,054</b>

## 29. Pensions

### (a) Universities Superannuation Scheme

The University participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total cost of contributions charged to the Consolidated Statement of Comprehensive Income is £33,903,000 (2022: £26,623,000) This includes £4,412,545 (2022: £3,937,569) outstanding contributions at the balance sheet date.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles: [uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](https://uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

<b>CPI assumption</b>	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less:
	1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040.
<b>Pension increases (subject to a floor of 0%)</b>	CPI assumption plus 0.05%.
<b>Discount rate (forward rates)</b>	Fixed interest gilt yield curve plus:
	Pre-retirement: 2.75% p.a.
	Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 Valuation
<b>Mortality base table</b>	101% of S2PMA 'light' for males and 95% of S2PFA for females.
<b>Future improvements to mortality</b>	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2022	2021
<b>Males currently aged 65 (years)</b>	23.9	24.4
<b>Females currently aged 65 (years)</b>	25.5	25.9
<b>Males currently aged 45 (years)</b>	25.9	26.3
<b>Females currently aged 45 (years)</b>	27.3	27.7

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.50%	3.32%
Pensionable salary growth	3.00%	5.00%

The employers' contribution rates are as follows:

Effective date	Rate
1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

## (b) Durham University Pension Scheme

### Introduction

The University sponsors the Durham University Pension Scheme (the Scheme) which is a funded defined benefit pension scheme for qualifying University employees not eligible for membership of Universities Superannuation Scheme. The Scheme is administered by a Sole Independent Trustee Company, Vidett, which is legally separate from the University. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

Under the Scheme, up to 31 July 2016, employees are entitled to annual pensions on retirement at age 65 of 1/75th of Final Pensionable Salary for each year of service up to 31 July 2016. Final Pensionable Salary is defined as the highest Pensionable Salary received over any one year in the last three years. Benefits are also payable on death and following other events such as withdrawing from active service.

Following consultation with affected members, the University changed the benefits being built up in the Scheme with effect from 1 August 2016. From this date members build up an annual pension of 1/60th of their pensionable salary each year which will be revalued in line with CPI inflation subject to a cap of 2.5% p.a. This pension is payable from the later of, age 65, and a member's State Pension Age (under legislation applying when they joined the new benefit scale). Benefits will also be payable on death and following other events such as withdrawing from active service.

No other post-retirement benefits are provided to these employees.

### Profile of the plan

The defined benefit obligation includes benefits for current employees, former employees and current pensioners. At the latest funding valuation at 1 April 2021, 35% of the liabilities were attributable to current employees, 27% to former employees and 38% to current pensioners.

### Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2021 and showed a deficit of £40.1 million. The deficit was expected to be removed by 31 March 2033 through a combination of additional contributions of 2% of pensionable salary and an additional payment £2.2m per annum by the University. The trustees will monitor progress against this target. The next funding valuation is due to be carried out as at 1 April 2024, at which time progress towards full funding will be reviewed. Over the accounting period the University paid contributions of 22.1% of Pensionable Salaries less member contributions in respect of accrual of benefits for current employees.

The University expects to contribute £7,292,000 for the year commencing 1 August 2023.

### Risks associated with the Scheme

The Scheme exposes the University to a number of risks, the most significant of which are as follows:

<b>Asset volatility</b>	The liabilities for accounting purposes are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield this will create a deficit. The Scheme holds a significant proportion of growth assets (equities, property and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.
<b>Changes in bond yields</b>	A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.
<b>Inflation</b>	The majority of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
<b>Life expectancy</b>	The majority of the Scheme's obligations are to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the liabilities.

The University and Trustees have a long-term intention to reduce investment risk as and when appropriate. This could include an asset-liability matching policy which aims to reduce the volatility of the Scheme's funding level by investing in assets such as swaps which perform in line with the Scheme's liabilities so as to protect against inflation being higher than expected. The Trustees insure certain benefits payable on death before retirement.

## Reporting at 31 July 2023

The results of the latest funding valuation at 31 March 2021 have been adjusted to the balance sheet date taking account of experience over the period since 1 April 2021, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

### Assumptions

The plan's liabilities have been calculated using the following principal actuarial assumptions which reflect the nature and term of the Plan's liabilities:

Main financial assumptions	2023 % per annum	2022 % per annum
RPI inflation	3.15	3.20
CPI inflation	2.85	2.85
Long term rate of salary increases	3.30	3.35
Rate of discount for Scheme liabilities	5.20	3.50
Increases to pensions in payment (RPI) - minimum 3%	3.69	3.70
Increases to pensions in payment (RPI) - maximum 2.5%	1.94	2.00

Current inflationary increases have been considered within the 2023 CPI inflation assumption.

### Non-financial assumptions

The most significant non-financial assumption is assumed longevity and the mortality assumptions adopted at 31 July 2023 imply the following life expectancies from age 65:

	2023 years	2022 years
Male currently aged 65	20.5	20.9
Female currently aged 65	22.8	23.2
Male currently aged 45	21.0	21.6
Female currently aged 45	23.8	24.3

### Mortality Table – Base Table

Non-Pensioners: 125% of S3PMA (males) and 114% of S3PFA\_middle (females)

Pensioners: 114% of S3PMA (males) and 107% of S3PFA\_middle (females)

### Future Improvements

CMI 2022 with a long-term rate of improvement of 1.25% p.a., with core parameters i.e. a smoothing parameter (s-kappa) of 7.0, initial addition parameter of zero, no weight to 2020 and 2021 data and 25% weight to 2022 data.

#### *Scheme assets and expected rates of return*

The assets of the Scheme were invested as follows:	2023 £'000	2022 £'000
Equities	23,584	41,070
Absolute return and Multi-asset Credit	34,534	31,299
Liability Driven Investments	26,844	29,347
Property	10,083	13,799
Cash / other	3,975	3,810
	<b>99,020</b>	<b>119,325</b>

	2023	2022
	£'000	£'000
Present value of Scheme liabilities	(125,317)	(151,117)
Fair value of Scheme assets	99,020	119,325
<b>Net liability</b>	<b>(26,297)</b>	<b>(31,792)</b>

*Reconciliation of opening and closing balances of the present value of Scheme liabilities*

	2023	2022
	£'000	£'000
<b>Present value of Scheme liabilities at 1 August</b>	<b>151,117</b>	<b>210,835</b>
Current service cost	4,221	6,635
Interest cost	5,280	3,493
Contributions by members	232	108
Actuarial losses	(30,550)	(65,023)
Benefits paid and death in service insurance premiums	(4,983)	(4,931)
<b>Present value of plan liabilities at 31 July</b>	<b>125,317</b>	<b>151,117</b>

*Reconciliation of opening and closing balances of the fair value of Scheme assets*

	2023	2022
	£'000	£'000
<b>Fair value of Scheme assets at 1 August</b>	<b>119,325</b>	<b>144,191</b>
Interest income	4,196	2,383
Return on plan assets	(25,610)	(27,855)
Contributions by employer	7,096	6,637
Contributions by members	232	108
Benefits paid and death in service insurance premiums	(4,983)	(4,931)
Administration costs	(1,236)	(1,208)
<b>Fair value of Scheme assets at 31 July</b>	<b>99,020</b>	<b>119,325</b>

*Analysis of the charge to the income and expenditure account*

	2023	2022
	£'000	£'000
<b>Analysis of operating charge</b>		
Current service cost	(4,221)	(6,635)
Administration costs	(1,236)	(1,208)
Past service cost	-	-
<b>Operating charge</b>	<b>(5,457)</b>	<b>(7,843)</b>
<b>Analysis of pension finance cost</b>		
Interest income	4,196	2,383
Interest on plan liabilities	(5,280)	(3,493)
<b>Pension finance cost</b>	<b>(1,084)</b>	<b>(1,110)</b>
<b>Total cost</b>	<b>(6,541)</b>	<b>(8,953)</b>

*Amount recognised in Other Comprehensive Income*

	2023	2022
	£'000	£'000
Return on plan assets	(25,610)	(27,855)
Experience gains arising on plan liabilities	(3,182)	(2,974)
Change in financial and demographic assumptions underlying the plan liabilities	33,732	67,997
	<b>4,940</b>	<b>37,168</b>

*Amounts for the current and previous four years*

	2023	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of assets	99,020	119,325	144,191	133,631	125,472	115,528
Present value of scheme liabilities	(125,317)	(151,117)	(210,835)	(211,642)	(178,857)	(159,785)
<b>Deficit in scheme</b>	<b>(26,297)</b>	<b>(31,792)</b>	<b>(66,644)</b>	<b>(78,011)</b>	<b>(53,385)</b>	<b>(44,257)</b>
Experience adjustment on Scheme liabilities	3,182	2,974	826	281	6,200	(1,579)
Experience adjustment on Scheme assets	25,610	27,855	8,669	5,210	7,883	5,192
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	33,732	(67,997)	4,308	(27,643)	(19,227)	4,729

**(c) NOW Pensions**

In response to the government's requirement for all employers to introduce automatic enrolment into a pension scheme for eligible staff, the University has appointed Aviva Pensions to provide its workplace pension scheme for automatic enrolment. Aviva Pensions provides a money purchase scheme which invests employer and employee contributions to provide a member specific fund that will be converted into pension on the member's retirement.

Employer contributions are currently 3% and employees pay 5%. The cost to the University during 2023 was £398,000 (2022: £337,000).

**30. Access and Participation**

Expenditure 2022/23	2023	2022
	£'000	£'000
Access Expenditure Only	5,734	4,782
Financial Support	6,890	5,942
Disabled Students (including disability support and disability premium)	1,303	1,269
Research and evaluation related to Access Participation	144	103
	<b>14,071</b>	<b>12,096</b>

In our Access and Participation Plan for 2022/23, our target total spend for access, participation and success was set at £9.90m, of which £4.285m and £5.56m were the specific targets for access and financial support respectively. Actual total expenditure is at £14.071m with Access expenditure above the targeted level of spend at £5.734m. In person activity resumed in 2022 and has continued in 2023, and therefore several activities such as residential summer schools and school visits have taken place as planned. Due to inflationary pressures and a variation to the Access and Participation Plan, a planned overspend of £101,325 was incurred in non-staff costs. We found success in the return to in person activity and are maintaining effective elements of digital delivery.

Staff costs make up approximately 27% of the total access and participation expenditure at £3.849m. Within access-specific expenditure staff costs represent 55% of total spend, an increase in monetary terms of 17% compared to the last budget period. In the case of research and evaluation related to access and participation, the majority of spend relates to academic research that directly informs our Access and Participation plans.

**31. US Department of Education Financial Responsibility Supplemental Schedule**

In satisfaction of its obligations to facilitate students' access to US federal financial aid, Durham University is required by the US Department of Education to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets.
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition).
- presented in Pounds Sterling (GBP).

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Primary Reserve Ratio		Year ended 31 July 2023	Year ended 31 July 2022	
Page	Related Note	£'000	£'000	
-	-	Net Assets without Donor Restrictions	299,319	338,432
-	-	Net Assets with Donor Restrictions	110,580	108,247
96	23	Funds Restricted in Perpetuity	(57,889)	(54,384)
96	23	Term Endowments	(11,650)	(12,180)
96	23	Life Income Funds	(32,157)	(32,854)
70	12	Property, Plant and Equipment	(728,051)	(621,456)

<b>Primary Reserve Ratio</b>			<b>Year ended 31 July 2023</b>	<b>Year ended 31 July 2022</b>
<i>Page</i>	<i>Related Note</i>		<i>£'000</i>	<i>£'000</i>
98	27	Lease - Right of Use (net)	-	-
95	22	Pension Liability	151,741	173,575
94	21	Placement Loans	225,000	225,000
93	21	Lines of Credit for Long-Term Purposes	58,468	43,390
98	27	Lease - Right of Use Asset Liability	-	-
82	8	Related Party Receivables	(1)	(9)
			<b>15,360</b>	<b>167,761</b>
Total Operating Expenses			489,132	532,686
Other losses			(11,687)	-
			<b>477,445</b>	<b>532,686</b>
<b>Primary Reserve Ratio</b>			<b>0.0322</b>	<b>0.3149</b>
<b>Equity Ratio</b>			<b>Year ended 31 July 2023</b>	<b>Year ended 31 July 2022</b>
<i>Page</i>	<i>Related Note</i>		<i>£'000</i>	<i>£'000</i>
-	-	Net Assets without Donor Restrictions	299,319	388,432
-	-	Net Assets with Donor Restrictions	110,580	108,247
-	-	Goodwill	-	-
82	8	Related Party Receivables	(1)	(9)
			<b>409,898</b>	<b>446,670</b>
Total Assets			1,004,247	1,044,410
<b>Equity Ratio</b>			<b>0.4082</b>	<b>0.4277</b>
<i>Page</i>	<i>Related Disclosures</i>			
67	SOCI	Change in Net Assets without Donor Restrictions	299,319	338,432
		Net Assets with Donor Restrictions	110,580	108,247
		Related Party Receivables	(1)	(9)
			<b>409,898</b>	<b>446,670</b>
-	-	Total Operating Revenue - Unrestricted	484,223	468,545
-	-	Less Investment Return Appropriated for Spreading	-	-
67	SOCI	Less Sale of Fixed Assets	(7,315)	202
			<b>476,908</b>	<b>468,747</b>
<b>Net Income Ratio</b>			<b>0.8595</b>	<b>0.9529</b>

## 32. Post Balance Sheet Events

The USS triennial valuation was completed at 31 March 2023 and showed a significantly improved financial position. As a result of this, The Trustee has proposed a reduction in both employer and employee contributions to the scheme as well as enhanced benefits for employees, to take effect from 1 January 2024. The Trustee has consulted on this, and member employers have agreed to the proposed new scheme of contributions which will last for five years.

Member rates will reduce to 6.1% from 9.8% and employers rates will reduce to 14.5% from 21.6%.

## 33. Prior Year Restatement

The Group and University has restated prior year comparatives as follows:

### Fixed assets

During the year a review of the disclosure of fixed assets has been undertaken which identified a historical error relating to our fixed asset componentisation policy introduced in 2012. As a result of this review, amounts are charged to accumulated depreciation and unrestricted reserves. Please refer to the Fixed Asset Review, note iv) under Judgements for further information.

The prior year has been adjusted in the balance sheet to decrease fixed assets and decrease unrestricted reserves by £36.5m, and in the statement of changes in reserves to decrease unrestricted reserves by £36.5m. The adjustment has no impact on the current SOCIE and the cash flow statement, however the prior year depreciation charge has been amended to reflect the impact that would have applied to that year.

The restatements described above have also been reflected in the relevant notes to the accounts and where appropriate the Financial Review.

A summary of the changes is set out below:

Balance Sheet	Consolidated						University
	£,000		£,000		£,000		£,000
	As stated	Restatement	As restated	As stated	Restatement	As restated	
<b>Unrestricted reserves</b>							
Balance at 1 August 2021	475,390	(35,054)	440,336	476,649	(35,054)	441,595	
Balance at 31 July 2022	411,625	(1,495)	410,130	412,889	(1,495)	411,394	
<b>Fixed Assets - Net Book Value</b>	<b>As stated</b>	<b>Restatement</b>	<b>As restated</b>	<b>As stated</b>	<b>Restatement</b>	<b>As restated</b>	
Balance at 1 August 2021	599,721	(35,054)	564,667	600,827	(35,054)	565,773	
Balance at 31 July 2022	586,402	(1,495)	584,907	586,402	(1,495)	584,907	
<b>Statement of comprehensive income and expenditure</b>	<b>Consolidated</b>						<b>University</b>
	£,000		£,000		£,000		£,000
<b>Depreciation and amortisation</b>	<b>As stated</b>	<b>Restatement</b>	<b>As restated</b>	<b>As stated</b>	<b>Restatement</b>	<b>As restated</b>	
Balance at 31 July 2022	43,155	1,495	44,650	43,155	1,495	44,650	
<b>Total comprehensive income for the year</b>	<b>As stated</b>	<b>Restatement</b>	<b>As restated</b>	<b>As stated</b>	<b>Restatement</b>	<b>As restated</b>	
Balance at 31 July 2022	(28,711)	(1,495)	(30,206)	(28,706)	(1,495)	(30,201)	

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