

Inspiring the extraordinary

Annual report
and financial statements
for the year ended 31 July 2024





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.



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Integrated reporting

This report was developed in consultation with our Executive team. In approving the report, our Council (trustees) acknowledges its overall responsibility for the accuracy and integrity of the document.

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.



Foreword from the Chair of Council

Durham University continues to deliver outstanding research, quality education, and an excellent experience and outcomes for students, recognised through independent rankings and awards, as highlighted throughout this report.

I am constantly impressed by the quality of the research being undertaken at Durham across so many areas with far-reaching impact, as recognised through the Research Excellence Framework results. From leading a £21.3m national research partnership focussed on decarbonising the UK maritime sector, to working with Durham constabulary to improve police practices, procedures and policies, and so much more.

The Teaching Excellence Framework ratings 2023 awarded Durham gold for student outcomes recognising, as outstanding, the significant proportion of students, including those from underrepresented groups, continuing in and completing their degrees, and progressing to highly skilled employment or further study. Durham also obtained a silver rating for student experience, acknowledging the approach to research, innovation, scholarship, professional practice and employer engagement to be an outstanding quality feature.

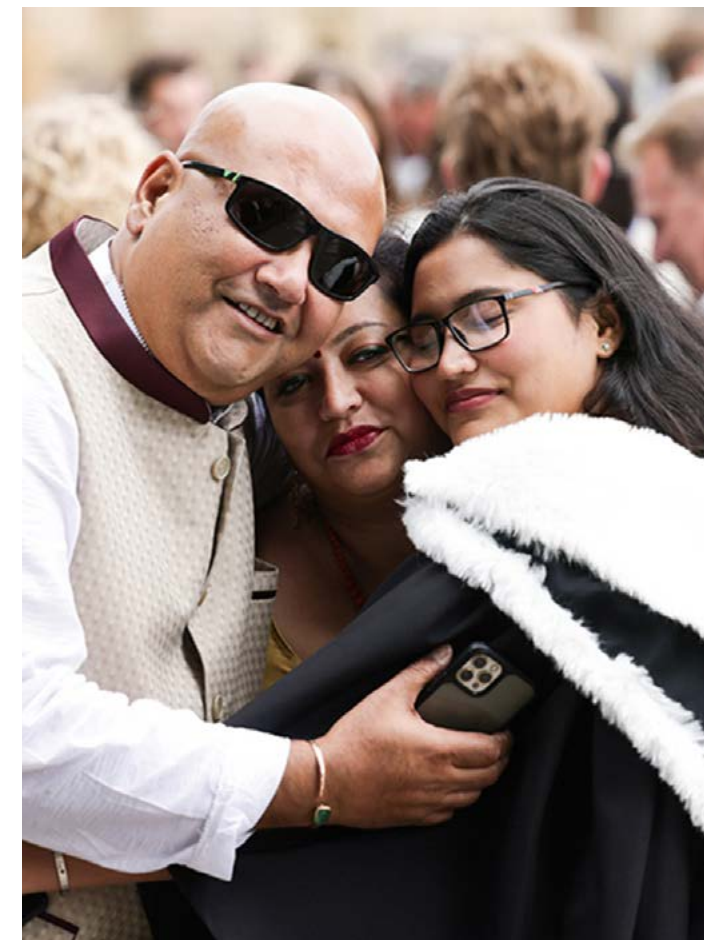
The University Strategy, refreshed in 2022/23, established key priorities and Council has been monitoring performance against the new targets throughout the year and assessing indicators of risk as actions are completed and as new issues arise. While there have been lots of success and achievements to celebrate, Durham, together with the UK Higher Education sector, faces financial challenges due to rising costs, static tuition fees for UK undergraduate students, which are set by the government, and changes to visa requirements for international students. Consequently, investment in major projects, such as new buildings, facilities and people, required to support the University's ambitions, are being managed cautiously alongside income to ensure the long-term sustainability of the institution.

Durham's purpose to be a positive influence and to provide a safe, tolerant and inclusive environment for all staff, students and visitors is reflected in the revised Freedom of Speech Code of Practice. This includes a commitment to freedom of expression within the law, to promote academic freedom and encourage free expression and debate in the pursuit of knowledge and exchange of ideas.

The report outlines positive progress made against the strategy during the year, from supporting the health and wellbeing of the increasingly diverse staff and student population, managing the impact on the environment, engaging with partners and generating funding to support the central objectives. One key project was the refurbishment of the Waterside building into a premium location for the Business School, which will deliver significant economic benefits for the city, county and region in line with the University's wider purpose.

Joe Docherty

Chair of Council





Welcome from the Vice-Chancellor

As Vice-Chancellor, I'm proud of the achievements of our staff and students, as highlighted throughout this report. A key focus of our strategy is to support and develop our people and we were delighted by the increase in satisfaction of our students across all areas of the National Student Survey. To enhance this position, we have invested in a new Student Support Model to improve our communications with students and how we deliver our support. Our 2024 staff survey also highlighted positive relations among teams and a commitment to the success of the institution and we are responding to suggestions to improve staff workloads.

As outlined in our strategy, the University plays an important role in the city and region and hosted the official signing of a devolution deal between the UK government and North East England's seven local authorities. We continue to work with other local universities to enhance our positive role in support of the new North East Mayoral Combined Authority. Our research and education provides value to the region, creating a more productive economy and stronger community. Additionally, we were able to support one of the local Durham schools by providing teaching and facilities during disruption caused by safety issues within their buildings, following the identification of Reinforced Autoclaved Aerated Concrete (RAAC).

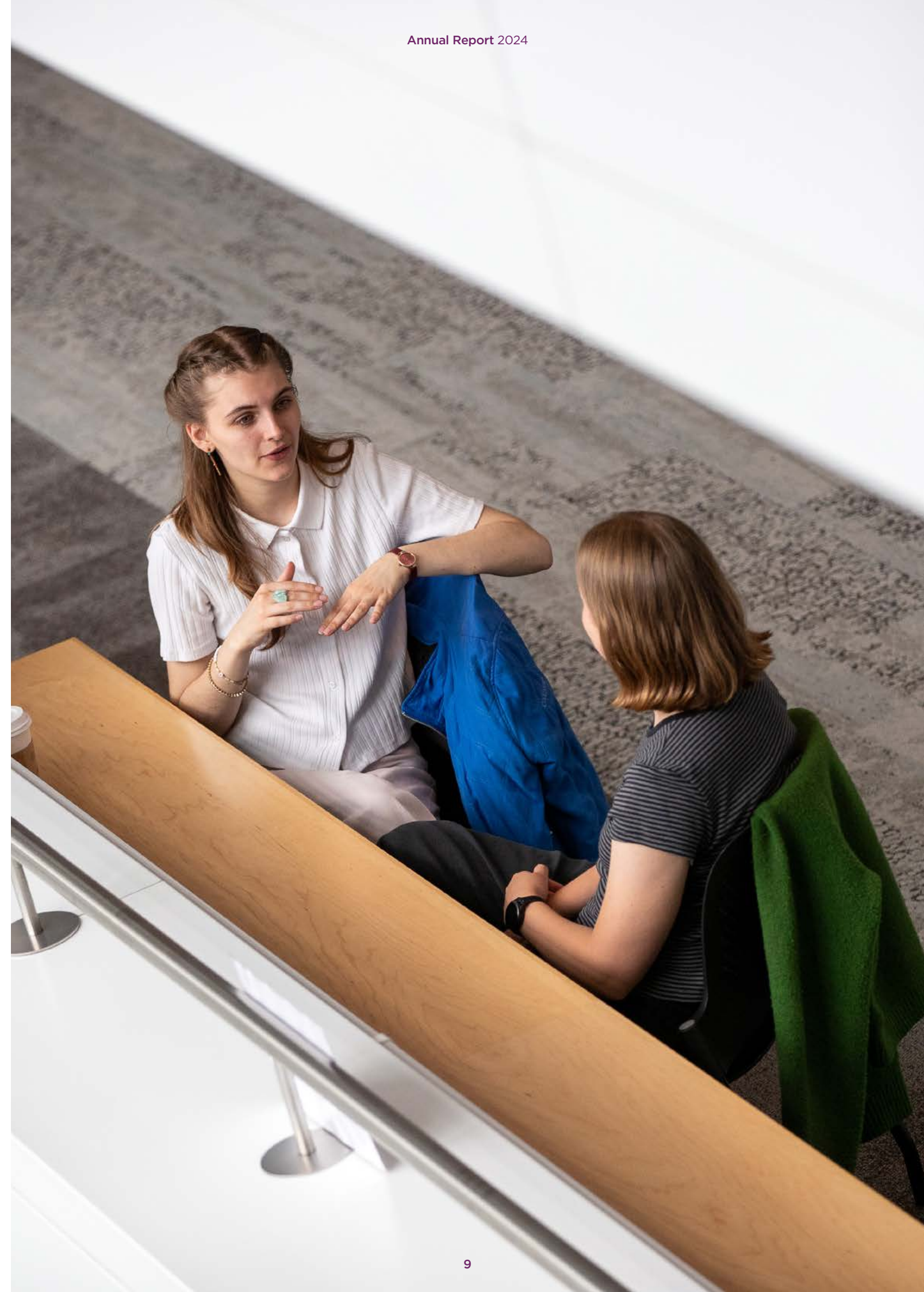
My role includes promoting the institution beyond Durham and the region and this year, I engaged with European and international alumni communities, institutions and research partners to discuss our progress, share memories and strengthen our connections.

We are committed to providing a safe and inclusive environment for everyone at Durham. Our students, as at many other institutions, expressed concerns about the Israel and Gaza conflict through the establishment of a peaceful protest camp on Palace Green. Engagement with student representatives on consideration of issues within our control led to a peaceful dissolution of the encampment. We continue to support all students impacted by the conflict and condemn harassment and intimidation.



We do need to control our costs to ensure the University can continue to thrive in a difficult financial climate for the sector and the country. This involves careful consideration of our priorities and areas for investment alongside commitment to our values to raise educational aspirations, promote inclusivity, deliver social and economic growth in the region and achieve our environmental targets. While this is challenging, Durham is in a strong position to deliver and succeed through these highly unpredictable times.

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.

Founded in 1832, we are England's third oldest university. Today, we're an international family of extraordinary people comprising 26 departments across four faculties, with over 4,300 staff and around 21,500 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 are a member of the Russell Group of leading, research-intensive UK universities. We appoint academics and thought-leaders to conduct innovative and impactful research that makes a difference globally and locally. 90% of our research is classed as world-leading or internationally excellent, according to the Research Excellence Framework (REF), which last reported in 2021.

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

Located in the North East of England, we are proud to be part of Durham and of the positive contribution we make to the city, county and wider 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 the public benefit and manage our income and costs cautiously. We are committed to responsible and sustainable financial planning and performance, supporting the University's strategic and operational plans within a changing funding landscape and wider financial environment.



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	2025	2024	2023
Complete University Guide	7th	8th	6th
The Times and Sunday Times Good University Guide	5th	7th	6th
The Guardian	6th	7th	6th
Quacquarelli Symonds (QS) World University Rankings	89th	78th	92nd
Times Higher Education (THE) World University Rankings	172nd	174th	=198th
Times Higher Education (THE) Impact Rankings	n/a*	=37th	77
QS Sustainability Rankings	n/a*	19	=53
Academic Ranking of World Universities (ARWU)	n/a*	301-400	301-400

*These rankings will be published during 2025



Purpose and value

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 wellbeing and prosperity for the benefit of present and future generations.

Our core lived values



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.

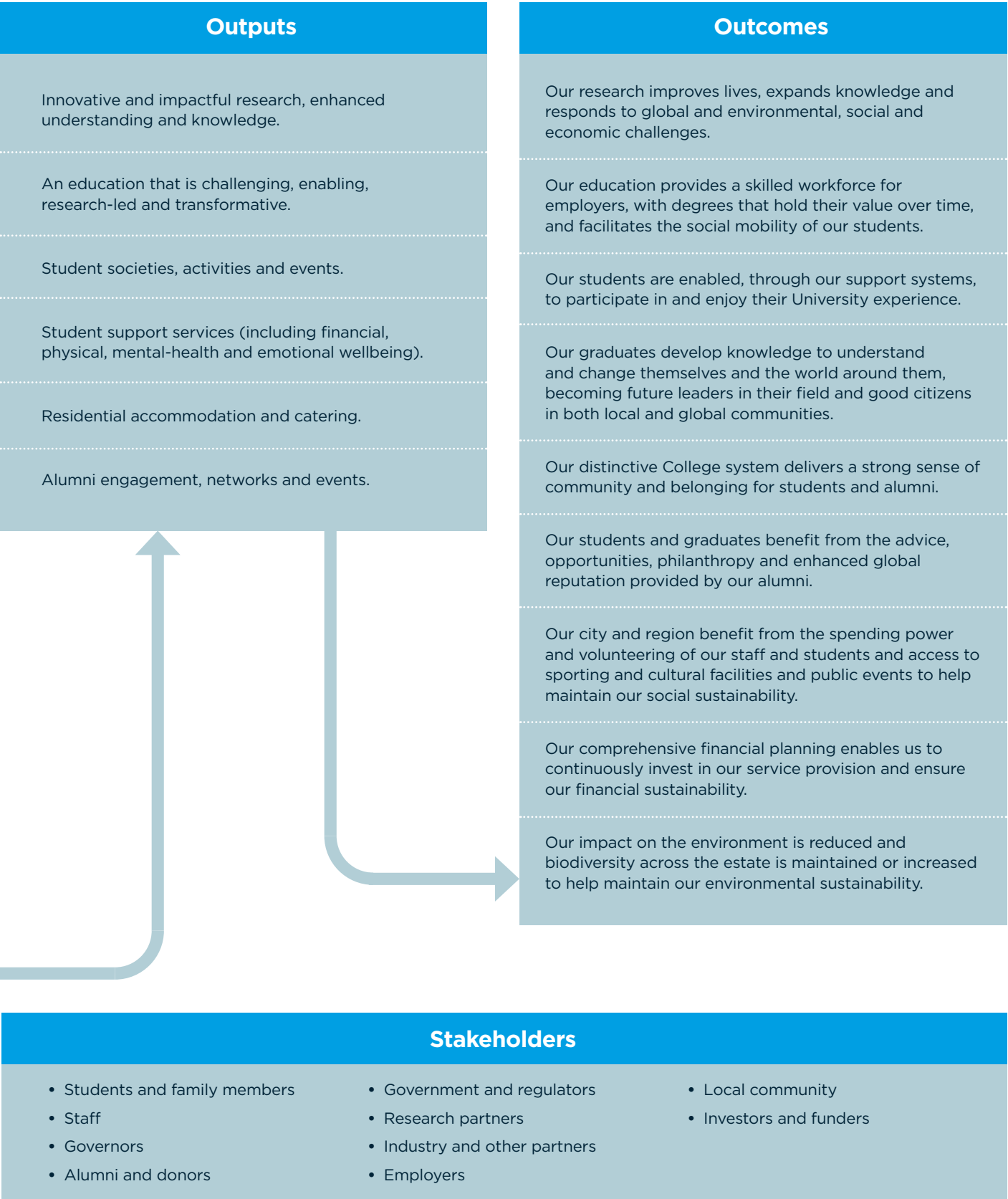


Citizenship

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

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.



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 are a public benefit entity, as described by the Charities Act 2011, our trustees review our aims, strategy and activities on an annual basis to ensure they remain focused on our charitable objectives. In this review, we have due regard to the Charity Commission's published guidance on public benefit. 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 Committee of University Chairs, Higher Education Code of Governance (2020).

In line with our responsibilities under section 13 of the Charities (Protection and Social Investment) Act 2016, we make the following disclosures in respect of our fundraising activities:

- We are registered with the Fundraising Regulator and adhere to the Code of Fundraising practice. We have specific internal policies governing the acceptance of gifts and donor recognition, to which all our fundraising team abides. We are not aware of any failures to comply with either the Fundraising Regulator's standards, or our own policies.
- Our fundraising work includes face to face individual fundraising, legacies, events, Trust and Foundations, corporates, telephone, direct mail and email appeals.

- We do not employ external fundraisers.
- We have received no complaints in the year to 31 July 2024 regarding our fundraising activities.
- Our fundraising team adheres to high professional standards and is actively supported and managed accordingly. These standards include avoiding behaviour interpreted as unreasonably persistent or pressured, with all contacts.

Value for money statement

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 metrics for further study, for 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 time and role allocation 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 which 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 Speech Code of Practice.

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 academic activities and incentivises 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.



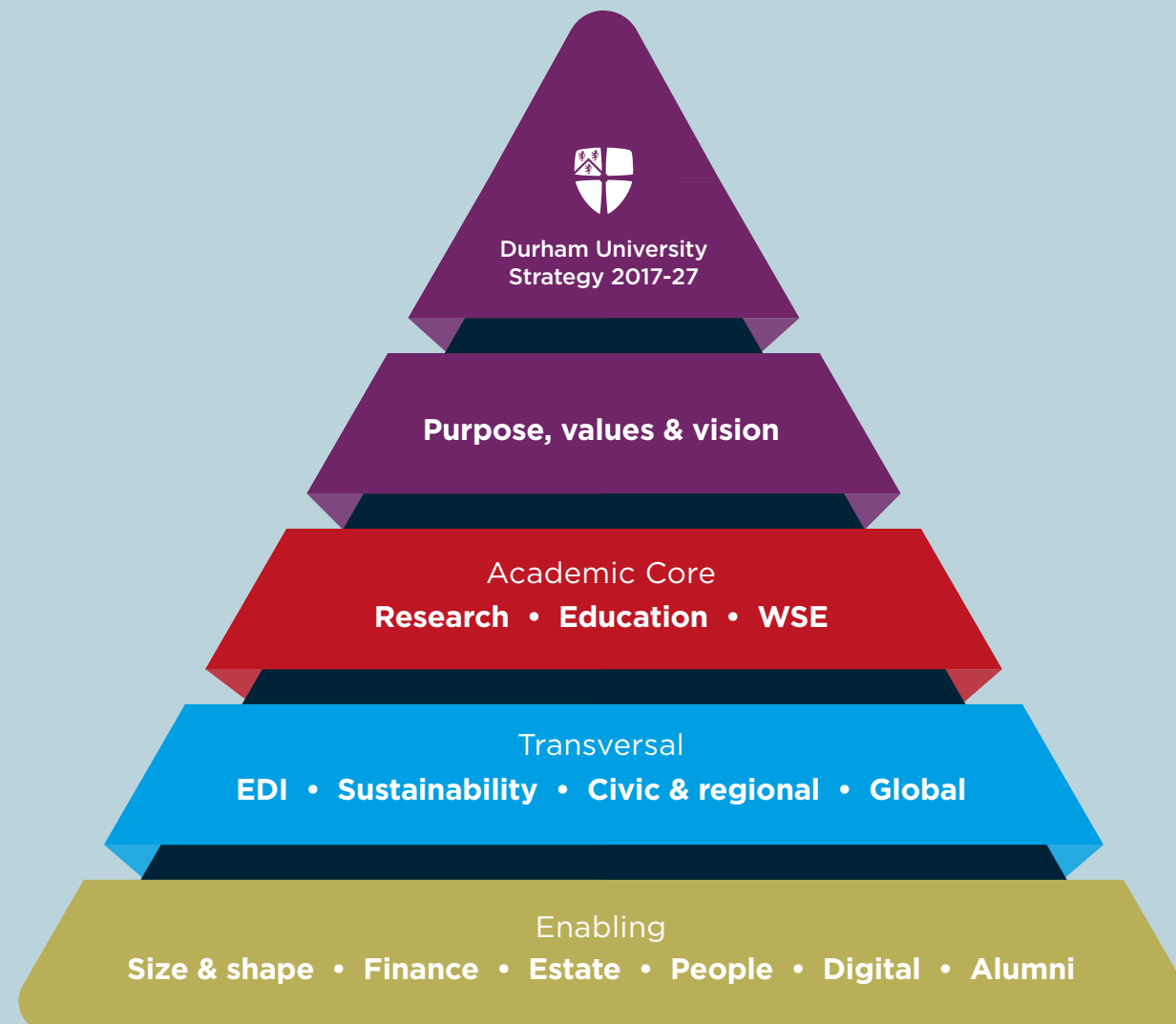
Strategy

Our University Strategy 2017-2027 is built on the three pillars of research, education and wider student experience, but also on our keen sense of community and of inspiring others to achieve their potential.

We completed a mid-point review and refresh of our Strategy in July 2023, which identified objectives and actions across our strategy areas, assigned to executive level strategy leads, and we have been monitoring progress against actions during 2023/24. We also refreshed the Strategic Performance Indicators (SPIs) which are referenced throughout the Operational Review section.

The Strategy Refresh informed the planning priorities and parameters for the integrated planning process during the year, so that planning was carried out in the context of the strategic changes needed, particularly around the size and shape of our student population and research income goals.

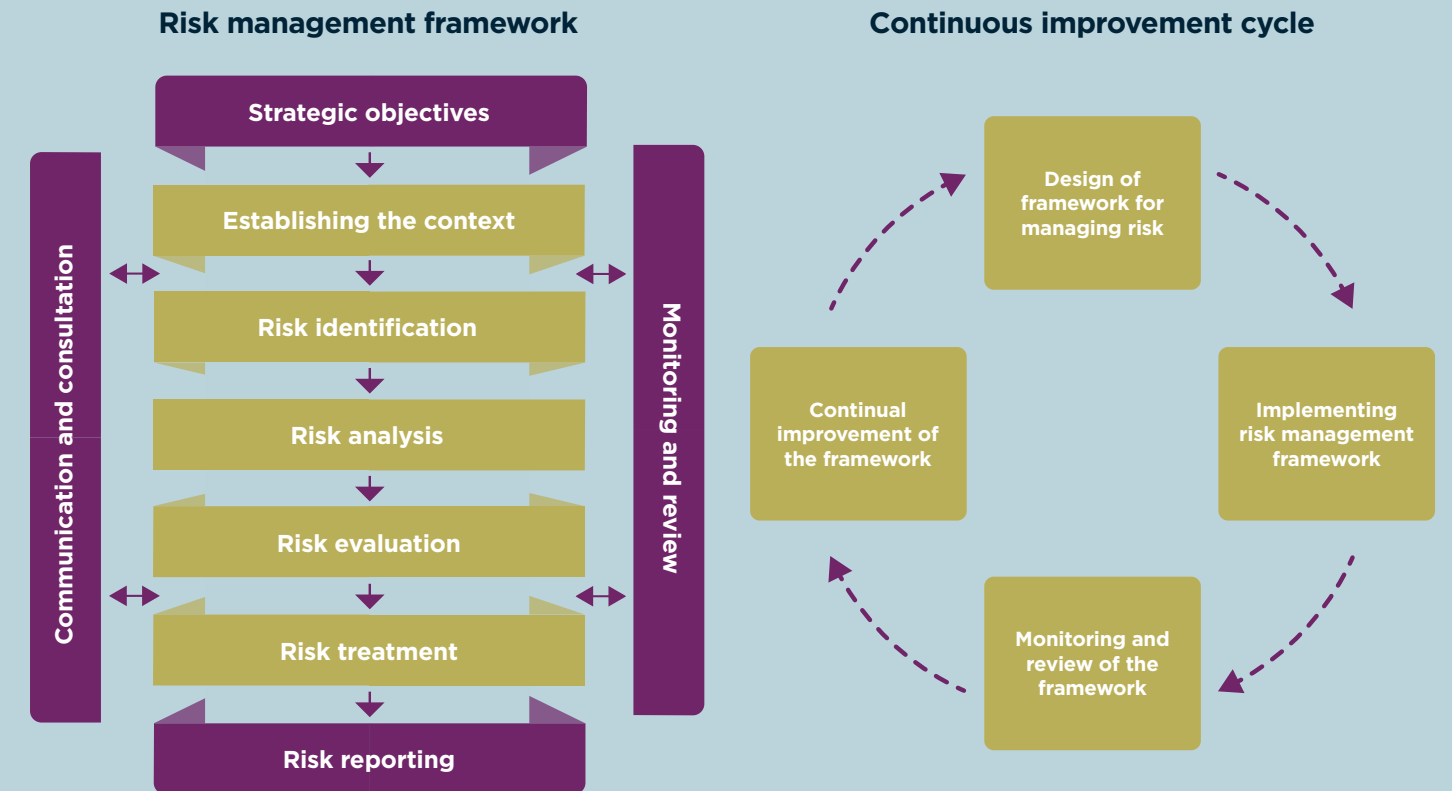
We have committed to a Science Transformation programme that is aimed at enhancing the long-term future of science with a key focus on reinforcing and expanding capabilities in experimental science and engineering. The programme will ensure that science forms a central pillar of the University's business model, enabling improved research income generation and performance, building on existing strengths and facilitating new opportunities for interdisciplinary working and strategic collaborations with industry partners. The programme is likely to span ten years and due to the scale and aspirations of the programme, several business cases will be produced for key projects and initiatives, including an interdisciplinary science building and strategic staff appointments, to be considered cautiously against the financial position.



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:



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 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 and uncertainties. A Risk Management Hub has been created, providing colleagues with training resources, literature and risk reporting solutions.

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 and uncertainties faced by the University, drawing on various sources of insight.

In 2024/25, we will be making further improvements to our risk reporting framework, bringing the management of health and safety, cyber, and information governance into a single ‘domain’ risk report – this will help to ensure greater visibility of pan-university trends, themes, and emerging issues.

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

During 2023/24, we implemented a revised Risk Management Policy and reporting framework, strengthening the link between risk appetite and target scores and providing an interactive dashboard that allows Risk Owners to see where, and how, the risks and uncertainties they have identified correlate with the University Strategy. Our new reporting framework has been well received both across the University and amongst peers, winning the Organisational Risk award at the 2024 ALARM Conference and highlighted as good practice during a recent internal audit.

Four new strategic risks were identified over the last year, relating to information security (SR09), delivery of our IT programme (SR10), legal and regulatory compliance (SR11), and data-led decision making (SR12). These new risks replaced

Infrastructure – IT (SR05) and Governance and Management (SR06). The new risks provide greater clarity and focus and have enabled a richer understanding of threats to the delivery of our strategic objectives.

Following a cessation of industrial action in September 2023, specifically the marking and assessment boycott, we were able to reduce the residual risk score for the People and Culture risk (SR03). We continue to monitor this area closely and will be working through outcomes from the recent staff survey, in addition to progressing our workload action plan, to further mitigate this strategic risk across the next financial year.

The table below shows the key strategic risks and mitigations as per July 2024, with the arrows indicating the change in risk score during the academic year.

Strategic Risk (SR)		Main Mitigations
SR01: Brand and value proposition Risk that there is a disconnect between our value proposition and the needs and expectations of key stakeholders. Ranked =4	↔	- Enhancing research reputation and profile. - Public affairs and policy engagement. - Bicentenary fundraising and alumni engagement campaign. - Development of international partnerships and programmes. - Development of global reputation campaigns and regional strategies to diversify our international student base. - Delivery of access and participation plan. - International Security working group.
SR02: Business model and financial sustainability Risk that we are unable to generate sufficient income to thrive in the global Higher Education sector and deliver our mission. Ranked 1	↔	- Increased focus on programme development. - Financial plans assessed against targets. - Integrated Planning Process including scenario planning. - Finance Committee oversight of investment performance. - Tight cost management, oversight through the Financial Improvement Task and Finish Group. - Income generation and diversification in area of research, commercialisation and digital learning. - Provision and scrutiny of monthly management accounts.
SR03: People and culture 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. Ranked =7	↓	- Attractive and evolving total reward package, including terms and conditions, relocation and retention policies, targeted support for international staff. - Hybrid working and Working Principles. - Professional Services and Academic Workload Working Groups. - People and Organisational Development Committee. - Staff Survey and associated action plan. - Learning and Development opportunities. - Inclusive culture development. - Development of Equality, Diversity and Inclusion Strategic Framework.
SR04: Infrastructure - estate 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. Ranked =4	↔	- Estates Strategy and Masterplan. - Ongoing facilities investment, cognisant of inflation and rising costs. - Planning for environmental sustainability – scope 1 and 2 carbon reduction targets established. - Space Management Policy. - Residential and Non-Residential Refurbishment programmes. - Decarbonisation initiatives.

Strategic Risk (SR)		Main Mitigations
SR08: Student wellbeing Risk that student(s) come to serious harm as a result of health and wellbeing issues, with a particular focus on mental health. Ranked =4	↔	- Health and Wellbeing Strategy. - Suicide: A Strategy for a Safer Durham. - Student Information Management System. - Pan-institutional Student Support project. - Student Financial Support service. - Counselling and Mental Health service. - Student Enrichment opportunities.
SR09: Information security Risk that the University suffers a compromise to the confidentiality, integrity, or availability of its IT systems or information. Ranked =2	New	- Digital Strategy. - Cyber Security Strategy. - Information Security Management System. - IT Sub-Committee. - Information Governance Oversight Group. - Management Security Operations Centre. - Roll out of the Distributed IT Operating Model.
SR10: IT delivery Risk that the University's IT infrastructure and systems are not appropriately delivered, maintained, developed, and enhanced. Ranked =2	New	- Technical Debt programme. - IT Advisory Group. - Creation of IT Architecture principles. - Roll out of the Distributed IT Operating Model. - Pivot towards Agile project management. - Investment in major systems transformation.
SR11: Legal and regulatory compliance Risk that we are unable to maintain effective systems of internal control to avoid regulatory non-compliance. Ranked 9	New	- Annual assurance statements. - Anti-Bribery and Fraud Prevention policy. - Governance and Nominations Committee. - Academic Governance Oversight Group. - Competition and Markets Authority Working Group. - Office for Students Co-ordination Group.
SR12: Effective data-led decision making Risk that decision making processes limit our agility and capacity for effective implementation and responding to emerging opportunities. Ranked =7	New	- Data Strategy. - Risk Management Policy and procedures. - Governance Review Implementation Group. - Portfolio Management Office oversight of strategic projects. - Power BI dashboards/catalogue.
H&S01: Health and safety management system Risk of failure of (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. Ranked 10	↔	- Demonstrable Occupational Health and Safety Management System in place. - Health and Safety Committee. - British Safety Council 5* Audit. - Local and University level Risk Management and Risk Assessment Registers. - Enhanced incident reporting processes.

Annual 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

It is a fundamental purpose of the University to drive forward and strengthen our research capabilities. We provide financial, physical and intellectual resources together with training and support to maximise the impact of our research on the world; through economic development and innovation, commercialisation of knowledge and the development of strong and productive partnerships with businesses, public bodies and our communities.

Our academic colleagues include world-leading authorities in their field, ranging from child development to the future of the planet; from the fundamental elements of life to seeing further into space and time than ever before. Our sustainability research excels in areas including energy systems, hydrogen development and exploration, offshore wind, nature-based solutions and environmental justice.

We have ten Research Institutes and over 80 Research Centres that enable staff to work collaboratively, across departments, to develop new ways of thinking about big questions and that contribute positively to societal challenges, including poverty and food security.

Link to strategic risks:

- SR01: Brand and value proposition
- SR02: Business model and financial sustainability

Through our Flourish@Durham programme, we seek to ensure the best environment possible for everyone involved in research to develop and thrive through a strategy that is ambitious and sustainable. A new £1m project funded by the Wellcome Trust, "reimagining governance for a flourishing research culture", is investigating the effectiveness of our research governance structures, initiating shadow committees to trial innovative approaches to research governance.

We have invested over £10m of our Strategic Research Fund in key areas of interdisciplinary strength for Durham, including in space, heritage, just transitions, and soils.

We value international collaboration as key to our excellence in teaching and research and central to enhancing global knowledge and citizenship. We have partnerships and affiliations with many institutions and organisations worldwide to develop innovative world-changing research. A new research seed fund with our six partners in the Matariki Network is supporting multilateral projects between Matariki institutions, with a particular focus on the United Nations' Sustainable Development Goals.

We lead the £4.75m Innovating Together (In Tune) programme, in collaboration with Newcastle, Northumbria and Sunderland Universities, which includes two regional initiatives:

- Northern Accelerator – supporting commercialisation of University intellectual property through spin out companies, with £890,000 allocated to 23 prospective businesses and 20 academic founders receiving training.
- Arrow – supporting small businesses through short innovation projects that identify solutions to their product or process challenges. Four Durham-based projects have been completed, with three more in development.

During the year, we have supported academic staff to translate their research findings into commercial products and services that make a social and economic impact including working with Intelligent Gels on protecting sewer pipes to support water quality. We also established two spin-out companies: Snowfox Discovery (natural hydrogen exploration) and Respiratone (medical equipment).

Notable grant successes during 2023/24 include:

- Two £1.9m European Research Council Advanced Grants: Building body image resilience in populations undergoing rapid economic development, in Psychology; and Unveiling the Nature of the Cosmic Acceleration, in Physics.
- Royal Society University Research Fellowships: £1.5m for Antarctica's subglacial geology and its importance for ice sheet stability, in Geography; and £1.8m for Programmable assembly of ultracold molecules in optical lattices, in Physics.
- Multiple Horizon Europe projects, including the €3.8-million Durham-led "RELISH-Reframing European Gastronomy Legacy through Innovation Sustainability and Heritage".



Case study:

Durham leads new £21.3m research hub to decarbonise UK maritime sector

Professor Tony Roskilly, Chair of Energy Systems in our Department of Engineering and Director in the Durham Energy Institute, will lead the UK National Clean Maritime Research Hub. The Hub brings together over 80 higher education, industrial, civic and international organisations as project partners and aims to accelerate the decarbonisation and elimination of air pollution from maritime activity in ports and at sea. As well as environmental impacts, the Hub will also focus on the potential economic and social benefits of transitioning to a clean maritime future.



Case study:

Durham philosopher selected as BBC New Generation Thinker

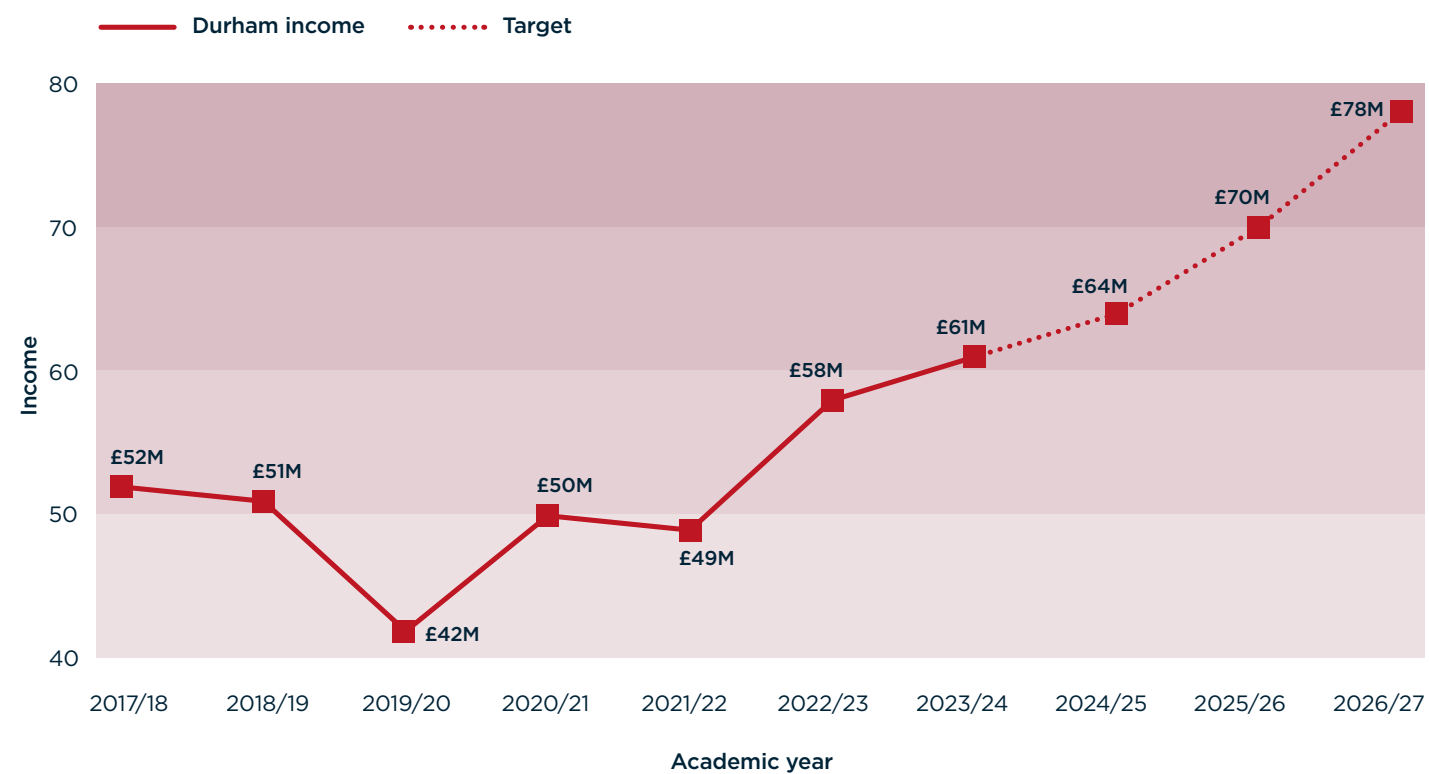
Dr Jack Symes, in our Philosophy Department, was named one of the BBC's 2024 New Generation Thinkers. This prestigious award recognised Jack as one of the UK's most promising arts and humanities early career researchers. His research focusses on exploring new approaches to the philosophy of religion and he is well known as the producer of 'The Panpsycast Philosophy Podcast', one of the UK's most popular higher education podcasts. He is also the editor of the 'Talking about Philosophy' book series, which features contributions from some of the world's most influential thinkers.

Future plans

- Complete our review of commercialisation and implement recommendations.
- Deliver our new Prosper Programme, aimed at supporting our post-doctoral community with career development, as part of our work through Flourish@Durham.
- Continue to drive income generation and diversification, including through delivery of our Strategic Research Fund as we support set up for our first award holders and make new awards in 2024/25.
- Continue to guide departments on REF2029 preparations as the guidance from Research England is developed and released.
- Further develop responsible research and innovation guidance and support, especially in key areas such as national security and international partnerships.

Strategic performance indicator

Research income



Case study:

Space Optics Conference

We hosted a Space Optics Conference, bringing together key stakeholders from industry, academia, government, and the public. The conference led to a new PhD program, further research initiatives, and numerous potential partnerships. Notable attendees included DASA, Airbus, the UK Astronomy Technology Centre, the European Space Agency, the Satellite Applications Catapult, Fraunhofer, and regional universities.

Case study:

Durham signs new Memorandum of Understanding with Durham Constabulary and the Durham Police and Crime Commissioner

The Memorandum formalises the relationship between the parties and will lead to further collaboration including new joint projects. Research that informs police policy includes: Professor Nicole Westmarland investigating whether forensic marking devices can reduce domestic abuse, support victims, increase confidence in policing, and bring more perpetrators to justice; Professor Les Graham exploring policing staff wellbeing, involving all 43 police forces in England and Wales, which has informed working practices, procedures and policies; Professor Stacy Pope bringing academic research on women football fans together with forces expertise in match-day policing to help tackle gendered violence and abuse in men's football.



Annual review

Educational excellence

Goal

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

Current position

We offer a range of undergraduate and postgraduate degrees across our 27 academic departments, providing the very best education, built on the principles of innovative teaching and a research-led curriculum.

Our education develops intellectual capabilities, provides the capacity for independent learning and problem-solving, and supports our students to gain the skills they need to succeed in future employment and further study.

The success of our mission can be seen with:

- 19 of our subjects in the World Top 100 QS World University Rankings by Subject 2024.
- Our Durham MBA (online) programme ranked 19 out of 102 in the 2024 QS World Rankings.
- The triple-crown accreditation status retained for our Business School
- Our results in the National Student Survey 2024 showing first quartile performance for satisfaction with teaching, academic support and learning resources, and top 10 performance for enabling students to explore subjects in depth, and providing an intellectually stimulating course.
- Our positive performance in the Graduate Outcomes survey, which all graduating students are asked to complete. The most recent figures showed that 82.7% of our 2022 graduates were in highly skilled employment or study 15 months after completing their studies. This places us in the Top 10 of UK non-specialist universities, and the top 5% of all higher education providers.

Link to strategic risks:

- SR01: Brand and value proposition
- SR02: Business model and financial sustainability
- SR08: Student wellbeing

In 2023/24, we successfully introduced new principles of learning, teaching and assessment, introducing five core principles that will help us to build an equitable, inclusive, and innovative foundation for excellence. We also developed and launched new Graduate Attributes, which will inform our academic and wider student experience offering, setting the expectations for future skills development and learning gain amongst all our students.

We are committed to fostering an inclusive and diverse community, where everyone can excel and contribute to a vibrant intellectual culture. Through targeted outreach, enhanced support systems, and innovative teaching strategies, we seek to ensure equitable access, success, and progression for all our students. We continually exceed the benchmarks agreed with our regulator, the Office for Students (OfS), for continuation, completion and progression.

We aim to remove barriers to higher education for underrepresented groups and deliver a range of initiatives including through outreach activities with Science, Library and Museums and student volunteering. These initiatives are designed to cater to specific target groups, equipping young people with the essential skills, social and cultural capital necessary for accessing and thriving in higher education.

We conducted a wide consultation process this year to develop a new Access and Participation Plan for the OfS, informed by diverse perspectives and aimed to address the specific needs and challenges faced by some of our students. The plan is underpinned with objectives, targets and interventions to enhance access, participation and success for underrepresented and disadvantaged groups.

We offer a range of financial support packages including scholarships and bursaries, funded by external organisations and philanthropy, to support students during their studies, to enable involvement in extra-curricular activities and the uptake of work placements and internships. In response to the cost-of-living crisis, we expanded the Durham Grant Scheme to offer financial support to students with a higher level of household income and provide hardship funds to assist students in urgent need.

We also provide a professional, comprehensive and accessible careers service to students, graduates and employers. We offer careers advice and guidance, work experience opportunities, support to develop entrepreneurial skills and recruitment events with employers. This year we launched a new Placement Year Hub, with information and resources to guide students interested in taking a break from studies to gain work experience skills.



Case study:

Our new Placement Year Hub

Placement years are an opportunity for students to gain valuable work experience during their time at university to support their career prospects.

The new online hub provides students with information and resources to find a placement and learn more about how to maximise their experience. Guidance is available for all the steps of the Placement Year process and how the Placements Team can assist along the way.

Placements are invaluable for students in helping to gain sector-specific/industry experience, enhance CVs, apply degree skills in the workplace, understand the culture of an organisation, as well as discovering a new city or country.

Future plans

In 2024/25, we will:

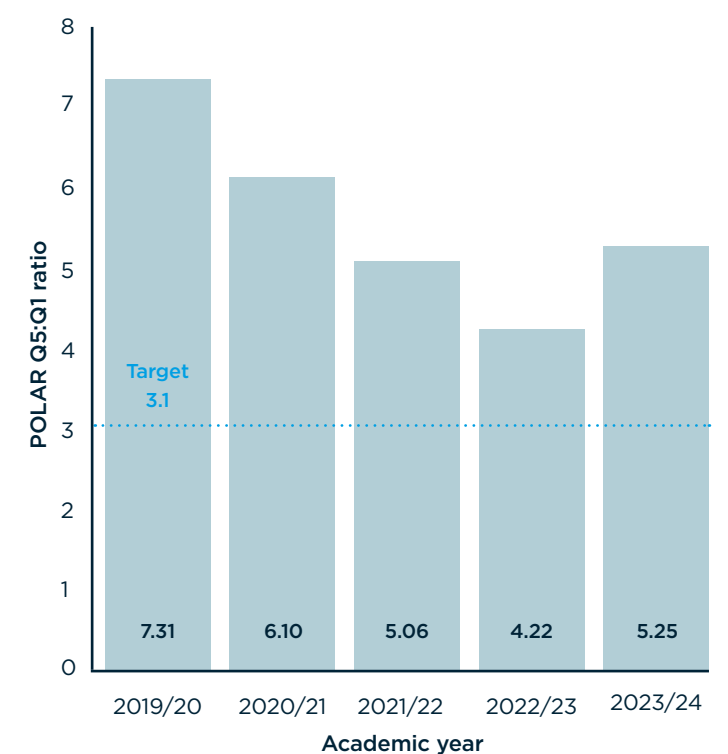
- Develop a University policy on the use of artificial intelligence (AI) in learning, teaching and assessment.
- Embed the Graduate Attributes in teaching programmes, wider student experience and Careers and Enterprise activities.
- Launch our Academic Student Experience Review, a multi-year programme of work which will update and improve our mechanisms for academic student support, with an initial focus on how we ensure that all students have access to appropriate academic advice, guidance, and support.
- Develop a Widening Access and Participation Strategy to monitor and evaluate our interventions.

Strategic performance indicator

Ratio of POLAR4 Quintile5:Quintile1 UK undergraduate entrants

POLAR4 measures the likelihood of young people in a particular area attending higher education. Quintile 5 relates to areas where it is most likely that young people will attend HE and quintile 1 is least likely. Our target of 3:1 aims to increase recruitment from the low participation neighbourhoods and is impacted by multiple internal and external factors creating a fluctuating picture but an overall positive trend over the last five years.

Q5:1 Ratio by academic year





Annual 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. Durham students can take advantage of a huge variety of enrichment activity and an outstanding student support system.

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

Link to strategic risks:

- SR08: Student wellbeing



Student enrichment

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 to enterprise and employment – the opportunities are far-reaching.

The third annual Wider Student Experience Survey, issued in summer 2024, showed that the proportion of students participating in extracurricular activity remained exceptionally high, at almost 90%, and once again confirmed the links between participation, creative and social skills gain, sense of belonging, and mental wellbeing.

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

Student support

We know that students can face a range of challenging situations during their time at university and we provide a variety of services, integrated across colleges, departments and specialist services, to support their education and their personal development and resilience. Phase 1 of our new student support model, enhancing how we work together across teams to support students, was rolled out during the year, including the introduction of a dedicated student support information management system. We also created a new online Student Support Hub providing easy access for students to our support services.

The Wider Student Experience Survey, for the first time, examined satisfaction with student support services. Among those who had used (or sought to use) them, satisfaction was at an average of 72%. We aspire to drive improvements to this figure in the coming years through the newly introduced student support model.

In response to pressures on the private student housing market within Durham City, we launched an online Housing Hub in October 2023, with advice and guidance for students seeking accommodation in Durham. We also worked with local letting agents and housing providers to establish a voluntary Student Lettings Code of Practice to ensure students' needs are being put first in the letting process.

Wider Student Experience highlights 2023/24

- Our student sports clubs achieved an all-time record for the University by winning 13 British Universities and Colleges Sport (BUCS) national championships this season, as well as 11 individual gold medals.
- Over 1,500 student volunteers completed more than 15,000 hours of volunteering.
- At the National Student Television Association awards, Pal TV, our student media organisation, received 11 broadcasting awards including the prestigious 'Broadcaster of the Year' for the third consecutive year.
- We held our largest ever College Festival of Sport, raising £4,000 for Sport in Action – Zambia.
- Our student A Cappella group, Northern Lights, retained the UK championship and took part in the World Finals in New York, with Lucie Fletcher winning 'Outstanding Soloist'.

- Two plays from the Durham Drama Festival – written, directed and performed by Durham students – competed at the National Student Drama Festival, with Emily Browning winning the Buzz Goodbody Director Award; four plays from the Durham Drama Festival have gone on tour to Edinburgh Fringe Festival and beyond.

Future plans

For 2024/25:

- Complete our accreditation for the Mental Health Charter by July 2025, currently in progress.
- Continue to develop the Graduate Attributes Framework to help our students capture and express the skills they gain from the Wider Student Experience.
- Develop a programme of student Respect, Values and Behaviours training.
- Develop and implement a new Accommodation Management System by January 2025.
- Update our student policy on controlled drugs.
- Strengthen support for students who experience sexual misconduct and violence.
- Continue work with the local authority to determine the feasibility of establishing an Additional Licensing scheme for the student private housing market, to drive higher standards of quality and greater protection of renters' rights.

Proportion of students engaging with extra-curricular activities	2022	2023	2024	Target (by 2027)
For at least 1 hour per week	88%	88%	88%	85%
For at least 6 hours per week	47%	45%	47%	50%



Case study:

Enactus Durham are national champions - again!

Student-led team, Enactus Durham, have won the title of UK and Ireland Champions for Social Entrepreneurship in this national Enactus competition, for the second year in a row.

The team once again showcased their dedication to social entrepreneurship and implementation of the United Nations SDGs, by presenting their project, Taka Taka Zero, a community-led impact enterprise empowering young people in Mathare, Kenya to use innovative technology to convert waste into energy. The team impressed the judges with their impact reports and testimonials from project beneficiaries.

Enactus is a global network of student leaders committed to using business as a catalyst for positive social and environmental impact. Projects help students to develop leadership and entrepreneurial skills, to create a positive social impact on the world.

Annual review

Global Durham

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 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 and increased competition within the UK higher education sector. The University ranks at 89 in the prestigious QS World University Rankings and is the 14th highest placed UK institution. The QS rankings assess over 18,300 subjects globally and Durham has an astonishing 10 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:

- Archaeology, ranked 5.
- Classics and Ancient History, ranked 6.
- Theology and Religion, ranked 7.
- Geography, ranked 16.

During 2023/24, we had 6,715 students (31%) from outside the UK. A key aim of the global strategy is to recruit an increasingly diverse body of international students to help manage fluctuations across countries influenced by geopolitics. We are establishing new postgraduate taught programmes alongside more targeted, international marketing campaigns. We are also developing new transnational education programmes with partners in China, Indonesia, Malaysia and India.

Link to strategic risks:

- SR01: Brand and value proposition
- SR02: Business model and financial sustainability



We welcomed the news that the UK Government's Graduate Route would be retained, signifying the important role that international students play in the success of the University and in creating a vibrant and diverse global academic community that benefits everyone. This was endorsed through our successful Global Week, featuring an exciting programme of over 50 events highlighting our global impact and cultural diversity across the institution.

We have partnerships and affiliations with many institutions and organisations worldwide to develop innovative world-changing research. This includes partnerships with the Palace Museum in Beijing, Notre Dame University and the Smithsonian Institution in the USA, University of Delhi in India, the African Research Universities Alliance, as well as our memberships of the Matariki Network of Universities, the RENKEI UK-Japan consortium and the National Museum of Japanese History. Our Global Research Brochure, launched in February, highlights our research excellence and impact: <https://brnw.ch/Global>

Future plans

- To further develop a portfolio of programmes that are attractive to international students, both on campus and through transnational education programmes.
- 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:

Global research partnerships

Together with our partners around the world, we are working at the forefront of research into some of the most fascinating and fundamental questions in modern science including the search for the identity of dark matter, the nature of dark energy and the origin of galaxies.

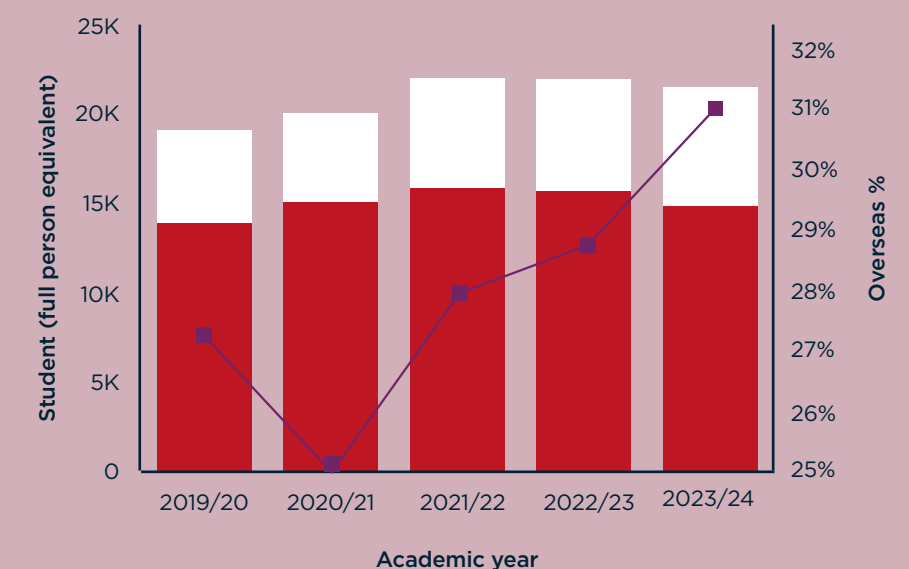
This year, we were part of an international team of astronomers who carried out the biggest ever computer simulations from the Big Bang to the present day to investigate how the universe evolved. The simulations calculate the evolution of all the components of the universe based on the laws of physics.

Strategic performance indicator

Students by fee status and year

Target of international fee payers - 36%

■ Home ■ Ovs ■ Overseas %



Annual review

Civic and regional partnerships

Current position

We ensure the benefits of a world-leading university contribute to the success of our city, county, and region from sharing our facilities and driving economic growth, through to helping our region become more sustainable. This broad strategy spans public engagement, research and innovation activity, public and private sector partnerships, culture, heritage, and political affairs.

Through our partnership with Durham County Council (DCC), the new North East Combined Authority (NECA), and other regional universities, we are developing a clear strategy and objectives to increase our cultural, social, and economic impact in the region and to ensure digital and transport infrastructure is developed effectively.

We partner with key organisations across the public health and Voluntary, Community and Social Enterprise sectors to develop mutually beneficial projects that create economies of scale and collectively respond to local need. This year we won Business of the Year for our Volunteering and Outreach programme at the County Durham Together Awards.

We work with local, national, and international organisations in the culture and heritage sectors, to increase opportunities for cultural regeneration, culture-led development, creative and cultural entrepreneurship and heritage preservation and construction in the North East. Our museums, galleries and garden are open to the public and we run an extensive schools' engagement programme. We are a major partner in festivals, events, and cultural projects in the region.

Highlights during the year include:

- Receiving a silver award for Business Events Venue of the Year.
- The Botanic Gardens retained the Visit England accreditation of a quality attraction and launched a new app in April that uses augmented reality to create a surrealist sensory experience with a story based on Alice's Adventures in Wonderland and artwork based on paintings by Salvador Dali.
- Lumiere 2023, led by world-renowned artists Ai Weiwei and Rafael Lozano-Hemmer, brought regional, national, and international attention to Durham.

Our Community Sports Development programme provides local residents with access to a range of wellbeing opportunities. More than 200 of our students help deliver sports activities in our local communities, with 4,000 children participating regularly. We host many junior sports clubs and holiday camps and work with local schools to host festivals and events. This year, our work was included in a Russell Group report as an example of best practice among UK universities.

Link to strategic risks:

- SR01: Brand and value proposition
- SR03: People and culture



Future plans

- Develop our role as a County Durham Anchor institution, working closely with DCC, County Durham and Darlington NHS Foundation Trust and other Durham based organisations.
- Through the North East Universities collaboration (launched Autumn 2024), strengthen strategic joint engagement with NECA.
- Where appropriate undertake direct engagement with NECA and its portfolios and projects.
- 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.
- Through our Policy Hub and collaboration with Insights North East, further develop connections with local policymakers and regional MPs, and 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:

Young Minds, Big Maths

Young Minds, Big Maths began as a collaboration between Houghton Community Nursery School (a state-maintained nursery school near Sunderland) and our Department of Mathematical Sciences. Staff at the nursery reached out to our mathematicians to help them to broaden and deepen their approach to maths. The project is research-based and encourages and facilitates deeper thinking about mathematics for children and staff through exploring mathematical ideas together and builds maths confidence across the early years setting. There are now ten more local early years settings involved in the project.



Case study:

Light Years

Light Years is a three-year programme of dynamic art-science collaborations that celebrates the 1,200-year history of space science in County Durham, shines a spotlight on world-class research and innovation in next generation spacetechnology, and invites the public to explore the big questions of the universe. The Light Years project is led by the University, as part of the 'Into the Light Place Partnership' initiative, spearheaded by Durham County Council, and aims to support artists across music, the creative industries, dance, film, and theatre to access research and technology in space science.



Annual review

Equality, Diversity and Inclusion

Current position

Our commitment to Equality, Diversity, and Inclusion (EDI) is a fundamental imperative and integral to the achievement of our purpose and values as a university, enriching lives and changing the world through the advancement of learning. We endeavour to promote an inclusive and respectful culture that enables everyone to thrive, where students and staff feel part of a community and where they are supported.

Our Inclusive Durham Framework (published in 2024) provides a roadmap for inclusivity with five key areas – community, curiosity, culture, commitment, and clarity – that underpin the cultural change the university communities has advocated that it would like to see, which are aligned to goals within our strategies.

Working closely with external stakeholders we continue to make strides in enhancing the experience for our colleagues. A review of recruitment has been completed to support ways to enhance the diversity of our workforce. The staff code of conduct and induction process have been revised to further embed the University core lived values.

The (mean) gender pay gap for the year to 31 March 2023 (the latest available figures) is 19.6%, a reduction from 21.1% in 2022 and 25.4% in 2017. This reflects that our highest pay quartile is 41% female, and the lowest pay quartile is 64% female. We have made good progress with the University moving increasingly in the right direction and we will continue work in this area with the engagement of our staff and the trade unions.

The Athena Swan Charter recognises our commitment to advancing gender equity across the University. We currently hold:

- Institutional bronze award, with a silver submission being prepared.
- 1 faculty silver award (Business School), Arts and Humanities submission being prepared.
- 12 department silver awards.
- 11 department bronze awards.

Link to strategic risks:

- SR03: People and culture
- SR06: Governance and management

In response to feedback from staff, we held an inaugural Inclusive Durham Festival in July 2024. The festival, attended by around 300 staff, provided an important opportunity for the University community to come together, to share more about the ongoing work and activity taking place, to share good practice, and to launch our new Inclusive Durham Framework.

A range of events and initiatives supporting inclusion and belonging were delivered across the University during the year, including:

- Celebrating International Women's Day with discussions about leadership in archaeology, the screening of a series of international films by contemporary women and a talent showcase with performances inspired by influential female icons.
- A programme of lectures, seminars, discussions across October for Black History Month alongside an art exhibition and book giveaway.
- As part of Global Week 2024, the library enabled positive interactions between readers and a 'human book', with international staff and students sharing their stories and experiences.
- Engagement with staff and students on decolonising the curriculum through conversation and critical analysis to explore the problematic assumptions that can be carried by the materials that we use and the ways in which we teach.
- Publication of a new guidance document, following engagement with key stakeholder groups, that enables staff and students to learn more and become more confident in using appropriate words and language and to engage in open and reflective dialogue relating to race and ethnicity.

Future plans

- Embed a holistic approach to EDI, building on the launch of our Inclusive Durham Framework.
- Provide support to deliver against our action plans to promote gender and race equity as part of our Athena Swan Charter mark and Race Equality Charter.
- Deliver our next Inclusive Durham Festival with an enhanced programme.



Case study:

TechUP

TechUP offers flexible learning routes to upskill women to support careers in the tech sector. The programme won the Student Experience Award for the University Sector at the Educated North Awards in April 2024. The award highlighted the programme's work to break down barriers, reach young people with low social mobility and those that may not have had access to higher or further education in the past.

Strategic performance indicators

We monitor the proportion of staff who identify as, or declare, underrepresented characteristics against appropriate comparator groups and determine and implement initiatives appropriately. The table below provides the most recent set of HESA reported data.

	Professional Service staff (compared against North East and Yorkshire institutions)			Academic staff (compared against Russell Group institutions)		
	2021/22	2022/23	Target	2021/22	2022/23	Target
Disabled	7.5%	9.9%	7.9%	4.9%	5.3%	5.2%
BAME	3.7%	5.8%	4.5%	18.0%	19.7%	19.7%

Gender pay gap by year

Mean target 20.4% by 2025, median target 24.3% by 2025





Annual review Sustainability

Current position

Our Sustainability Ambition Statement, adopted in summer 2023, sets out our mission to deliver excellence in education, research and wider student experience in the most sustainable way possible.

The Ambition Statement includes targets to achieve Net Zero on our campus by 2035 and Biodiversity Net Gain by 2032. We aim to reduce the scope 1 and 2 emissions that we directly control to as close to zero as possible and offset any remaining through active removal from the atmosphere by natural or technological processes. We are also taking action to reduce our scope 3 emissions by 2050.

Link to strategic risks:

- SR01: Brand and value proposition
- SR02: Business model and financial sustainability
- SR03: People and culture
- SR04: Infrastructure – estate



We are delivering on a range of programmes to reduce our gas and electricity consumption including upgrading lighting, improving building fabric through our refurbishment plans, identifying and mitigating energy waste and generating renewable electricity through solar panels. During 2023/24 we have invested in the efficiency of computing nodes and energy conserving fume hoods to drive down energy use in our research and teaching.

We have also set targets in our Biodiversity Strategy 2022-2032 to achieve a net gain of biodiverse habitats across our estate within the decade. This year we appointed a new Biodiversity Manager, reduced mowing regimes and planted more native wildflowers across our estate to encourage insects, which in turn will attract more mammals and birds.

We run various initiatives to encourage contributions to a more sustainable future including an app for staff and students to earn points for positive actions, a calendar of events and campaigns, an annual environmental festival and our Green Move Out scheme that collects and donates unwanted items in partnership with Durham County Council and a local charity.

Through our education and research, we aim to increase our effectiveness in addressing global challenges. We have been directly involved in Conference of Parties (COPs) since 2021 and were awarded observer status at COP26. We sent six delegates to COP28 in the UAE in November-December 2023, participating in many events and speaking engagements, sharing their expertise with international partners, on the impacts of climate change and sea-level rise and using scientific research to influence international policy and law-making. We also launched a new MA in Environmental Humanities to encourage students to use the methods and insights of humanities disciplines to examine the complex challenges posed by our changing climate.

Sustainability highlights of 2023/24:

- Ranked 19 (out of 1,403) global universities and 5 in the UK in the 2024 QS World University Rankings for Sustainability. The rankings measure our progress in social and environmental sustainability across activities including research, impact engagement, teaching and operations.
- Receiving a ‘first class’ accolade from People and Planet with our ranking of 26 out of 151 UK universities based on institutional sustainability and ethics criteria.
- Our Biodiversity Strategy received a UK Green Gown Award 2023 and is shortlisted in the 2024 International Green Gown Awards.
- Shortlisted for UK Green Gown Awards 2024 for Sustainable Institution of the Year and for Creating Impact.
- We replaced over 20 of our maintenance team diesel-powered vehicles with electric vehicles.
- We installed over 500kW of solar panels across the university estate.
- We reduced emissions by at least 75% at James Barber House through improved insulation and air source heat pumps.
- Working with Durham County Council, and My Emissions, we launched Carbon Rated Menus, that give indication of the sustainability impact of the food served in our colleges.

Future plans

Going forward we aim to:

- Increase electric vehicle charging provision and solar panels across our estate.
- Deliver on heat decarbonisation strategy by removing gas boilers and replacing with low emissions alternatives.
- Protect and enhance our natural assets to promote biodiversity.
- Grow our research capacity on sustainability and support sustainable development through working with government agencies.

Net Zero key metrics

*Scope 3 emissions are indirect emissions that occur in our value chain, such as emissions from the production of the things and services we buy. Calculating this accurately is complex as it has diverse sources from a range of activities across a complex supply chain, data is often difficult to collect whether it exists at all, we are reliant on others to provide accurate data. We currently report on scope 3 emissions in areas over which we have close control. We are working on a fuller understanding of our scope 3 emissions and aim to report more detail in the future.

Activity	2018/19 (baseline year) emissions in tCO ₂ e	2022/23 emissions in tCO ₂ e	2023/24 emissions in tCO ₂ e	Reduction year on year	Reduction against baseline	2034/35 Science based target reduction (%)
Scope 1 Estate – gas, fleet, fuel and F-gas	13,831	13,286	12,802	3.6%	7%	67%
Scope 2 Electricity use	10,179	7,997	8,156	-2.0%	20%	100%
Scope 3*						
Business travel	5,732	2,577	4,149	-61.0%	28%	40%
Waste	59	35	12	66.9%	80%	40%
Water	412	147	130	11.8%	69%	40%
Total	30,250	24,040	25,248	-5.0%	17%	73%



University Biodiversity Strategy overview 2022-2032, pdf document

<https://brnw.ch/BioDiv>

Annual review

Size and shape

Link to strategic risks:

- SR01: Brand and value proposition
- SR02: Business model and financial sustainability
- SR03: People and culture
- SR04: Infrastructure - estate

Current position

Our strategy sets out the optimal size and shape of our institution to support wider strategic goals.

During 2023/24, we employed over 4,300 staff across teaching, research, technical, support and professional roles. Around 21,500 students were enrolled with us on undergraduate and postgraduate degree programmes. The majority of students are based in and around Durham, we also have a small number of partially or fully online programmes and deliver courses with other providers.

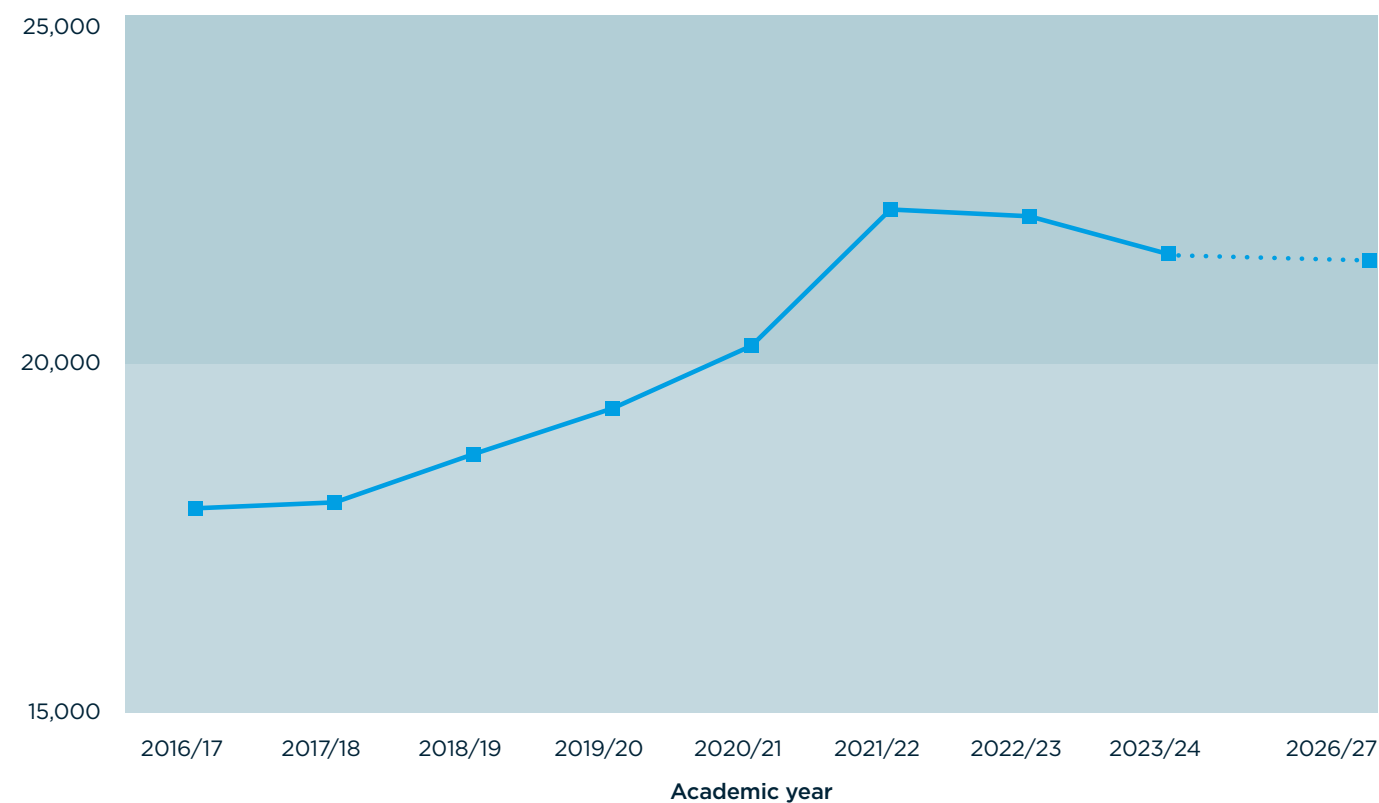
We slightly exceeded our overall student number target of 21,500 ahead of the 2026/27 date due to the impact of Covid-19. Going forward we aim to rebalance student numbers within this overall target figure to ensure an optimal mix of undergraduate and postgraduate students and of home and international students, ensuring a diversity across international markets. The revised profile is determined by a number of 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. To enable us to achieve this target, we are evaluating our programme and modules to deliver value relative to staff workload and establish new programmes.

A modest increase in the proportion of students paying international fees is a key pillar of this strategy. We are targeting enhanced marketing and recruitment activity across international markets where there is significant growth potential for Durham and establishing carefully targeted and resourced market development plans for key programmes/programme groups with potential for growth. Further development of market-oriented programme pricing is being pursued, including through the use of scholarships. Over the coming academic year, there will be a continued focus on new programme development.

We are also seeking to increase numbers of PhD students, cognisant of the challenges in the current financial climate and competition from other institutions. During the year, we appointed a new Associate Pro-Vice-Chancellor for Postgraduate Research Students and are reviewing the effectiveness of our current scholarship portfolio. We plan to launch a new strategy, centred on a Doctoral School, for postgraduate research funding and support that recognises the role of PhD students in creating and sustaining a world-class research environment.

Strategic performance indicator

—■— Student numbers



Annual review

People

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 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.

Link to strategic risks:

- SR01: Brand and value proposition
- SR03: People and culture
- SR06: Governance and management

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

A key focus this year has been on the health and wellbeing of staff. Our Wellbeing Fortnight enabled professional services staff to enjoy a range of activities designed to improve colleague health and wellbeing. We launched a Health, Disability and Reasonable Adjustment Hub, which provides information for managers and staff on how to handle health issues, a new learning module for managers on supporting employee mental health and wellbeing and a Workplace Passport that captures staff conditions/adjustments.

In early 2024, we surveyed staff on their views of working at Durham and received a 60% response rate, up from 52% in 2021. Overall, the survey revealed that staff were happy with their role and relationships with line management and their team. In response to the feedback, we are seeking improvements around the themes of leadership and management, communication and workload.



Significant progress has been made against our People Strategy aims during the year:

- Introduced Career Development Fellowships to support early career academics.
- A Reward Hub to promote staff benefits and financial awareness education sessions.
- New inclusive leadership programmes, development opportunities for professional service staff and events to promote engagement.
- Action plan developed, through staff engagement, for the improving workload project.
- Established a review of casual staff every three months, to ensure these roles are used appropriately and sparingly.
- Enhanced our visa reimbursement scheme in response to the previous government's increase to visa fees, to support the recruitment and retention of talented individuals.

- Launched updated disciplinary regulations and a new approach to dealing with conflicts of interest.
- Recruitment process improvements implemented and a mandate produced for a new recruitment system.

Other achievements during 2023/24:

- Accreditation with the Living Wage Foundation, in recognition of our commitment to ensure staff receive the Real Living Wage rate.
- Awarded the Advanced Good Work Pledge in recognition of our commitment to health, wellbeing, communication and social responsibility.
- Our progressive, family-friendly policies were highlighted by the Higher Education Policy Institute as being sector-leading.
- Received the Universities Human Resources Award for Wellbeing 2024, and were shortlisted for our innovative approach to handling staff concerns.

Future plans

- Continue the Workload Project.
- Review and relaunch the Absence Management Regulations.
- Support the transition of Professional Service staff to new facilities at Boldon House.
- Review of recognition and reward processes, to ensure fairness, equality of opportunity and a focus on incentives and performance.
- Implement the Durham University Retirement Savings Plan as the main pension scheme for new staff in grades 1 to 5.





Annual review

Estates and accommodation

Current position

Our estate, located 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. Situated within the small city of Durham, there are limited opportunities to expand beyond our current footprint.

Our Estates Masterplan, updated and prioritised as part of the refresh, is a key enabler underpinning the University Strategy. We continue to make significant investment to improve the condition of our buildings, adjust to student number changes, facilitate hybrid working and align with the aim of reducing 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. Significant estate projects conducted during 2023/24 are outlined below.

Following the purchase of the newly built Waterside in Durham city centre in October 2022 to create a new home for our Business School, the building was refurbished to provide improved teaching, office and engagement space. The central location and modern facilities provides a dynamic hub for entrepreneurship, innovation and knowledge exchange. The building achieved the maximum SKA rating of gold and a sustainability award for building refurbishment. In addition, the project was delivered on time, ready for the start of the 2024/25 academic year.

We have also been transforming Boldon House, just outside Durham, from a 1990s building to a modern satellite office and it is anticipated some of our professional service teams will move in from early 2025.

In May 2024, we celebrated a key milestone in the construction work at Rushford Court in Durham city centre, with the ceremonial tightening of a ‘golden bolt’. In September 2024, Rushford Court became the temporary home of the College of St Hild and St Bede, while the redevelopment of its buildings and the wider Leazes Road site takes place. In the longer-term, we hope to establish a new, 18th college at Rushford Court. We have appointed a contractor for the Leazes Road project and the possible development of a new, 19th college and additional postgraduate accommodation, with an anticipated completion date of September 2028. Together, these initiatives are projected to bring the proportion of students in University-owned or managed accommodation to 42%, against our stretch target of 45%.

The Psychology Growth Project saw the internal refurbishment of Rowan House to enable its occupation by the Department of Psychology. The works were delivered in three phases and provided new laboratories and academic staff and postgraduate offices. The project had to overcome significant challenges, including the main contractor entering administration during the refurbishment works, but the project managed to deliver the refurbishment as quickly as possible and within the approved budget.

Other estates projects, during 2023/24 include:

- Completing the central production kitchen, at St Aidan’s College, following a £6m construction, which is now catering for students and events all over the estate.
- Replacing/upgrading the electrical infrastructure in Biosciences, Physics and the Arthur Holmes Buildings.
- Installing 1,316 solar photovoltaic panels across the Graham Sports Centre, James Barber House, and Josephine Butler and Stephenson Colleges.
- Replacing the flat roofs on the Dawson Building (North, South and East). As part of this project, the associated displaced roof top plant and conservation lab were also upgraded.
- Completing the E-sports Hub, providing a new, high-tech room for 12 gamers.
- Completing the full refurbishment of student accommodation and landscaping at James Barber House.
- Continuing the investment in a major redevelopment of Chemistry facilities including new laboratories.

Future plans

In 2024/25, we will:

- Develop the former location of the Business School at Mill Hill Lane, providing accommodation for other academic departments.
- Develop and deliver work arising from the Science Transformation project including establishing Mountjoy Centre as a science collaboration hub.
- Deliver capital projects, as part of the Office for Students Funding, in Archaeology, Engineering and Physics.
- Replace the boiler plant and heating system at the Racecourse Pavilion, replace Van Mildert boathouse and refurbish St Mary’s bar.

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Link to strategic risks:

- SRO4: Infrastructure - estate



Strategic performance indicators

Residential and non-residential buildings in categories A and B

Based on HESA condition assessment definitions:

Category A = As new condition.

Category B = Sound, operationally safe and exhibiting only minor deterioration.

Academic year	2018/19	2019/20	2020/21	2021/22	2022/23	Target
Residential buildings in condition A and B	66.7%	59.0%	65.0%	65.0%	65.6%	75%
Non-residential buildings in condition A and B	44.5%	71.5%	72.5%	72.9%	75.9%	75%

Student accommodation by type and year



Annual review

Digital

Current position

Our Digital Strategy aims to embrace the opportunities offered by digital technology to support and enable the University to change and develop at the scale and pace required, through careful investments that deliver real value.

Several major objectives have been completed including the implementation of a new approach to managing distributed IT across the institution, providing an agreed framework that ensures effective cyber security, business continuity, governance and architectural standards.

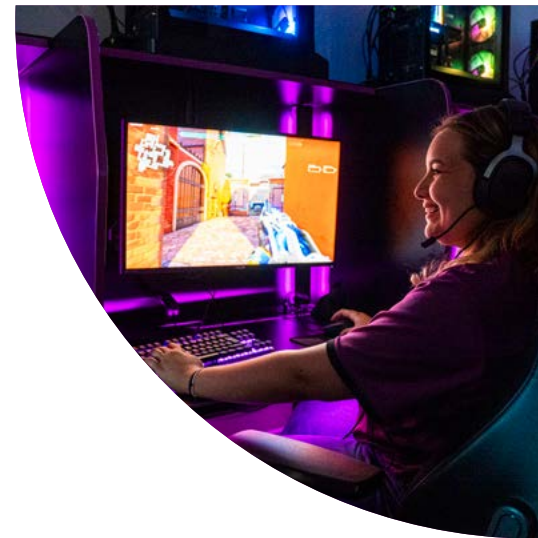
The increasing pace of technology evolution, along with greater uncertainty in the external markets, and a growing understanding of how technology can benefit all areas of the University, all require greater focus on institutional agility and flexibility. Agile adoption means projects and initiatives can deliver value more quickly and incrementally, whilst also allowing us to pivot more easily as requirements and priorities inevitably change more rapidly.

Our new finance and procurement platform was implemented in Summer 2023, providing foundations for more efficient and effective management of University finances and operations. We launched a new Student Support Information Management System during Easter 2024, as part of a wider initiative to enhance and provide more consistent and accessible student services such as counselling and mental health, student immigration and funding, and disability support. Improvements have also been made in our student administration systems to ensure they remain fit-for-purpose, secure, and resilient. Our students are also benefiting from our first dedicated e-sports facility which was launched this year at our sports centre.

Across the institution, we continue to explore and research the opportunities and benefits of AI, including to enhance efficiencies in internal processes and ways of working. Academic teams continue to experiment with AI in learning, teaching and assessment, in addition to exploring applications in research and innovation.

Link to strategic risks:

- SR01: Brand and value proposition
- SR03: People and culture
- SR09: Information security
- SR10: IT delivery



Enhancements to the management and presentation of academic staff online profiles have been made, providing a more accessible and intuitive means to share and celebrate the excellent work of our colleagues, departments and institutes.

Improving the digital skills of our staff remains a high priority. Work over the past year has included training sessions to support individuals with limited digital access, training on using SharePoint more confidently and safely, supporting self-assessments, developing extensive learning resources, and building a community of 200+ Digital Champions to advocate and share good practice with their teams and departments.

To support the ongoing development of our digital strategy, colleagues were given the opportunity to help shape the future of digital services through a survey. The results indicated high levels of satisfaction with the vast majority of digital services, with improved scores compared with the last survey in 2019. Whilst there was much to celebrate in the results, areas for improvement were also highlighted and will inform plans for the future.

Future plans

During 2024/25, a strong emphasis will be on continuous improvement, rather than University-wide transformation projects, which aligns with our intentions for a more agile and incremental approach to change.

Planned initiatives include:

- Increasing our cyber security position in line with the University's risk appetite.
- Developing greater academic online learning capabilities for all delivery modes.
- Enhancements to timetabling and attendance monitoring systems.
- Growing our digital champions network and continuing to support staff and students develop their skills.
- Removing technical and organisational debt to reduce risk and improve operational efficiencies.
- Building capability within our community to use tools such as low-code applications and Gen-AI to improve processes.
- Streamlining recruitment and admissions system to drive efficiencies and improve student experience.
- Aligning our IT operating model to more agile ways of working.

Annual review

Donor, alumni and supporter engagement

Current position

Alumni engagement

As our students graduate, they become members of our thriving global community of over 230,000 alumni. We provide opportunities for graduates to build personal and professional networks, continue learning with discounts on postgraduate courses, attendance at a programme of events, access to journals, and comprehensive careers advice, including a specialised service for those wishing to establish their own businesses.

We encourage our global network of alumni to support current students by sharing their professional journeys at careers events, providing mentoring opportunities and using their business contacts to offer work experience, placements or internships.

Our network of global Chapters provides a welcoming group of alumni who share a passion for Durham, organised by geographic location, industry, academic or other area of interest. These 86 Chapters hold events throughout the year, providing opportunities for our alumni to stay connected to the University.

Senior staff greatly enjoy opportunities to meet with our alumni communities while travelling overseas and this year, the Vice-Chancellor met with groups based in Hong Kong, Australia and North America.

Link to strategic risks:

- SR01: Brand and value proposition
- SR03: People and culture



Strategic performance indicator

Academic year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Target
Donation and Endowment	£5.5m	£8.8m	£7.8m	£7.6m	£18.6m*	£9.4m	£11.9m	£20m

*This includes an exceptional item related to property given to the University.

Case study:

Durham's Global Lecture Series arrived in Washington DC

Senior University colleagues visited Washington DC to reinforce Durham's relationships with our wider community, our research partners and our alumni and supporters in the United States.

Alumni, invited guests and senior staff gathered for the latest in our Global Lecture Series, which took place in the residence of Durham alumnus, James Roscoe, the Deputy Head of Mission for the British Embassy in Washington DC. Our Vice-Chancellor and our Chancellor, Dr Fiona Hill, took part in a conversation in the style of a fireside chat, discussing social cohesion, global order and the contribution of education to economic progress.

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, education and outreach activities consistent with our charitable mission.

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

This year we refreshed and expanded the Campaign Board, including the appointment of a new Chair, himself an alumnus, to support our fundraising campaign for the 200th anniversary in 2032, and agreed plans for the initial phase of this campaign.

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 strong 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.



Financial review



The global economic and political environment continues to present challenges for the UK higher education sector, notably the impact of inflation on our costs. Despite these challenges the financial performance for the year was in line with our budget. The implementation of the University Strategy (2017-2027) continued with further investments in our staffing, our estate and digital infrastructure. These investments are focused on delivering and improving our research, education and Wider Student Experience outcomes.

The University continued to grow its income, with total income growing by 6.3%. Growth was achieved in all categories of income, notably research income. The University continues to diversify its income base with growth in Other Income of £10.9m versus 2022/23. Endowment and donations also continued to grow.

The University is mindful of the challenges to its cost base by inflationary pressures and continues to monitor opportunities to improve the efficiency and effectiveness of its operations. These improvements are coordinated through an internal programme of continuous improvement, known internally as WISER.

The reported surplus for the year was £133.2m (2022/23: a deficit of £(0.2)m). The surplus is affected by a significant gain in pension schemes, notably the Universities Superannuation Scheme (USS). If the impact of this is removed, underlying operating performance before other non-operating gains or losses was a deficit of £(8.0)m (2022/23: £(26.0)m).

Adjusted EBITDA and EBD are measures used by the University for evaluating the underlying financial performance during the year. They exclude certain items deemed to be ‘non-operating’ or ‘non-cash’ in nature which are set out separately above. 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 favourable by £94.7m (2022/23: unfavourable by £34.3m). In 2023/24 EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was £52.9m (2022/23: £49.2m). Earnings Before Depreciation (EBD) was £38.5m (2022/23: £34.1m). Both of these indicators show a growth on prior year.

Results for 2023/24

The reconciliation of reported Total Consolidated Income / (expenditure) for the year to adjusted EBITDA and EBD is described below:

	Notes	2023/24 £m	2022/23 £m
Total surplus / (deficit)		133.2	(0.2)
Depreciation and amortisation		(46.9)	(39.0)
Impairment adjustment		-	(21.1)
Loss on disposal of fixed assets		(0.4)	(7.3)
USS pension provision adjustments	1	128.3	21.0
Net gain / (loss) on investments	2	11.7	(4.6)
Pension adjustments – actuarial gain	3	2.9	4.9
Valuation of derivatives	4	(0.9)	11.7
EBD (Earnings Before Depreciation and Non-Cash Items)		38.5	34.1
Interest payable	5	(14.4)	(15.1)
Adjusted EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation and Non-Cash Items)	6	52.9	49.2

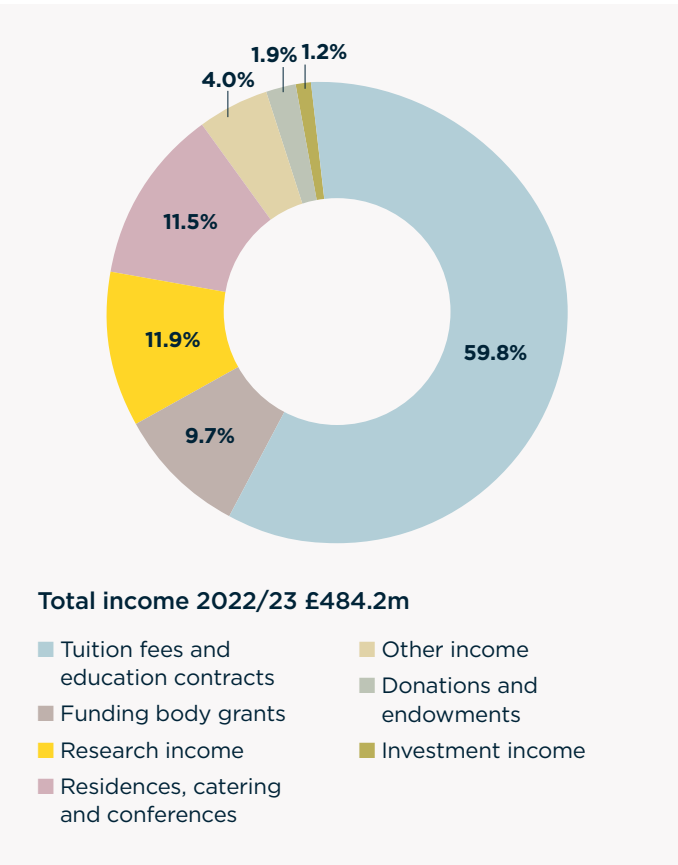
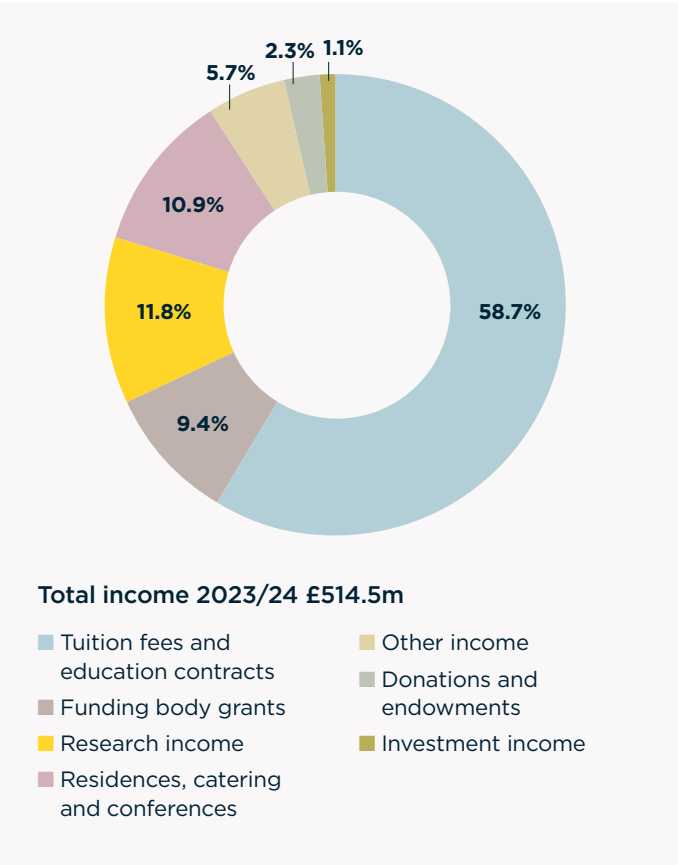
1. This is the difference, year on year, of revisions to the estimated value of the provision for the USS pension scheme assets and liabilities. It is a non-cash movement.
2. An unrealised gain / (loss) which is subject to the volatility of investment movements. It is a non-cash movement.
3. This is the difference, year on year, of revisions to the estimated value of the DUPS and Aviva scheme assets and liabilities held by the University. It is a non-cash movement.
4. See Note 21 of the financial statements for details of our derivatives. This is a non-cash movement.

5. Interest element of future liability on USS and DU pension schemes. This is a non-cash movement
6. 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.

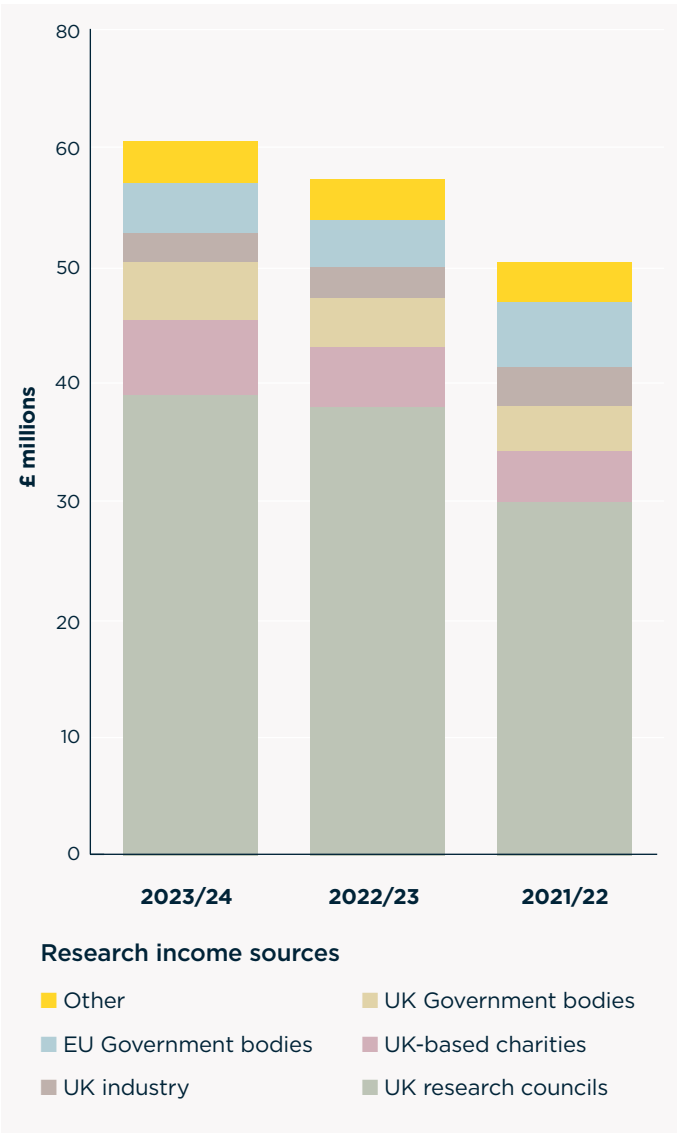
Operating income and expenditure

The elements of operating income and expenditure giving rise to the EBITDA are summarised below.

Income



Total operating income increased by 6.3% to £514.5m. Tuition fee income increased by 4.1% to £301.9m representing 58.7% of total income and when residence fees are included, income from students represented 69.6% 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 £3.2m (5.6%) in 2023/24, being 11.8% of total income.



The value of research grant awards for the last three years are shown in the table below:

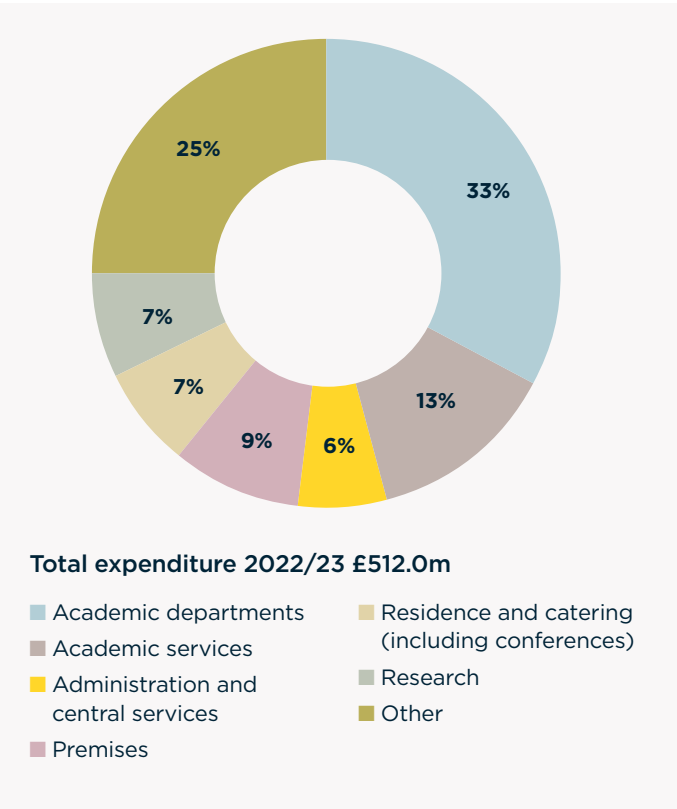
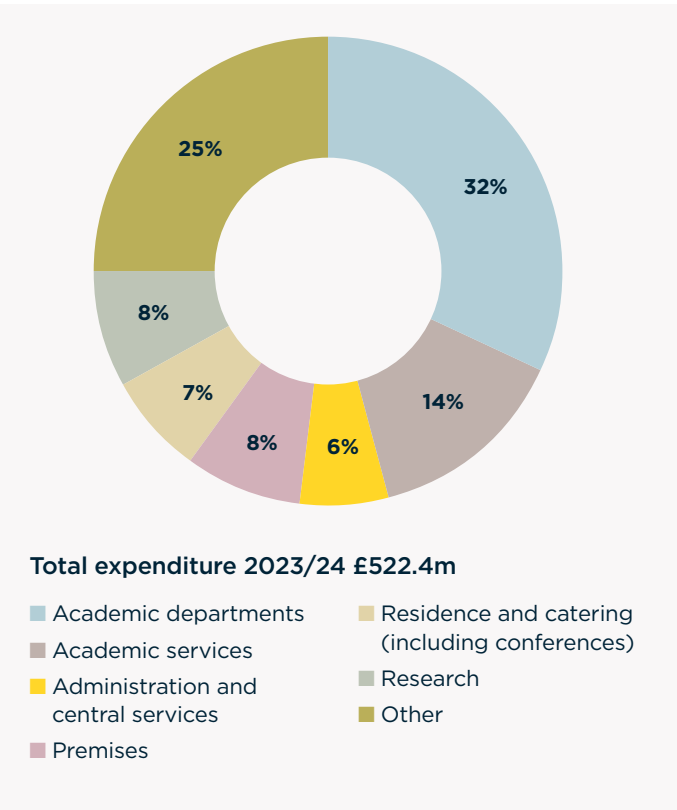
Year	Value (£m)
2023/24	64.6
2022/23	85.4
2021/22	50.8

Expenditure

Total operating expenditure, excluding pension provision and impairment adjustments, increased by 2.4%. The amount recognised by the USS pension adjustment is material in 2023/24 and reflects the USS pension scheme returning to a surplus position at the latest valuation (see Note 29 of

the Financial Statements). Depreciation charges, excluding impairment adjustments increased by 20.5%. Interest payable decreased by 4.7%. There has been no material change to how operating expenditure is apportioned compared to the prior year.

The University's expenditure, excluding the write back of the USS pension provision adjustment, can be classified into these categories:



Student numbers

The University's total student numbers have declined slightly from the increased numbers that were enrolled during the Covid period, with a reduction in home undergraduates partially offset by an increase in international postgraduate students. This rebalancing reflects a return to the University's strategy to focus on broadening its international student population.

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

	2023/24	2022/23	2021/22
Undergraduate home	13,264	13,814	13,798
Undergraduate international	3,760	3,827	3,447
Total undergraduate	17,024	17,641	17,245
Postgraduate taught home	888	893	1,034
Postgraduate taught international	1,983	1,823	2,065
Research home	886	963	1,032
Research international	670	643	630
Total postgraduate	4,427	4,322	4,761
Distance learning	137	168	224
Total	21,588	22,131	22,230

Statement of financial position

The value of fixed assets increased to £715.1m (2022/23: £678.1m) with capital additions, including intangible assets, of £84.4m exceeding depreciation and disposals. The capital expenditure included two major projects, being the completion of the Waterside building which is the new home for the Durham Business School and the ongoing works at Boldon House to provide a home for our professional services staff.

Heritage and intangible assets remained the same as last year.

Investments decreased by £74.0m as the University used its investments to conclude a major phase of its capital plan and reduced its short-term debt to minimise interest payable.

Pension liabilities in respect of USS decreased by £125.4m on the balance sheet as a result of the scheme entering into a surplus position and deficit payments ceasing on 1 January 2024. The net liability in respect of the Durham University Pension Scheme decreased by £5.5m as a result of improved asset values and reducing liabilities.

Endowment reserves increased by £4.9m in 2023/24 as a result of new donations. The expenditure on existing grants, investment income and donations resulted in a net increase in restricted reserves of £0.4m. General reserves have increased by £128.0m after taking into consideration the unwinding of the USS pension provision noted above.

Cash generation, liquidity, financing and covenant compliance

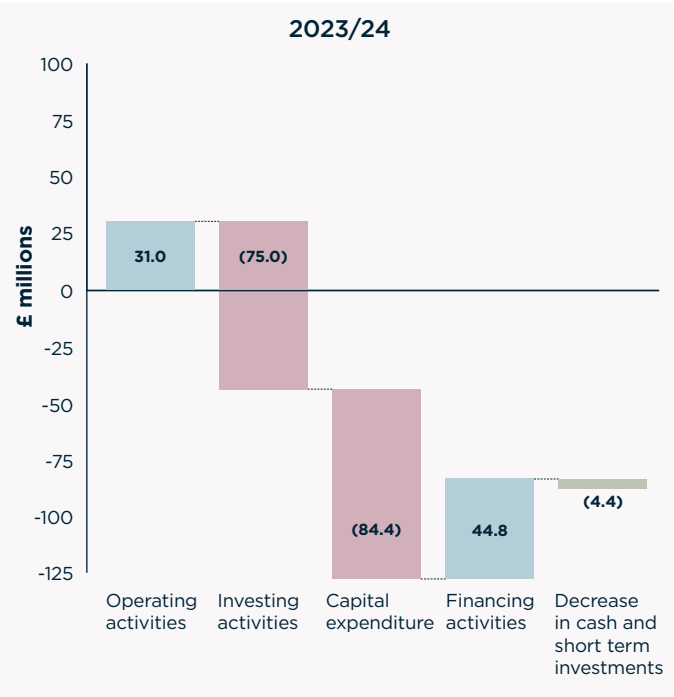
Cash balances

Consolidated cash balances reduced by £4.4m to £19.5m. The University manages its liquid resources to minimise interest costs and maximise interest income from our investment portfolio.

Debt collection continues to be effectively managed. The bad debt written off in the year was £25,818 (2022/23: £5,016). As a reflection of the current economic climate and the increase in age of debts outstanding, the bad debt provision has increased from £1.5m in 2022/23 to £4.3m. All debts are actively chased by the credit control team as well as third-party debt collection agencies and last year £230,000 of debt previously provided for was collected.

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 2023/24 to support in-year working capital requirements. There were no drawdowns of this facility at 31 July 2024 (2022/23: £30.0m).

The following waterfall chart compare the sources and applications of operating cash generated for 2023/24.



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 affecting 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 (2017 - 2027).
- 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 2026. 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 2024 and the five-year forecast in November 2024. The University has reviewed these forecasts as well as its scenario modelling to reflect the challenges facing the higher education sector, including ongoing inflationary pressures resulting from the conflicts in the Middle East and Ukraine. 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 University's base case scenario projects compliance with all loan covenants to 31 July 2026 and liquidity headroom (including liquid investments of which £129.4m are market securities and including the Revolving Credit Facility), no lower than £100m through the going concern assessment period.

A plausible down-side scenario has been run on the baseline forecast to stress test the cash position, as well as the ability to remain compliant with covenant restrictions. This exercise modelled risks to student recruitment and associated accommodation income, increases in staff costs and increased inflation on goods and services.

The scenarios assumed that immediate mitigating actions could be taken to offset the impact on cash and covenants. These actions centre around 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 and asset disposals as well as a renegotiation of the Revolving Credit Facility. The University has clearly demonstrated its ability to successfully take rapid mitigating actions during the pandemic which can be repeated in the event of stress.

Under the plausible downside scenario, cash equivalents remain well above the internal treasury minimum of a 50 day requirement at all points in the going concern assessment period and also above the OfS required minimum of 30 days at all points in the same assessment period.

Further, the University has considered scenarios to reverse stress evaluate the model under which it either utilises all cash and liquid investments or breaches loan covenants should all risks highlighted under the plausible downside scenario become crystallised.



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. This reverse stress test shows that the University would require a further significant reduction in forecast income, with no mitigating actions, to be in breach of its covenants and cash requirements.

At 31 July 2024, the University had £19.5m in immediate cash and access to a £75.0m revolving credit facility, of which the full amount is undrawn.

Council, having considered its forecasts together with the sensitivity analysis included within the reverse stress testing exercise, is confident that the University will be able to deliver its Strategic Plan whilst continuing to meet all its future financial obligations as they fall due over the period to 31 July 2026. The University foresees that it will operate within its financial covenants to July 2026 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

As in recent years, the UK higher education sector continues to be affected by numerous factors outwith its control, namely the eroding value of the static home undergraduate fees, a challenging student recruitment market both within the UK and globally as well as significant changes in its operating environment as a result of deepening conflicts in the Middle East and Ukraine and global increases in costs.

Despite this, Durham University remains well placed reputationally and financially to withstand these challenges. Its going concern outlook remains strong, with its continuing reputation for world-class research and educational achievements placing it above many of its peers both nationally and internationally. The University is continuing its ongoing investment in its estate and infrastructure in line with its ambitious capital programme, thereby ensuring that it remains well placed to both enhance its academic position, welcome its diversifying student base, and improve its teaching and research for the long-term.

Statement of corporate 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. Following a comprehensive review, revised Statutes were approved by Privy Council in October 2023 and are published online: durham.ac.uk/about-us/governance/governance-documentation

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, including:

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

Council

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.



The key financial controls to ensure the regularity and propriety in the use of public funds are managed through our Financial Regulations, Scheme of Delegation for Financial Business and associated policies and procedures. The adequacy of these arrangements is subject to periodic review via internal and external audit.

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 Cathedral and President of Durham Students' Union. The Council's gender balance during 2023/24 was 61% male to 39% 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 all 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 graduation ceremonies.



In 2023/24, Council met on seven occasions. The confirmed minutes of meetings are published on the University website: durham.ac.uk/about-us/governance/council/council-minutes

The following key items were considered by members during the year.

Having approved the Strategy Refresh in 2023, Council were keen to monitor progress against the Strategy through the use of Strategic Performance Indicators (SPIs). The SPIs provided clear and measurable evidence of progress, with Council noting the exceptional response to the United Nations' Sustainable Development Goals.

Council received reports on key staffing matters, remuneration and diversity pay. Members continued to monitor progress from the recent Council and Senate effectiveness reviews, noting the significant progress made in relation to recommendations linked to Council's activities. Council was involved in the recruitment and permanent appointment of the new Chief Financial Officer and commissioning an external recruitment organisation to support the forthcoming recruitment of the new Chair of Council, who will take up their role from August 2025.

Following the movement from gold to silver rating in the Teaching Excellence Framework 2023, Council noted the gold rating for student outcomes and the action being taken to improve the student experience through the launch of the Student Voice project.

In noting the importance of philanthropic fundraising in achieving aspects of the University's Strategic Plan, Council received details of the new philanthropic campaign from the Chair of the Campaign Board, which would align with the University's forthcoming bi-centennial celebrations.

The Durham Students' Union President presented regular updates, focussing on the quality and cost of private student accommodation in the city and the response of students in relation to the conflict in Gaza.

Council membership 2023/24

Lay members

- Joe Docherty (Chair)
- Jonathan Bewes
- Kay Boycott
- Leslie Ferrar (Deputy Chair)
- James Grierson
- Alison Hastings
- Denise Lievesley
- Cheryl Millington
- Nigel Perry
- Robert Senior
- Jairaj Thakkar
- Terry Toney (Senior Independent Governor)

Ex officio members

- Karen O'Brien - Vice-Chancellor and Warden
- Mike Shipman - Deputy Vice-Chancellor and Provost
- Philip Plyming - Dean of Durham
- Dan Lonsdale - President of Durham Students' Union

Staff members

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

Following changes to the University's Statutes, Freddy Fossey-Warren, Postgraduate Academic Officer, Durham Students' Union was invited to attend meetings as a member during 2023/24.

Navreet Badwal served on Council as the first Council Apprentice for the whole of the 2023/24 Academic Year. The University Secretary and Chief Financial Officer are standing attendees of Council meetings.

Statement of the Council's primary responsibilities

Mission, vision and strategy

- a. To approve the mission, vision and strategy of the University, long term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.

Appointment of officers and other posts

- b. To appoint the Vice-Chancellor and Warden, including as the Accountable Officer, and to put in place suitable arrangements for monitoring their performance.
- c. To appoint the Deputy Vice-Chancellor and Provost, Vice-Provosts, Pro-Vice-Chancellors, Executive Deans of Faculty and Heads of Departments (Chairs of Boards of Studies).
- d. To appoint the University Secretary and the Chief Financial Officer.

Teaching and research

- e. To be responsible for the organisation of teaching and research, including the organisation of Faculties, Boards of Studies and other groupings.

Collegiate system

- f. To be responsible for the recognition of the Recognised Colleges.

Students

- g. To regulate the relations between the Council and the students, and for the maintenance of student discipline.

Reputation and academic freedom

- h. To safeguard the good name and values of the University and to be responsible for the ethical governance of the University.
- i. To represent the University in all negotiations for obtaining grants from public bodies in aid of the work of the University.
- j. To consider the University's performance in relation to Equality, Diversity and Inclusion.
- k. To take steps to ensure that freedom of speech and expression within the law is secured within the University.

People

- l. To be the ultimate employing authority for all University staff and staff in the maintained colleges.
- m. To be responsible for establishing a human resources strategy and for the maintenance of discipline.

Health and safety and welfare

- n. To receive assurance that adequate provision has been made for the general health, welfare and safety of students, University staff and those visiting the University.
- o. To receive assurance that adequate provision has been made for the safeguarding of young people and vulnerable adults.

Oversight of performance

- p. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which shall, where possible and appropriate, be benchmarked against other comparable institutions.
- q. To delegate authority to the Vice-Chancellor and Warden, as chief executive, for the effective academic, corporate, financial, estate and human resource management of the University and the execution of their responsibilities.

Risk and controls

- r. To establish and keep under regular review the policies, procedures and limits within which management functions are undertaken by and under the authority of the Vice-Chancellor.
- s. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
- t. To ensure there are clear procedures for handling internal grievances and for managing conflicts of interest.
- u. To appoint the University's auditors, bankers and investment managers.
- v. To be responsible for effective planning, ongoing control, monitoring and review of the University's health and safety management mechanisms.

Finance and resources

- w. To be the ultimate financial and business authority of the University, including:
 - i. Ensuring the proper books of account are kept.
 - ii. Approving the annual budget, financial statements and financial forecasts.
 - iii. Establishing budget centres within the University for the efficient management of resources.
 - iv. Appointing budget officers for each budget centre.
 - v. The approval of fees.
 - vi. Having overall responsibility for the University's assets, property and estate.

- x. To ensure that there are adequate and effective arrangements in place so that 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.

Legal and regulatory compliance

- y. To be the University's ultimate 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.
- z. Subject to final approval by the Privy Council to approve changes to statutes.
- aa. To ensure that the University's constitutional arrangements are followed at all times and that appropriate advice is available to enable this to happen.
- ab. To make regulations for the custody and use of the seal.

Governance

- ac. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself and the University's system of governance.
- ad. To receive and test assurance that academic governance overseen by the Senate is adequate and effective.
- ae. 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.
- af. To ensure its business is conducted in accordance with good practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

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 University's Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 edition, Accounts Direction issued by the OfS, and other relevant accounting standards. In addition, Council through its Accountable Officer is required by the OfS to prepare and publish 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 UK 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, UK Research and Innovation (including Research England) and the Department for Education have been applied in accordance with the OfS Terms and Conditions of funding for higher education institutions (issued July 2023), the funding agreement with UK Research and Innovation (including Research England) and the Department for Education, and any other terms and conditions attached to them.
- 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 that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the University and the OfS.
- Ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to HESA, the Student Loans Company, the OfS, Research England and other funding or regulatory bodies.
- 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.



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 2023/24

Lay members of Council

- Kay Boycott (Chair)
- Cheryl Millington
- Nigel Perry

Co-opted member

- Alison Alden
- Richard Dale*

*On 1 August 2024, Richard Dale became Chair of Audit and Risk Committee and a lay member of Council.

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 2024.

The external and internal auditors are appointed by Council, on the recommendation of Audit and Risk Committee. During the year, the University operated a hybrid internal audit function with an in-house service supported by bought-in generalist internal audit service, provided by Uniac, and specialist support for information technology audits provided by PwC. In March 2024, the University appointed KPMG as outsourced internal audit providers.

Finance Committee

Membership 2023/24

Members of Council

- Jonathan Bewes (Chair)
- James Grierson
- Leslie Ferrar
- Colin Macpherson
- Amir Michael

Co-opted member

- Rebecca Askew

Ex officio members

- Joe Docherty - Chair of Council
- Karen O’Brien - Vice-Chancellor and Warden
- Mike Shipman - Deputy Vice-Chancellor and Provost
- Dan Lonsdale - 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 2023/24

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
- Dan Lonsdale - 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 2023/24

Lay members of Council

- Leslie Ferrar (to 27 February 2024)
- Denise Lievesley (Chair)
- Jairaj Thakkar (from 24 October 2023)

Staff members

- Rebecca Askew
- Charlotte Clarke
- Nathan Sempala-Ntege
- Nicole Westmarland

Ex officio members

- Joe Docherty - Chair of Council
- Karen O’Brien - Vice-Chancellor and Warden
- Mike Shipman - Deputy Vice-Chancellor and Provost
- Shaid Mahmood - Pro-Vice-Chancellor (Equality, Diversity and Inclusion)
- Joanne Race - Director of Human Resources and Organisational Development
- Freddy Fossey-Warren - Students’ 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.



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 2023/24

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, Committee of University Chairs (CUC) 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.

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.

University Ethics Committee

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

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 Director of Human Resources and Organisational Development, the Director of Strategic Delivery Unit, the Director of Estates and Facilities, the University Secretary and the Director of Advancement, Marketing and Communications. 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 owned 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 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 ending 31 July 2024, 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 ending 31 July 2024 and the period up to the date of approval of the audited financial statements with the exception of the design and operation of financial controls immediately following the implementation of Oracle Fusion. Internal audit work for the year also identified some concern over the management of changes associated with significant system implementation and/or upgrade.

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.

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 'parent University') and its subsidiaries (the 'group') for the year ended 31 July 2024 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 2024 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 Council's 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 inflationary pressures and industry risks including challenges associated with the recruitment of international students, we assessed and challenged the reasonableness of estimates made by the Council 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.

Opinion 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 & Skills Funding Agency and the Department for Education have been applied in accordance with the OfS Terms and Conditions of funding for higher education institutions (issued July 2023), the funding agreement with UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education, and any other terms and conditions attached to them; 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 notes to the financial statements, 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 53, 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 intend 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.

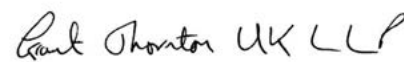
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result 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: www.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 the Royal Charter and statutes of the university. 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

Statutory Auditor, Chartered Accountants
Liverpool

12/12/2024

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 pounds sterling and in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 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 separate cash flow statement for the University.
- 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 2026. 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 2024, and the five-year forecast in November 2024. The University has reviewed these forecasts as well as its scenario modelling to reflect the challenges facing the Higher Education sector, including ongoing inflationary pressures resulting from the conflicts in the Middle East and Ukraine. 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 University's base case scenario projects compliance with all loan covenants to 31 July 2026 and liquidity headroom (including liquid investments of which £129.4m are market securities and including the Revolving Credit Facility), no lower than £100m through the going concern assessment period.

A plausible down-side scenario has been run on the baseline forecast to stress test the cash position, as well as the ability to remain compliant with covenant restrictions. This exercise modelled risks to student recruitment and associated

accommodation income, increases in staff costs and increased inflation on goods and services.

The scenarios assumed that immediate mitigating actions could be taken to offset the impact on cash and covenants. These actions centre around 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 and asset disposals as well as a renegotiation of the revolving credit facility. The University has clearly demonstrated its ability to successfully take rapid mitigating actions during the pandemic which can be repeated in the event of stress.

Under the plausible downside scenario, cash equivalents remain well above the internal treasury minimum of a 50 day requirement at all points in the going concern assessment period and also above the OfS required minimum of 30 days at all points in the same assessment period.

Further, the University has considered scenarios to reverse stress evaluate the model under which it either utilises all cash and liquid investments or breaches loan covenants should all risks highlighted under the plausible downside scenario become crystallised. 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 individually 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. This reverse stress test shows that the University would require a further significant reduction in forecast income, with no mitigating actions, to be in breach of its covenants and cash requirements.

At 31 July 2024, the University had £19.5m in immediate cash and access to a £75.0m Revolving Credit Facility, of which the full amount is undrawn.

Council, having considered its forecasts together with the sensitivity analysis included within the reverse stress testing exercise, is confident that the University will be able to deliver its Strategic Plan whilst continuing to meet all its future financial obligations as they fall due over the period to 31 July 2026. The University foresees that it will operate within its financial covenants to July 2026 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 2024.

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 Statement of Financial Position 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 Statement of Financial Position 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 £25,000 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 Statement of Financial Position 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 Statement of Financial Position 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 £25,000; or
- Collectively have a cost equal to or greater than £25,000 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 initially held on the Statement of Financial Position as work in progress and capitalised when fully available and ready for use.

b. Valuation

Tangible fixed assets are recognised and measured 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 £25,000; or
- Collectively have a cost equal to or greater than £25,000 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 initially held on the Statement of Financial Position as work in progress and capitalised when fully available and ready for use.

b. Valuation

Intangible assets are recognised and measured 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	4 years (or as determined based on specific information)

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

Heritage assets are individual objects, collections, specimens or structures of historic, scientific or artistic value that are held and maintained principally for their contribution to knowledge and culture.

a. Capitalisation

Heritage assets are capitalised where they:

- Individually have a cost or value equal to or greater than £25,000; 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 £25,000.

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). It is therefore not possible to either determine a useful economic life nor a residual value.

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 Statement of Financial Position date.
- Market securities are comprised of long-term holdings of quoted investments held for income and capital growth and are included in the Statement of Financial Position at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

Current asset investments are included in the Statement of Financial Position 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, derecognition, 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 Statement of Comprehensive Income and Expenditure 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 Statement of Financial Position 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 Statement of Financial Position 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 investment properties and other securities) and pension funds rely on specialist third party, internal and other market valuations. These valuations are subject to inherent uncertainty as global markets 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 are reviewed regularly to identify any 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

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.

Queens Campus, Stockton

In the early 1990s, 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 was 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. Therefore, the five buildings have been treated as individual assets.

Currently, two of the buildings, Wolfson and Ebsworth, are 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 (historic cost less accumulated depreciation) and that the original useful life estimate is still valid. In 2022/23, Wolfson

has been impaired to its current market value. Endeavour Court, comprised of the former accommodation buildings, was sold in August 2024 (see Post Balance Sheet Note 32).

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 (Ebsworth) at 31 July 2024 is £0.7m (2023: one building (restated: £0.7m).

The other four buildings (2023: four 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 £nil was charged to the Statement of Comprehensive Income and Expenditure (2023: £12.5m) in the current financial year. The market value of the four buildings at 31 July 2024 is £9.9m (2023: four buildings restated: £9.9m). The prior year figures have been restated to correct the valuations across the building portfolio. No further indicators of impairment have been identified, and no further impairment has been made in the current year.

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 College of St Hild and St Bede will move into its temporary new home, provided under an agreement to lease with Unite Students at their Rushford Court site, from September 2024, while works take place. UPP Ltd. was appointed as the University's preferred bidder for the site development in May 2024 following a competitive negotiated process to develop a detailed scheme proposition for the refurbishment of the College's former accommodation at Leazes Road, along with development of a further, new college and postgraduate accommodation on the same site. Public consultation on proposals will commence in September 2024, with a planning decision anticipated in the summer of 2025.

In the circumstances management have impaired the site in 2023 to its development value of £4.4m, provided by an independent external valuer, resulting in an impairment charge of £8.3m. No further impairment has been applied in the current year.

USS deficit recovery liability

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with the resulting expense charged through the Statement of Comprehensive Income and Expenditure in accordance with Section 28 of FRS 102.

b. Estimates

i. Useful lives of fixed assets (UEL)

The useful lives of the University's assets are determined by management at the time the asset is acquired. These lives are reviewed regularly and amended when necessary to reflect current estimates of where the carrying amount of that asset may not be recoverable. The lives are 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 £45.1m (2023: £37.8m) is calculated using consistently applied depreciation rates calculated from useful economic life estimates.

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 (2023: £17.2m) after the most recent internal valuation.

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 2024 has been fully unwound (2023: £125.4m). 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 £18.0m.

The impact of a change in the discount rate of - 1% on the FRS 102 liability would be an increase of £22.0m.

Despite FRS 102 “not requiring an entity to engage an independent actuary to perform the comprehensive actuarial valuation needed”, this is a complex and specialised area and as such the University employs a specialist pension professional to calculate the provision and provide the detailed disclosure information required.

The provision at 31 July 2024 is £20.9m (2023: £26.3m). 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 2024

	Note	Consolidated 2024 £'000	University 2024 £'000	Consolidated 2023 £'000	University 2023 £'000
Income					
Tuition fees and education contracts	1	301,877	301,877	289,887	289,887
Funding body grants	2	48,249	48,249	46,778	46,778
Research grants and contracts	3	60,715	60,715	57,517	57,517
Other income	4	85,848	84,774	74,945	74,283
Investment income	5	5,845	5,845	5,723	5,723
Donations and endowments	6	11,932	11,932	9,373	9,373
Total income		514,466	513,392	484,223	483,561
Expenditure					
Staff costs	7	282,630	281,818	261,606	261,606
USS pension provision	22	(128,319)	(128,319)	(21,045)	(21,045)
Total staff costs		154,311	153,499	240,561	240,561
Other operating expenses	9	178,480	178,153	173,428	172,978
Depreciation and amortisation	12, 14	46,934	46,934	38,953	38,953
Impairment adjustment	12	-	-	21,100	21,100
Interest and other finance costs	10	14,383	14,381	15,090	15,090
Total expenditure		394,108	392,967	489,132	488,682
Surplus / (deficit) before other gains and losses		120,358	120,425	(4,909)	(5,121)
USS pension provision	22	(128,319)	(128,319)	(21,045)	(21,045)
Deficit before USS pension provision and other gains and losses		(7,961)	(7,894)	(25,954)	(26,166)
Net gain / (loss) on investments	15	11,736	11,736	(4,634)	(4,634)
Change in fair value of derivatives		(1,363)	(1,363)	11,687	11,687
Loss on disposal of fixed assets		(426)	(426)	(7,315)	(7,315)
Surplus / (deficit) before tax		130,305	130,372	(5,171)	(5,383)
Taxation	11	-	-	-	-
Surplus / (deficit) for the year		130,305	130,372	(5,171)	(5,383)
Actuarial gain in respect of pension scheme	29	2,917	2,917	4,940	4,940
Total comprehensive income / (expenditure) for the year		133,222	133,289	(231)	(443)
Represented by:					
Endowment income	23	4,875	4,875	2,278	2,278
Restricted income	25	436	436	55	55
Unrestricted income		127,911	127,978	(2,564)	(2,776)
		133,222	133,289	(231)	(443)

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 2024

	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
Balance at 1 August 2022	99,418	8,829	301,883	410,130
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)	-	-
Total comprehensive income / (expenditure) for the year	2,278	55	(2,564)	(231)
Balance at 31 July / 1 August 2023	101,696	8,884	299,319	409,899
Surplus from income and expenditure statement	4,875	436	124,994	130,305
Other comprehensive income	-	-	2,917	2,917
Movement in reserves	-	-	66	66
Total comprehensive income for the year	4,875	436	127,977	133,288
Balance at 31 July 2024	106,571	9,320	427,296	543,187

University statement of changes in reserves for the year ended 31 July 2024

	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
Balance at 1 August 2022	99,418	8,829	303,147	411,394
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)	-	-
Total comprehensive income / (expenditure) for the year	2,278	55	(2,776)	(443)
Balance at 31 July / 1 August 2023	101,696	8,884	300,371	410,951
Surplus / (deficit) from income and expenditure statement	4,875	436	125,061	130,372
Other comprehensive income	-	-	2,917	2,917
Movement in reserves	-	-	66	66
Total comprehensive income for the year	4,875	436	128,044	133,355
Balance at 31 July 2024	106,571	9,320	428,415	544,306

Consolidated and University statement of financial position as of 31 July 2024

	<i>Note</i>	Consolidated	University	Consolidated	University
		2024	2024	2023	2023
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Non-current assets					
Fixed assets	12	715,105	715,105	678,077	678,077
Heritage assets	13	37,975	37,975	37,975	37,975
Intangible assets	14	11,940	11,940	11,999	11,999
Investments	15	146,750	146,750	220,776	220,776
Investment in subsidiaries	15	-	1,764	-	1,764
Investment in associates	15	51	49	51	49
		911,821	913,583	948,878	950,640
Current assets					
Stock	16	276	276	269	269
Trade and other receivables	17	53,399	53,366	31,156	31,012
Investments	18	-	-	-	-
Cash and cash equivalents	19	19,544	18,838	23,945	23,379
		73,218	72,480	55,370	54,660
Creditors: amounts falling due within one year					
	20	(140,215)	(140,120)	(158,140)	(158,140)
Net current liabilities		(66,997)	(67,640)	(102,770)	(103,480)
Total assets less current liabilities		844,824	845,943	846,108	847,160
Creditors: amounts falling due after more than one year					
	21	(279,787)	(279,787)	(283,468)	(283,468)
Provisions					
Pension provisions	22	(20,850)	(20,850)	(151,741)	(151,741)
Other provisions	22	(1,000)	(1,000)	(1,000)	(1,000)
Total net assets		543,187	544,306	409,899	410,951

	<i>Note</i>	Consolidated	University	Consolidated	University
		2024	2024	2023	2023
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Restricted reserves					
Endowment reserves	23	106,571	106,571	101,696	101,696
Restricted reserves	25	9,320	9,320	8,884	8,884
Unrestricted reserves					
Income and expenditure reserve		427,296	428,415	299,319	300,371
Total reserves		543,187	544,306	409,899	410,951

The financial statements and the accompanying notes and policies that form part of these financial statements were approved by the Council on 10 December 2024 and signed on its behalf by:



J Docherty
Chair of Council



K O'Brien
Vice-Chancellor



N Scott
Chief Financial Officer

Consolidated cash flow statement for the year ended 31 July 2024

	<i>Note</i>	2024	2023
		<i>£'000</i>	<i>£'000</i>
Cash flow from operating activities			
Surplus / (deficit) for the year		130,305	(5,171)
Contributions to defined benefit plans	29	-	(16,828)
Adjustment for non-cash items and net changes in working capital			
Depreciation	12	45,123	37,833
Amortisation of intangibles	14	1,811	1,120
Impairment adjustment	12	-	21,101
(Gain) / loss on investments	15	(11,737)	4,273
Movement in fair value of derivatives	21	1,363	(11,687)
(Increase) / decrease in stock	16	(7)	2
Increase in debtors	17	(22,243)	(1,421)
Increase in creditors	20 & 21	12,144	5,205
Interest cost on pension	22	4,144	5,791
Decrease in pensions provisions	22	(132,118)	(5,857)
Receipt of donated heritage assets	13	-	(110)
Movement in reserves		135	-
Adjustment for investing or financing activities			
Investment income	5	(5,845)	(5,723)
Interest payable	10	10,239	9,299
Endowment donations	6	(3,849)	(5,013)
Loss on sale of tangible fixed assets		426	7,315
Net income on restricted reserves	25	(436)	(55)
Capital grant income	6	(1,799)	(367)
Net cash flow from operating activities		27,656	39,708
Cash flows used in investing activities			
Proceeds from sale of fixed assets		-	-
Capital grant receipts	25	1,799	367
Investment income	5	5,845	5,723
Payments made to acquire fixed assets	12	(82,257)	(159,420)
Payments made to acquire intangible assets	14	(1,752)	(6,391)
New non-current asset investments (including endowments and pooled funds)	15	(1,088)	(4,387)
New non-current asset disposals (including endowments and pooled funds)	15	86,851	44,138
Returned deposits	18	-	359
Endowment cash received	23	3,849	5,013
		13,247	(114,598)

	<i>Note</i>	2024	2023
		<i>£'000</i>	<i>£'000</i>
Cash flows used in financing activities			
Interest paid	10	(10,239)	(9,299)
Receipts from revolving loan facility		50,000	96,000
Payments made to revolving loan facility		(80,000)	(66,000)
Repayment of amounts borrowed	21	(4,692)	(4,692)
Capital element of finance lease payments	21	(373)	(374)
		(45,304)	15,635
Decrease in cash and cash equivalents in the year	19	(4,401)	(59,255)
Cash and cash equivalents at beginning of the year	19	23,945	83,200
Cash and cash equivalents at end of the year	19	19,544	23,945
		(4,401)	(59,255)

Analysis of changes in net debt

	At 1 August 2023	Cash flows	Other non- cash changes	At 31 July 2024
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash & cash equivalents				
Cash	23,945	(4,401)	-	19,544
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	23,945	(4,401)	-	19,544
Borrowings				
Debt due within one year	34,801	(30,000)	(42)	4,759
Debt due after one year	263,719	-	(4,650)	259,069
	298,520	(30,000)	(4,692)	263,828

Notes to the financial statements

1. Tuition fees and education contracts

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Full-time home and EU students	119,426	119,426	124,913	124,913
Full-time international students	164,187	164,187	147,536	147,536
Part-time students	4,489	4,489	5,092	5,092
Short courses	4,051	4,051	2,688	2,688
Research training support grants	9,372	9,372	9,065	9,065
Other Fees	352	352	593	593
	301,877	301,877	289,887	289,887

2. Funding body grants

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Recurrent grant				
Office for Students	8,367	8,367	7,479	7,479
Research England	33,293	33,293	34,919	34,919
Capital grants				
Office for Students	3,793	3,793	296	296
Research England	2,796	2,796	4,084	4,084
	48,249	48,249	46,778	46,778

3. Research grants and contracts

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Research councils	39,145	39,145	38,090	38,090
UK charities	6,411	6,411	5,138	5,138
Central / Local Government	4,853	4,853	4,147	4,147
UK industries	2,452	2,452	2,712	2,712
EU Government	4,167	4,167	4,018	4,018
Other overseas	3,346	3,346	3,315	3,315
Other sources	341	341	97	97
	60,715	60,715	57,517	57,517

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 2024 amounted to £30.5m (2023: £20.1m).

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£000	£'000	£000	£'000
Total grant and fee income				
Grant income from OfS	8,367	8,367	7,862	7,862
Grant income from other bodies	49,154	49,154	47,981	47,981
Fee income from taught awards	287,998	287,998	277,542	277,542
Fee income from research awards	60,715	60,715	57,517	57,517
Fee income from non-qualifying courses	4,607	4,607	3,280	3,280
	410,841	410,841	394,182	394,182

4. Other income

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Residences, catering, and conferences	56,291	56,291	55,626	55,626
Other services rendered	8,248	8,248	6,939	6,939
Other income	21,309	20,235	12,380	11,718
	85,848	84,774	74,945	74,283

5. Investment income

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Investment income on endowments	1,889	1,889	1,473	1,473
Investment income on restricted reserves	391	391	224	224
Other investment income	3,565	3,565	4,026	4,026
	5,845	5,845	5,723	5,723

6. Donations and endowments

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Capital grants and donations	1,799	1,799	367	367
New endowments	23	3,849	5,013	5,013
Donations with restrictions	25	1,945	1,764	1,764
Unrestricted donations	4,339	4,339	2,229	2,229
	11,932	11,932	9,373	9,373

7. Staff costs

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Salaries	229,337	228,786	204,703	204,703
Social security costs	21,675	21,414	19,196	19,196
Other pension costs				
USS (See note 28(a))	29,909	29,909	33,904	33,904
DUPS (See note (28(b))	3,537	3,537	5,409	5,409
NOW (See note 28(c))	379	379	398	398
	284,837	284,025	263,610	263,610
Staff costs capitalised	(2,207)	(2,207)	(2,004)	(2,004)
Net staff costs charged to SOCIE	282,630	281,818	261,606	261,606

a. Analysis of staff costs by activity

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Academic and related expenditure	184,120	184,120	170,077	170,077
Administration and central services	22,439	22,439	21,772	21,772
Premises	10,135	10,135	8,165	8,165
Residences, catering and conferences	19,516	19,516	17,885	17,885
Research grants and contracts	25,696	25,696	23,263	23,263
Student and staff facilities and amenities	13,651	13,651	12,350	12,350
General educational expenditure	2,202	2,202	2,162	2,162
Miscellaneous expenditure	4,871	4,059	5,932	5,932
	282,630	281,818	261,606	261,606

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 £18,000 p.a. (2023: £14,000 p.a.)

There are no other emoluments paid to the postholder.

Emoluments of the Vice-Chancellor – 2024

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 2023 to 31 July 2024	£'000
Salary	303
Additional remuneration allowance (ARA)	33
Life assurance contributions	8
Provision of accommodation	18
Total emoluments	362

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

2023/24 – Professor O'Brien	Basic Pay multiple	Total Pay multiple
Including casual and agency workers	10.32	10.70
Excluding casual and agency workers	8.18	8.36

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
Additional remuneration allowance (ARA)	31
Life assurance contributions	18
Provision of accommodation	14
Total emoluments	353

Ratio 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

i) 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 2022/23 was 8.5 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.

ii) Vice-Chancellor pay

The University is a large and complex institution with over 4,800 FTE staff and more than 21,500 students. It has an annual turnover of over £514m per annum and is now over halfway through its ambitious ten-year strategy which continues its programme of extensive estate refurbishment and new development totalling some £750m. The University generates £1.2bn GVA, two thirds of which accrues to the North East of England and has recently committed to a Science Transformation programme aimed at enhancing its long-term ambition of experimental science and engineering capability.

The Times and Sunday Times Good University Guide ranks the University at number 5, with the Guardian ranking at number 6. The University is a world Top 100 university (QS World Rankings 2025) 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 2024).

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.

Professor Karen O’Brien has, throughout her tenure, donated any performance-related award to the student hardship fund.

c. Remuneration of other higher paid staff

Excluding employer’s pension contributions

	2024	2023
	No.	No.
£100,000 – £104,999	30	22
£105,000 – £109,999	23	13
£110,000 – £114,999	9	9
£115,000 – £119,999	8	9
£120,000 – £124,999	8	10
£125,000 – £129,999	7	2
£130,000 – £134,999	4	9
£135,000 – £139,999	9	7
£140,000 – £144,999	5	-
£145,000 – £149,999	1	4
£150,000 – £154,999	6	1
£155,000 – £159,999	1	-
£165,000 – £169,999	-	1
£170,000 – £174,999	1	-
£175,000 – £179,999	-	1
£180,000 – £184,999	1	1
£185,000 – £189,999	-	1
£190,000 – £194,999	2	-
£195,000 – £199,999	-	1
£200,000 – £204,999	1	-
£220,000 – £224,999	-	1
£230,000 – £234,999	1	-
£290,000 – £294,999	-	1
£300,000 – £304,999	1	-
	118	93

d. Key management personnel (KMP)	2024	2023
	£’000	£’000
Key management personnel remuneration	2,743	3,135
Number of staff	15	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 and Student Experience)
- The Executive Faculty Deans:
 - Arts and Humanities
 - Business Faculty
 - Science
 - Social Sciences and Health
- The Chief Financial Officer
- The University Secretary
- The Director of Human Resources
- The Director of Estates and Facilities

Notes

i) One member of KMP received a voluntary severance payment in 2023/24. Another member of KMP received Payment in Lieu of Notice (PILON).

e. Staff numbers	2024	2023
	No.	No.
Full time equivalent staff numbers by type		
Academic	2,129	2,063
Professional and technical	1,339	1,224
Administrative and clerical	751	708
Facilities and other support	632	612
	4,851	4,607

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 (2023: nil).

The total expenses paid to or on behalf of 11 of the council members was £14,032 (2023: £21,381 to 10 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) (formerly AUT), Unite (formerly Amicus), G.M.B. and UNISON.

For the period April 2023 to March 2024

Relevant union officials	2023/24	2022/23
Number of employees who were relevant union officials during the relevant period	33	27
Full-time equivalent employee number	29.84	23.97

Percentage of time spent on facility time	Number of employees	
0%	9	9
1-50%	23	17
51-99%	1	1
100%	-	-

Percentage of pay bill spent on facility time	2023/24	2022/23
Total cost of facility time	£55,015	£46,126
Total pay bill	£277,255,622	£263,245,000
Percentage of pay bill spent of 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	30.81%	44.21%

h. Compensation for loss of office

Compensation for loss of office in respect of 119 (2023: 66) employees totalled £1,235k (2023: £419k in respect of 66 employees).

An analysis of the categories of termination benefits provided is set out below:

Category	2024 £'000	2023 £'000
Redundancy	156	109
Payment in lieu of notice (PILON)	321	140
Termination payment	758	170
Total compensation for loss of office	1,235	419

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 or close family 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	60,601	17,476	153,744	-
Durham Cathedral Schools Foundation	Philip Plyming	818	-	-	-
Durham Students' Union	Freddy Fossey-Warren, Dan Lonsdale	4,577	-	1,240,117	-
Fortify Electrical Services	Rebecca Askew	-	-	678,178	113,062
Mount Oswald Colleges LLP	James Grierson, Claire O'Malley, Amanda Wilcox	140,147	1,723	6,995,077	-
N8 Ltd	Karen O'Brien	-	-	93,021	-
Russell Group	Karen O'Brien	-	-	92,500	-
St Chad's College	Jun Jie Wu	27,708	36,742	655,665	3,369
St John's College	Amir Michael	253,764	47,157	927,992	-
UKRI	Kay Boycott	271,877	73,345	-	-
York Museums Trust	James Grierson	-	-	463	-
		759,492	176,443	10,836,757	116,431

Philip Plyming is the Dean of Durham Cathedral 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. Freddy Fossey-Warren is a Council Member nominated by 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.

Rebecca Askew has a spousal relationship to Fortify Electrical Services and payments were made by the University in relation to electrical works carried out.

James Grierson and Amanda Wilcox 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 Accounting Policy Note 15a.

Karen O'Brien is a board member of the Russell Group, comprising of 24 leading UK universities, and payments were made as part of the University's membership of this group.

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.

Amir Michael is a trustee of St John’s College. Although associated and working closely with the University, St John’s is a separate charity.

Kay Boycott is an MRC Council Senior Independent Member at UK Research & Innovation (UKRI).

James Grierson is the Chair of York Museums Trust and during the year the University made payments in relation to visits to the museums.

One UEC member has a spouse who is a student at the University. The transactions with this student are at arm’s length and at the year end there is £nil debtor/creditor outstanding.

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
	2024	2024	2023	2023
	£’000	£’000	£’000	£’000
Academic and related expenditure	56,319	56,319	52,237	52,237
Administration and central services	8,123	8,123	8,013	8,013
Premises	34,077	34,077	36,193	36,193
Residences, catering and conferences	15,907	15,907	20,678	20,678
Research grants and contracts	17,543	17,543	10,270	10,270
Student and staff facilities and amenities	9,515	9,515	11,267	11,267
General educational expenditure	29,836	29,836	31,298	31,298
Miscellaneous expenditure	7,160	6,833	3,472	3,022
	178,480	178,153	173,428	172,978

Other operating expenses include:

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£’000	£’000	£’000	£’000
External auditors’ remuneration in respect of audit services	391	391	309	309
External auditors’ remuneration in respect of non-audit services	10	10	13	13
Operating lease rentals:				
Land and buildings	7,004	7,004	8,759	8,759
Other	640	640	674	674

10. Interest and other finance costs

	Note	Consolidated	University	Consolidated	University
		2024	2024	2023	2023
		£’000	£’000	£’000	£’000
Loan interest		10,239	10,237	9,299	9,299
Net charge on USS pension scheme	22	2,875	2,875	4,707	4,707
Net charge on DUPS pension scheme	29	1,269	1,269	1,084	1,084
		14,383	14,381	15,090	15,090

11. Taxation

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£’000	£’000	£’000	£’000
Recognised in the statement of comprehensive income				
Current Tax				
Current tax expense	-	-	-	-
Foreign tax	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	-	-	-	-
Total tax expense	-	-	-	-

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:				
	£’000	£’000	£’000	£’000
Surplus / (deficit) before taxation	130,305	130,372	(5,171)	(5,383)
UK Corporation tax @ 25% (2023 – 19%)	32,576	32,593	(982)	(1,023)
Effect of: Surplus falling within charitable exemption	(32,576)	(32,593)	982	1,023
Total tax expense	-	-	-	-

12. Fixed assets

Tangible assets						
Cost or valuation	Consolidated					
	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
At 31 July 2023	718,071	1,222	211,752	6,893	116,285	1,054,223
Additions	-	-	-	-	82,257	82,257
Capitalisation	53,468	3	12,591	-	(66,062)	-
Transfers	(7,341)	-	-	7,341	-	-
Disposals	(19,877)	-	(36,282)	(6,893)	-	(63,052)
At 31 July 2024	744,321	1,225	188,061	7,341	132,480	1,073,428
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
At 31 July 2023	220,900	1,065	154,181	-	-	376,146
Charge for year	19,235	71	18,924	6,893	-	45,123
Transfers	-	-	-	-	-	-
Disposals	(19,769)	-	(36,284)	(6,893)	-	(62,946)
At 31 July 2024	220,366	1,136	136,821	-	-	358,323
Net book value						
At 31 July 2024	523,955	89	51,240	7,341	132,480	715,105
At 31 July 2023	497,171	157	57,571	6,893	116,285	678,077

Cost or valuation	University					
	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
At 31 July 2023	718,071	1,222	211,752	6,893	116,285	1,054,223
Additions	-	-	-	-	82,257	82,257
Capitalisation	53,468	3	12,591	-	(66,062)	-
Transfers	(7,341)	-	-	7,341	-	-
Disposals	(19,877)	-	(36,282)	(6,893)	-	(63,052)
At 31 July 2024	744,321	1,225	188,061	7,341	132,480	1,073,428
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
At 31 July 2023	220,900	1,065	154,181	-	-	376,146
Charge for year	19,235	71	18,924	6,893	-	45,123
Transfers	-	-	-	-	-	-
Disposals	(19,769)	-	(36,284)	(6,893)	-	(62,946)
At 31 July 2024	220,366	1,136	136,821	-	-	358,323
Net book value						
At 31 July 2024	523,955	89	51,240	7,341	132,480	715,105
At 31 July 2023	497,171	157	57,571	6,893	116,285	678,077

Fixed assets notes

The value of assets in the course of construction relates to the Durham University Business School “Waterside” development (consisting of a purchase in October 2022 plus subsequent capital works). Waterside was brought in to use in September 2024 and as such will be capitalised in 2024/25.

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 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 purposes 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	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Acquisitions purchased with specific donations	-	-	-	-	5
Acquisitions purchased with University Funds	-	-	-	-	-
Total cost of acquisitions purchased	-	-	-	-	5
Value of acquisitions by donation	-	110	-	-	45
Total acquisitions capitalised	-	110	-	-	50

Movements	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Balance at 1 August	37,975	37,975	37,865	37,865
Additions	-	-	110	110
Depreciation charge for year	-	-	-	-
Balance at 31 July	37,975	37,975	37,975	37,975

14. Intangible assets

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Balance at 1 August	11,999	11,999	6,728	6,728
Additions	1,752	1,752	6,391	6,391
Amortisation charge for year	(1,811)	(1,811)	(1,120)	(1,120)
Balance at 31 July	11,940	11,940	11,999	11,999

The additions during the year relate to the ongoing purchase and setup of cloud-based software applications.

The amortisation period is four years (or as determined based on specific information).

15. Non-current investments

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'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)	146,750	146,750	220,776	220,776
Balance at 31 July	146,801	148,563	220,827	222,589

(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
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Balance at 1 August	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Share of surplus retained	-	-	-	-
Balance at 31 July	-	-	-	-

(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
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Balance at 1 August	51	49	51	49
Additions	-	-	-	-
Disposals	-	-	-	-
Share of surplus retained	-	-	-	-
Balance at 31 July	51	49	51	49

(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***	No trade in year	100% Ordinary Shares

All the above companies are incorporated in England and Wales and their respective registered offices are on the Durham campus.

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

** These shares were subsequently sold after the year end (see Note 32 Post Balance Sheet events).

*** This company is a spin out shelf company in the process of being activated and its registered office is Salvus House, Aykley Heads, County Durham, DH1 5TS.

At cost less impairment	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Balance at 1 August	-	1,764	-	1,764
Additions	-	-	-	-
Disposals	-	-	-	-
Share of surplus retained	-	-	-	-
Balance at 31 July	-	1,764	-	1,764

(d) Other investments

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Balance at 1 August	220,776	220,776	264,745	264,745
Additions	1,088	1,088	4,387	4,387
Disposals	(86,851)	(86,851)	(44,138)	(44,138)
Fair value adjustments	11,737	11,737	(4,218)	(4,218)
Balance at 31 July	146,750	146,750	220,776	220,776

Other investments consist of:	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
At fair value:				
Market securities	129,426	129,426	203,452	203,452
At fair value:				
Endowment properties	17,196	17,196	17,196	17,196
Group investment in spin-outs	128	128	128	128
Balance at 31 July	146,750	146,750	220,776	220,776

Note

- i) The fair value of market securities is the stock market value at 31 July 2024.
- 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

Endowment properties	£'000
Opening balance	17,196
Decrease in fair value	-
Closing balance	17,196

iv) Investments in spin-offs are valued 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 Ltd***	24.90% ordinary shares
Geospatial Research Ltd ***	24.00% ordinary shares
Olexys Ltd ***	22.00% ordinary shares
Concept Analyst Ltd ***	20.00% ordinary shares
Fitovol Ltd***	20.00% ordinary shares
Respiratone Ltd	18.00% ordinary shares
H2CHP Ltd	16.62% ordinary shares
Geoptic Ltd	16.67% ordinary shares
Northern Light Optical Ltd	15.00% ordinary shares
Durham Magneto Optics Ltd	12.75% ordinary shares
Nevrargenics Ltd	11.82% ordinary shares
Magnitude Biosciences Ltd	10.76% ordinary shares
Gamble De Grussa Ltd	10.35% ordinary shares
Nascent Semiconductor Ltd	9.75% ordinary shares
Snowfox Discovery Ltd	6.67% ordinary shares
Low Carbon Materials Ltd	2.85% ordinary shares
Lightox Limited	1.37% ordinary shares
Train Air Ltd	0.37% ordinary shares
Kromek Group PLC	0.10% ordinary shares
P2I Ltd	0.04% ordinary shares

*** Not consolidated because at 31 July 2024 the University did not exercise effective control over these companies. Other companies are not consolidated because the level of shareholding is below 20%.

Surplus / (deficit) on investment	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
The surplus / (deficit) on investment comprises:				
Endowment pooled funds	-	-	(1,589)	(1,589)
Other pooled funds	-	-	(6,474)	(6,474)
Endowment properties	-	-	(549)	(549)
Market securities	11,736	11,736	4,400	4,400
Investments in spin-offs	-	-	(422)	(422)
Total	11,736	11,736	(4,634)	(4,634)

16. Stock

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Goods for resale	276	276	269	269

17. Trade and other receivables

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivables	20,392	20,392	16,476	16,476
Other trade receivables	19,218	19,185	12,004	11,860
Amounts due from related parties	318	318	-	-
Prepayments and accrued income	13,471	13,471	2,676	2,676
Trade receivables at 31 July	53,399	53,366	31,156	31,012

18. Current investments

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Short term investment in shares	-	-	-	-

19. Cash and cash equivalents

	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	19,544	18,838	23,945	23,379

20. Creditors: amounts falling due within one year

20. Creditors: amounts falling due within one year	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Unsecured loans	4,780	4,780	34,801	34,801
Trade payables	20,813	20,813	11,316	11,316
Other creditors	4,120	4,084	5,033	5,033
Research grants received on account	42,637	42,637	34,637	34,637
Social security and other taxation payable	7,535	7,519	6,052	6,052
Accruals and deferred Income	52,990	52,947	59,408	59,408
Service concession arrangements	7,340	7,340	6,893	6,893
Total current payables at 31 July	140,215	140,120	158,140	158,140

The assets and liabilities relating to the service concession arrangements are recognised on the University's Statement of Financial Position to the extent that the University is required to fulfil nomination commitments at each 31 July. This commits the University to pay for these rooms in the following year only. It is anticipated that student rents received will fully fund this obligation.

The University has the right to nominate rooms each November for the following academic year. The current asset value of the service concession on the Statement of Financial Position as at 31 July 2024 is £7.3m (2023: £6.9m). The total liabilities relating to the service concession on the Statement of Financial Position as at 31 July 2024 are £7.3m (2023: £6.9m), representing the present value of lease obligations for the following academic year. All future commitments in relation to the service concession arrangements are payable within one year.

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
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Donations and research grants	1,421	1,421	1,525	1,525

21. Creditors: amounts falling due after more than one year

21. Creditors: amounts falling due after more than one year	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Derivatives	3,499	3,499	2,136	2,136
Mount Oswald headlease	17,240	17,240	17,613	17,613
Unsecured loans	259,048	259,048	263,719	263,719
Total non-current payables at 31 July	279,787	279,787	283,468	283,468

Analysis of unsecured loans

Analysis of unsecured loans	Consolidated	University	Consolidated	University
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Due within one year or on demand	4,780	4,780	34,801	34,801
Due between one and two years	4,759	4,759	4,780	4,780
Due between two and five years	13,699	13,699	13,637	13,637
Due in five years or more	240,590	240,590	245,302	245,302
Total secured and unsecured loans	263,828	263,828	298,520	298,520
Due within one year	(4,780)	(4,780)	(34,801)	(34,801)
Due after more than one year	259,048	259,048	263,719	263,719

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 loan at 31 July 2024 total was £33.7m and the amount drawn on revolving credit facility was £nil.

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 2024 is £5.1m.

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 2024 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

	Obligation to fund deficit on USS pension <i>£'000</i>	Defined benefit obligations (Note 29) <i>£'000</i>	Total pension provisions 2024 <i>£'000</i>	Total pension provisions 2023 <i>£'000</i>
i) Pensions				
Balance at 1 August 2023	125,444	26,297	151,741	173,575
Amounts charged to pension costs: non cash items				
Current service cost	-	2,812	2,812	4,221
Administration costs	-	1,938	1,938	1,236
	-	4,750	4,750	5,457
Less:				
Employer contributions	(15,285)	(8,549)	(23,834)	(18,410)
Deficit contributions	(113,034)	-	(113,034)	(9,732)
	(128,319)	(8,549)	(136,868)	(28,142)
Amounts charged to interest and other finance costs: non cash items				
Unwinding of USS pension provision discount	2,875	-	2,875	4,707
Net interest charge on pension scheme	-	1,269	1,269	1,084
	2,875	1,269	4,144	5,791
Net charged to expenditure	(125,444)	-	(125,444)	(16,894)
Actuarial gain in respect of pension schemes	-	(2,917)	(2,917)	(4,940)
Balance at 31 July	-	20,850	20,850	151,741
ii) Other liabilities				
			£'000	£'000
Fudan tax provision			1,000	1,000
Total provisions for liabilities			21,850	152,741

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.

At 31 July 2023, the institution’s Statement of Financial Position included a liability of £125.4m for future contributions payable under the deficit recovery agreement which was concluded on 30 September 2021, following the 2020 valuation when the scheme was in deficit. No deficit recovery plan was required from the 2023 valuation, because the scheme was in surplus. Changes to contribution rates were implemented from 1 January 2024 and from that date the institution was no longer required to make deficit recovery contributions. The remaining liability of £128.3m was released to the Statement of Comprehensive Income and Expenditure. Further disclosures relating to the deficit recovery liability can be found above.

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 29.

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 £'000	Unrestricted permanent £'000	Restricted expendable £'000	2024 total £'000	2023 total £'000
Balance at 1 August					
Capital	52,426	32,157	11,117	95,700	93,870
Accumulated income	5,463	-	533	5,996	5,548
	57,889	32,157	11,650	101,696	99,418
New endowments	3,294	-	555	3,849	5,013
Disinvestments	(80)	-	-	(80)	-
Investment income	1,900	-	318	2,218	1,473
Expenditure	(649)	-	(426)	(1,075)	(2,070)
Decrease in market value of investments	-	-	-	-	(1,600)
Decrease in market value of properties	-	-	-	-	(549)
Transfer from general funds	-	-	(37)	(37)	-
Transfer from restricted reserves	-	-	-	-	11
Total endowment comprehensive income for the year	4,465	-	410	4,875	2,278
Balance at 31 July	62,354	32,157	12,060	106,571	101,696
Represented by					
Capital	52,951	32,157	11,604	96,712	95,700
Accumulated income	9,403	-	456	9,859	5,996
	62,354	32,157	12,060	106,571	101,696
Analysis by type of purpose:					
Fellowships	20,134	-	-	20,134	19,802
Lectureships	541	-	1,403	1,944	3,550
Scholarships and bursaries	21,555	-	181	21,736	18,632
Research support	9,280	-	6,755	16,035	13,830
Prize funds	2,524	-	-	2,524	2,483
Student facilities	8,163	-	3,721	11,884	11,242
General	157	32,157	-	32,314	32,157
Balance at 31 July	62,354	32,157	12,060	106,571	101,696
Analysis by asset:					
Fixed assets				17,196	17,196
Current and non-current asset investments				79,324	71,148
Cash and cash equivalents				10,051	13,352
				106,571	101,696

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
Balance at 1 August	2,782	3,122	49	1,749	7,702
Additions	57	-	-	-	57
Income	85	102	1	42	230
Expenditure	(127)	(136)	(1)	(9)	(273)
Change in market value	223	200	4	169	596
Balance at 31 July	3,020	3,288	53	1,951	8,312
Number of funds	5	2	2	9	18

25. Restricted reserves

Consolidated and University	Unspent capital grants £'000	Donations £'000	2024 Total £'000	2023 Total £'000
Balance at 1 August	89	8,795	8,884	8,829
New grants	-	-	-	-
New donations	-	1,945	1,945	1,764
Transfer to endowments	-	-	-	-
Transfer to capital grants	-	-	-	-
Transfer of previous year donations	-	(70)	(70)	(20)
Investment income	-	392	392	224
Capital grants utilised	-	-	-	-
Expenditure	-	(1,831)	(1,831)	(1,902)
Total restricted comprehensive income for the year	-	436	436	66
Transfer to endowments	-	-	-	(11)
Balance at 31 July	89	9,231	9,320	8,884
Analysis of other restricted funds / donations by type of purpose:				
Fellowships	-	617	617	634
Scholarships and bursaries	-	3,332	3,332	2,930
Research support	-	1,584	1,584	1,478
Student facilities	89	3,555	3,644	3,743
Prize funds	-	143	143	99
Balance at 31 July	89	9,231	9,320	8,884

26. Financial instruments

26. Financial instruments	Note	Consolidated	University	Consolidated	University
		2024	2024	2023	2023
		£'000	£'000	£'000	£'000
Financial assets					
Financial assets at fair value through Statement of Comprehensive Income and Expenditure					
Listed investments	15	129,426	129,426	203,452	203,452
Financial assets that are equity instruments measured at cost less impairment					
Other investments	15	128	128	128	128
Financial assets that are debt instruments measured at amortised cost					
Cash and cash equivalents	19	19,544	18,838	23,945	23,379
Other investments	18	-	-	-	-
Other debtors	17	39,610	39,578	28,480	28,336
Financial liabilities					
Financial liabilities at fair value through Statement of Comprehensive Income and Expenditure					
Derivatives	21	3,499	3,499	2,136	2,136
Financial liabilities measured at amortised cost					
Loans	21	263,828	263,828	298,520	298,520
Service concessions	20	7,340	7,340	6,893	6,893
Finance leases	21	17,240	17,240	17,613	17,613
Trade creditors	20	20,813	20,813	11,316	11,316
Other creditors	20	11,655	11,603	11,085	11,085

Credit risk

The bulk of the University’s debtors 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
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Commitments contracted for	29,867	29,867	21,063	21,063

28. Lease obligations

	Land and Buildings	Plant and Machinery	2024 Total	2023 Total
	£'000	£'000	£000	£000
Payable during the year	8,530	506	9,035	5,209
Not later than 1 year	8,292	429	8,721	5,123
Later than 1 year and not later than 5 years	18,058	166	18,224	17,685
Later than 5 years	33,170	-	33,170	36,810
Total lease payments due	59,520	595	60,115	59,618

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 and Expenditure is £29,909,120 (2023: £33,903,000) This includes £3,702,756 (2023: £4,412,545) outstanding contributions at the Statement of Financial Position date.

The 2023 valuation was the seventh 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 £73.1bn and the value of the scheme's technical provisions was £65.7bn indicating a surplus of £7.4bn and a funding ratio of 111%.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2023 (“the valuation date”), which was carried out using the projected unit method.

The key financial assumptions used in the 2023 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).

CPI assumption	3.0% p.a based on a long term expected level of CPI, broadly consistent with long term market expectations RPI/CPI gap -1.0% p.a. to 2030, reducing to 0.1% p.a. from 2030
Pension increases (subject to a floor of 0%)	Pensions that are uncapped - CPI assumption + 3bps Pensions subject to a soft cap of 5.0% - CPI up to 5% then half of any increase up to 10%. CPI assumption -3bps Pensions subject to a soft cap of 2.5% - CPI assumption -96bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.50% p.a. Post retirement: 0.90% 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 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

2023 valuation	
Mortality base table	103% of S2PMA “light” for males and 97% of S3PFA for females.
Future improvements to mortality	CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2024	2023
Males currently aged 65 (years)	23.7	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	25.4	25.9
Females currently aged 45 (years)	27.2	27.3

A new deficit recovery plan was put in place as part of the 2023 valuation. To eliminate the funding shortfall the University have agreed to an annual payment of £2,289m over the period 1 August 2024 until 29 February 2032 with an annual increase of 2% per annum from 1 August 2025.

	2024	2023
Discount Rate	4.3%	5.5%
Pensionable Salary Growth	3.2%	3.0%

The employers’ contribution rates are as follows:

Effective Date	Rate
1 October 2019 - 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 funding valuation date of 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 on 31 March 2023 and showed a deficit of £22.4m equivalent to a funding level of 82%. The deficit is 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% (reducing to 15.3% in August 2024) of Pensionable Salaries less member contributions in respect of accrual of benefits for current employees.

The University expects to contribute £6,068,923 for the year commencing 1 August 2024.

Future developments

The Durham University Pension Scheme (DUPS) will be closed to new entrants from 1 November 2024 but the scheme remains open for future accrual. Existing members can remain in the scheme and staff employed up to this date will retain a protected right to join at a future date. Instead, staff employed in grades 1 to 5 will be automatically enrolled (when they meet the statutory criteria) into the Durham University Retirement Savings Plan (DURSP). This is an enhanced version of our current defined contribution scheme which is part of the Mercer Master Trust and administered by Aviva. The University will contribute at least 10% of pensionable pay into the scheme and up to 12% on a matched basis if the member wishes to contribute more than the default contribution of 5% (i.e. if they contribute 6% the University will pay 11% and at 7% the University will pay 12%). Members can also opt to pay less (including a 0% option) but the minimum University contribution will remain at 10%. The University will also pay between 0.7% and 1% of pensionable pay into a Group Life Assurance and Income Protection Scheme for members. Because of the improved benefits we expect most members of the current Aviva Basic Pension Scheme to join DURSP and any staff not contributing to any scheme to chose to join DURSP and have modelled the costs on this basis.

Risks associated with the Scheme

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

Asset volatility	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.
Changes in bond yields	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.
Inflation	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.
Life expectancy	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 2024

The results of the latest funding valuation at 31 March 2023 have been adjusted to the Statement of Financial Position 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

	2024 % per annum	2023 % per annum
RPI inflation	3.10%	3.15%
CPI inflation	2.80%	2.85%
Long term rate of salary increases	3.25%	3.30%
Rate of discount for Scheme liabilities	4.90%	5.20%
Increases to pensions in payment (RPI) - minimum 3%	3.63%	3.69%
Increases to pensions in payment (RPI) - maximum 2.5%	1.94%	1.91%

Current inflationary increases have been considered within the 2024 CPI inflation assumption.

Non-financial assumptions

The most significant non-financial assumption is assumed longevity and the mortality assumptions adopted at 31 July 2024 imply the following life expectancies from age 65:

	2024 years	2023 years
Male currently aged 65	20.8	20.5
Female currently aged 65	23.1	22.8
Male currently aged 45	21.1	21.0
Female currently aged 45	23.8	23.8

Mortality table – base table

Non-pensioners: 123% of S3PMA (males) and 116% of S3PFA_middle (females)

Pensioners: 108% of S3PMA (males) and 104% of S3PFA_middle (females)

Future improvements

CMI 2023 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 15% weight to 2022 and 2023 data.

Scheme assets and expected rates of return

The assets of the Scheme were invested as follows:	2024 £'000	2023 £'000
Equities	13,732	23,584
Absolute return and Multi-asset Credit	45,308	34,534
Liability Driven Investments	39,808	26,844
Property	5,113	10,083
Cash / other	2,712	3,975
	106,673	99,020

	2024 £'000	2023 £'000
Present value of Scheme liabilities	(127,523)	(125,317)
Fair value of Scheme assets	106,673	99,020
Net liability	(20,850)	(26,297)

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

	2024 £'000	2023 £'000
Present value of Scheme liabilities at 1 August	125,317	151,117
Current service cost	2,812	4,221
Interest cost	6,442	5,280
Contributions by members	389	232
Actuarial losses	(1,364)	(30,550)
Benefits paid and death in service insurance premiums	(6,073)	(4,983)
Present value of plan liabilities at 31 July	127,523	125,317

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

	2024	2023
	£'000	£'000
Fair value of Scheme assets at 1 August	99,020	119,325
Interest income	5,173	4,196
Return on plan assets	1,553	(25,610)
Contributions by employer	8,549	7,096
Contributions by members	389	232
Benefits paid and death in service insurance premiums	(6,073)	(4,983)
Administration costs	(1,938)	(1,236)
Fair value of Scheme assets at 31 July	106,673	99,020

Analysis of the charge to the income and expenditure account

	2024	2023
	£'000	£'000
Analysis of operating charge		
Current service cost	(2,812)	(4,221)
Administration costs	(1,938)	(1,236)
Past service cost	-	-
Operating charge	(4,750)	(5,457)
Analysis of pension finance cost		
Interest income	5,173	4,196
Interest on plan liabilities	(6,442)	(5,280)
Pension finance cost	(1,269)	(1,084)
Total cost	(6,019)	(6,541)

Amount recognised in other comprehensive income

	2024	2023
	£'000	£'000
Return on plan assets	1,553	(25,610)
Experience gains arising on plan liabilities	7,079	(3,182)
Change in financial and demographic assumptions underlying the plan liabilities	(5,715)	33,732
	2,917	4,940

Amounts for the current and previous four years

	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	106,673	99,020	119,325	144,191	133,631
Present value of scheme liabilities	(127,523)	(125,317)	(151,117)	(210,835)	(211,642)
Deficit in scheme	(20,850)	(26,297)	(31,792)	(66,644)	(78,011)
Experience adjustment on Scheme liabilities	(7,079)	3,182	2,974	826	281
Experience adjustment on Scheme assets	(1,533)	25,610	27,855	8,669	5,210
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	(5,715)	33,732	(67,997)	4,308	(27,643)

(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 2024 was £379,463 (2023: £398,000).

30. Access and participation

Expenditure	2024	2023
	£'000	£'000
Access expenditure only	6,258	5,734
Financial support	7,433	6,890
Disabled students (incl. disability support & disability premium)	1,536	1,303
Research and evaluation related to access participation	135	144
	15,362	14,071

In the Access and Participation Plan for 2023/24, the target total spend for access, participation and success was £15.4m, surpassing the previous year's actual expenditure of £14.1m. This includes significant increases in key areas. The actual access expenditure has risen to £6.3m, compared to £5.8m the previous year. Financial support expenditure has also increased to £7.4m from £6.9m, reflecting our ongoing commitment to providing robust support to students.

The continued increase in expenditure is reflective of the broader range of activities now taking place, following the resumption of in-person engagement in calendar years 2022 and 2023. Activities such as residential summer schools and school visits have been successfully maintained, and we are continuing to integrate effective elements of digital delivery alongside this. Inflationary pressures have again contributed to increased costs, though this was accounted for in our financial planning.

Staff costs remain a significant portion of our expenditure, and at £4.6m constituting approximately 30% of the total access and participation spend. This represents an increase in both percentage and monetary terms, with staff costs in access-specific areas now making up 85% of the total budget for these activities. In the area of research and evaluation related to access and participation, £135,000 was spent, largely directed towards academic research that informs our Access and Participation plan, though slightly down from £144,000 last year.

We continue to invest in supporting disabled students, with £1.5m allocated in 2023/24, up from £1.3m the previous year, ensuring that these students receive the necessary support and resources.

In summary, we have exceeded our financial targets for access, participation, and success, while continuing to enhance both the range and quality of support available to our students.

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 2024	Year ended 31 July 2023
		£'000	£'000
Page	Related note		
-	- Net assets without donor restrictions	428,781	299,319
-	- Net assets with donor restrictions	115,891	110,580
98	23 Funds restricted in perpetuity	(62,354)	(57,889)
98	23 Term endowments	(12,060)	(11,650)
98	23 Life income funds	(32,157)	(32,157)
86	12 Property, plant & equipment	(765,020)	(728,051)
101	27 Lease – right of use (net)	-	-
96	22 Pension liability	20,850	151,741
94	21 Placement loans	225,000	225,000
94	21 Lines of credit for long-term purposes	53,311	58,468
101	27 Lease – right of use asset liability	-	-
83	8 Related party receivables	(318)	(1)
		(28,076)	15,360
Total operating expenses		394,108	489,132
Other gains / (losses)		1,363	(11,687)
		395,471	477,445
Primary reserve ratio		(0.0710)	0.0322

Equity ratio			Year ended 31 July 2024	Year ended 31 July 2023
			£’000	£’000
Page	Related note			
-	-	Net assets without donor restrictions	428,781	299,319
-	-	Net assets with donor restrictions	115,891	110,580
-	-	Goodwill	-	-
83	8	Related party receivables	(318)	(1)
			544,354	409,898
Total assets			986,118	1,004,248
Equity ratio			0.5520	0.4082

Net income ratio			Year ended 31 July 2024	Year ended 31 July 2023
			£’000	£’000
Page	Related disclosures			
69	SOCIE	Change in net assets without donor restrictions	428,781	299,319
		Net assets with donor restrictions	115,891	110,580
		Related party receivables	(318)	(1)
			544,354	409,898
-	-	Total operating revenue - unrestricted	514,465	484,233
-	-	Less investment return appropriated for spreading	-	-
69	SOCIE	Less sale of fixed assets	(426)	(7,315)
			514,039	476,918
Net income ratio			1.0590	0.8595

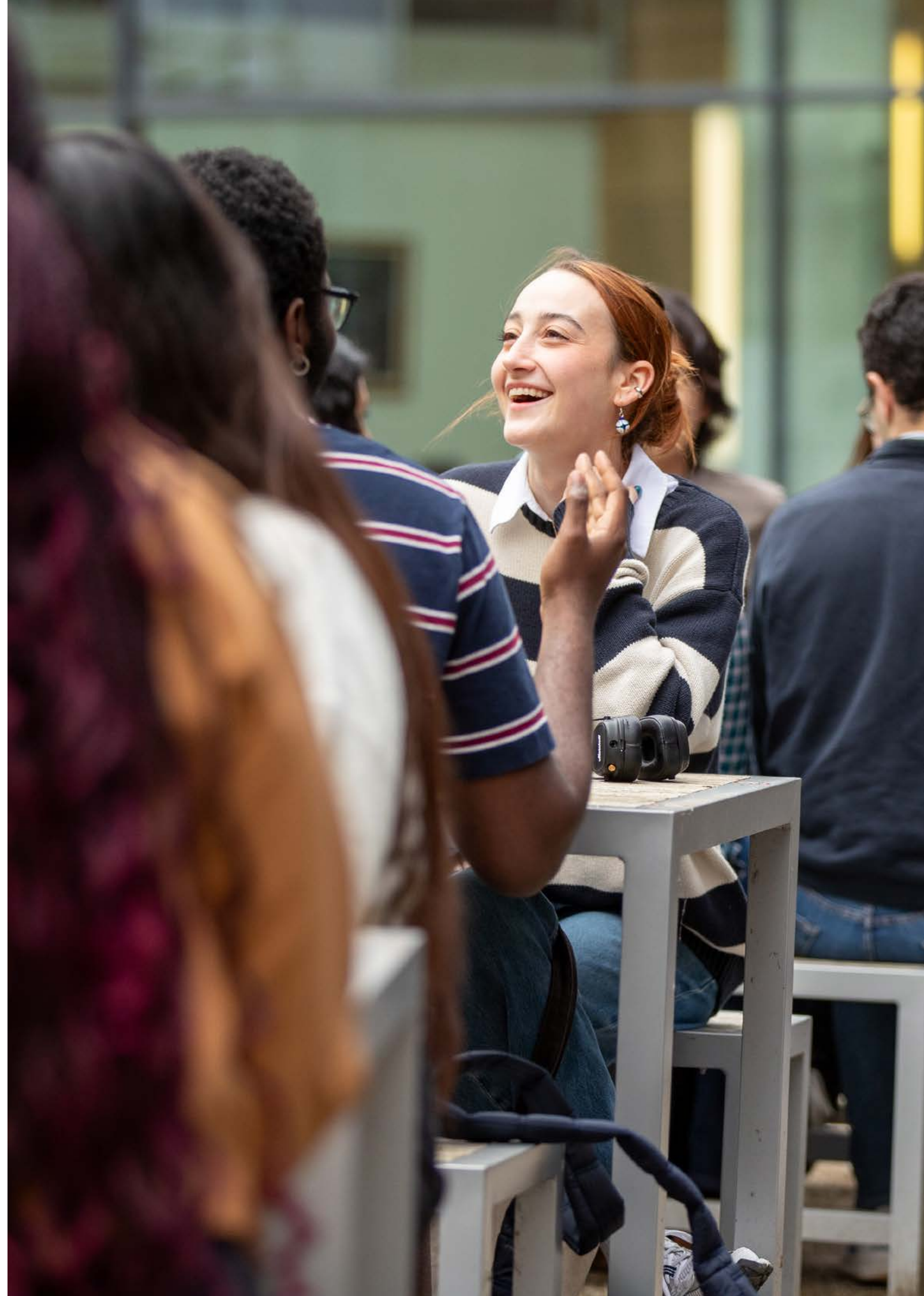
32. Post balance sheet events

Endeavour Court was sold post-year-end on 2 August 2024, located on the Queen’s Campus in Stockton, being the former accommodation buildings. The sale will be accounted for in the 2024/25 financial statements.

In August 2024, the investment in Durham Women’s Football Club Limited, a subsidiary company, was sold and is no longer part of the group. During 2023/24, the Football Club generated £1.1m of income and incurred £1.1m of cost.

In September 2024, a lease has been signed between Durham University and Durham County Council to grant a car parking licence at the Waterside Building. This will grant 77 car park spaces for use by the University for a period of three years.

The Durham University Pension Scheme (DUPS) will be closed to new entrants from 1 November 2024 but existing members can remain in the scheme. Members of staff joining after this date will be automatically enrolled into the Durham University Retirement Savings Plan (DURSP). More details are provided in Note 29.



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