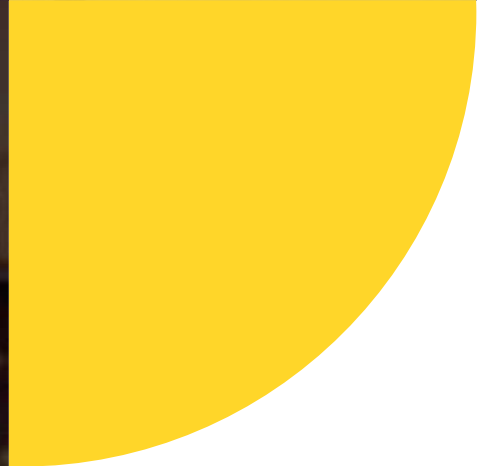


Inspiring the extraordinary



Annual Report
and Financial Statements
for the year ended 31 July 2021





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.

So, we conduct boundary breaking 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 Durham inspired.

We find it easy to be proud of the extraordinary people we have at Durham. We offer the inspiration, they achieve the outstanding.



Integrated reporting

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

This report takes into account the concepts of the Integrated Reporting Framework developed by the International Integrated Reporting Council (now The Value Foundation). We are continuing progress to adopt the framework to embed integrated thinking and decision-making, to improve the quality of our reporting and support the long-term sustainability of our institution for the benefit of our stakeholders. This report supports the process through providing 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 ability to affect our value creation, both positive and negative.

We began our journey to develop an Integrated Report in 2017. Subsequent reports have continued this process to further align with the principles of the reporting framework. This reflects improvements in our integrated thinking as we refine our annual planning process, with enhanced data, to consider the impact and interdependencies of the capitals (inputs) on decision-making and consider and respond to our stakeholders.

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Foreword from the Chair of Council

The University has performed extremely well over a very challenging year.

Staff have continued to deliver high-quality education, innovative research, and engagement with the local community and beyond. Students have continued their studies and extracurricular activities, supporting one another and their neighbours. Investment and development in the estate and infrastructure has been maintained. The University has responded swiftly to the changes in social distancing requirements throughout the year, providing a Covid-safe campus for those on site and delivered an efficient and effective Covid-19 testing facility.

The last year has also highlighted issues and risks for the University with income from sources other than tuition fees negatively impacted by lockdowns and social distancing measures. The ability to deliver the distinctive College experience and support structure has had to adapt to students being located around the world. Work has continued on

improving the University's physical estate and infrastructure to deliver the high-quality facilities expected by students and required to support staff.

In my role as Chair of Council, my contact with the University over the last year has mainly been conducted online and therefore engagement with members outside of Council and senior officers has been limited. However, I have joined events where possible and attended online meetings of Chairs of University Councils (CUC) where we have discussed the issues facing the sector.

We are currently undertaking a review of Council, and the effectiveness of its governance structure. The review aims to ensure the University follows best practice, particularly in light of the changes to the regulatory framework, and is able to effectively support the institution to deliver its Strategy. We will assess the outcome of the review and implement appropriate changes during 2021/22 to strengthen the long-term future of the institution.

Financial sustainability has become a core focus of the new integrated annual planning process with improved financial information and partnership working. Council endorsed the Financial Operating Plan to provide a strong foundation for institutional sustainability with focused scenario planning to consider potential impacts and mitigating actions. The University finances have remained strong despite the fluctuations in the traditional income and costs. However, the long-term sustainability of the pension schemes remains high risk and will continue to be monitored closely. Council welcomed the management review of its funding model to invest more broadly and strategically in key subject areas, enhance the digital educational offer, expand globally and ensure its operating model is market oriented and efficient to enable the University to compete successfully on a sustainable basis.

Council welcomed and endorsed the proposal from management, on moral grounds, not to charge students for unused accommodation during the year in spite of the negative impact to the University financial position. This supportive approach was subsequently extended to allow students to stay on after the end of the contract, at no charge, if they had tested positive or were required to self-isolate.

The University has benefited from the steadfast leadership of Professor Stuart Corbridge who stepped down in August 2021 after six years. Throughout the year, myself and other Council members and University staff have been involved in the appointment a new Vice-Chancellor. The process was managed by Perrett Laver, an independent executive search company. Council received regular updates on progress throughout the year and formally approved the recommended candidate.

I look forward to welcoming Professor Karen O'Brien in January 2022 and would like to thank Professor Antony Long, for stepping up from his Deputy Vice-Chancellor role, to cover in the interim period.



Mr Joe Docherty
Chair of Council





Welcome from the Acting Vice-Chancellor

I am immensely proud of the way Durham University staff have responded over this last year to the challenges of the Covid-19 pandemic, demonstrating commitment to our institutional values with innovative approaches to teaching, communication and engagement and a responsible approach to looking after students, staff and the community. We are continuing to invest in developing the digital environment and capabilities of staff to improve the student experience.

As at other institutions, the University did see increases in Covid-19 cases when students first arrived on campus at the start of the academic year and returned towards the end of the year. Staff responded quickly to provide support having learned from the experience of the previous year. Teaching and social activities were provided through a mixture of in-person, with social distancing, and online formats throughout the year in response to government guidance and to support the safety of our community. The social distancing and hygiene arrangements on campus meant very few cases spread between staff or between staff and students.

Our sector-leading, Lateral Flow Testing process provided regular testing facilities for students and staff on campus and will continue into the 2021/22 academic year. The testing facility has helped to reduce the spread of the virus and provides reassurance to students, particularly before travelling home and for engagement in face-to-face activities.

The pandemic has forced us to review and enhance the way we communicate internally, particularly around providing clear and concise messages regarding our response to the changing requirements for Covid-19. We have also published numbers of known cases of Covid-19 to the internal and local community. We have continued to hold online Town Halls with staff and student groups to support our communication of specific topics and invite questions and feedback on any issue. This goes alongside our aim to consult widely and ensure there is a student voice in decisions. We have reviewed our student membership on key committees and are working to improve our consultation process.

Staff and students are working together to make the curriculum more representative. We are demonstrating our commitment to upholding our values by continuing to publish the outcome of investigations where student have breached our disciplinary regulations and withdrew an offer from an applicant found to have posted offensive comments online. I acknowledge there is more to be done to embed our values



across the whole University and we are responding to the findings of our Respect Commission survey. We are committed to providing a safe and respectful environment for our staff and students.

The cancellation of A-levels in 2020 and the decision to award students on the basis of Centre Assessed Grades meant we recruited more students in 2020/21 than originally planned. We honoured offers made to students and were pleased that this had only a modest impact on our widening participation targets. The use of Teacher Assessed Grades for A-levels in 2021, again led to an increase in student recruitment above target for 2021/22 and we have recruited more staff to ensure that those students who come to Durham have a great experience.

We continue to evaluate the potential impact of the Skills for Jobs White Paper and future government funding plans to ensure we continue to provide educational experiences aligned to government aims, student desires and the needs of employers.

It has been my pleasure to take on the role of Vice-Chancellor for the interim period until Professor Karen O'Brien joined us in January 2022. I look forward to working together to enhance the future prospects of this wonderful and unique institution and its people.

Antony Long
Acting Vice-Chancellor





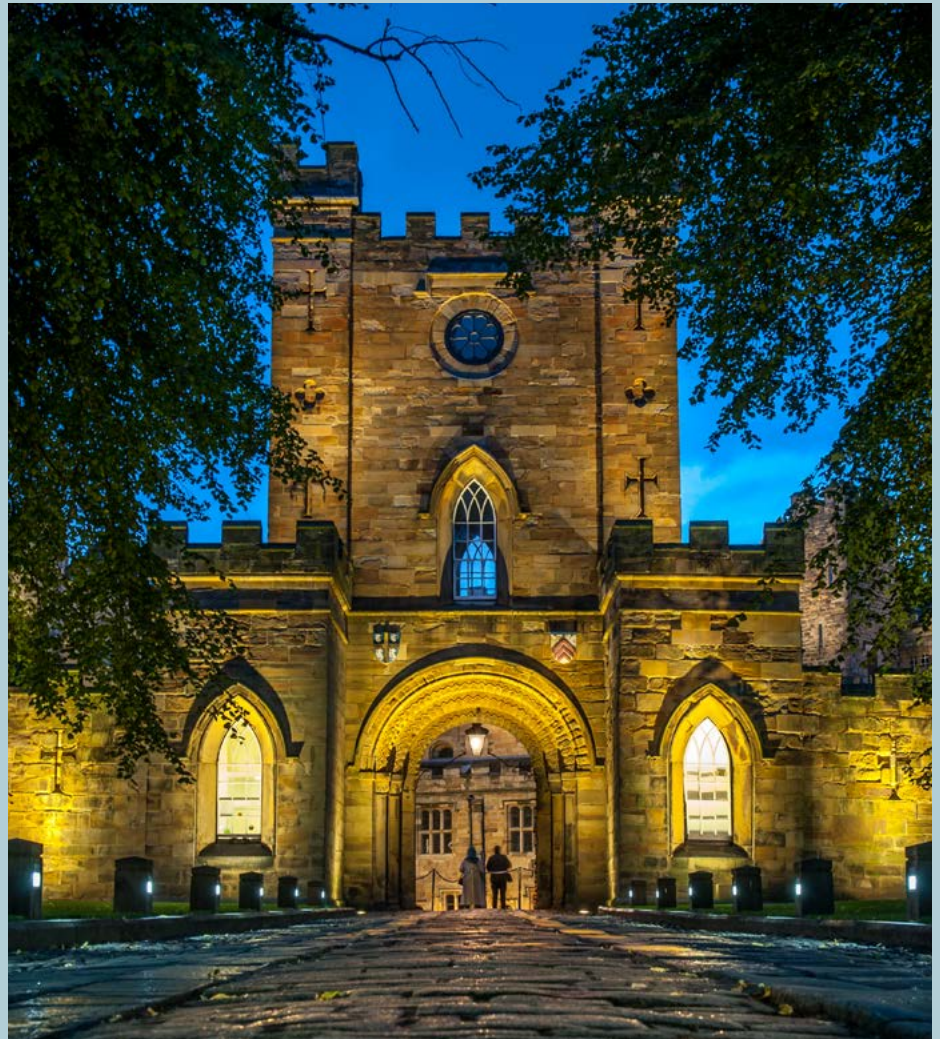
Overview and Strategy

Introduction

Founded in 1832, we are England's third oldest university. Our history as a centre of learning goes back over a thousand years. We have weathered past crises and come out stronger, so we are confident that we are in a good position to overcome the challenges posed by Covid-19 and any future pandemics.

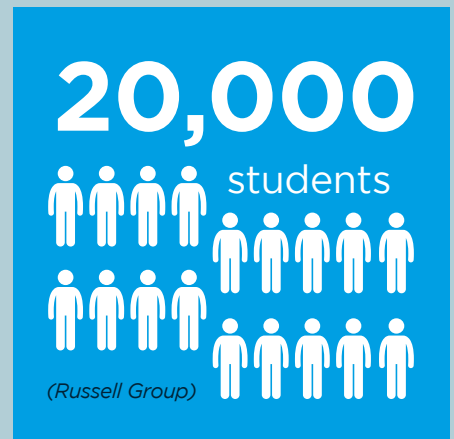
We are proud of the world heritage site of Durham Cathedral and Castle, which sits at the heart of our collegiate campus and wonderful city. But we have ambitious plans to enhance our remote and online offer to provide world-class products globally. We're already an international family of extraordinary people comprising 26 departments across four faculties, with over 4,000 staff and around 20,000 students. All our students belong to one of 17 colleges, which provide a unique, supportive environment to inspire them to become the best they can be, in their studies and beyond. Because we hire and develop academics and thought-leaders, our boundary-breaking research makes an impact across the globe.

We offer a broad range of 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 are a member of the Russell Group of leading, research-intensive UK universities.



We combine academic excellence with a commitment to provide our students with the opportunity to develop as highly motivated, well-rounded and socially engaged leaders of tomorrow. Through our departments and colleges, our students get all the benefits of an enabling, supportive and diverse community, which provide a great source of friendship, well-being and pastoral care. Our strong commitment to excellence in sport, music, drama and volunteering means that we offer a host of opportunities and produce outstanding performances in all these areas.

We care about our local surroundings and work hard to be a good neighbour and one of the best employers in the region. Our active engagement with local agencies and community groups has been invaluable during the Covid-19 pandemic, from sharing personal protective equipment (PPE) and accommodation with key workers to coordinating response plans with the local Council, police and Public Health teams, to support the safety of our staff, students and local community.



As a charity, we manage our income and costs cautiously and seek to make an annual surplus in order to invest in our people and facilities to deliver our goals. The surplus enables us to undertake major projects such as new buildings and investment in IT, respond to new challenges (e.g. Covid-19) and ensure our financial sustainability.



Vision and strategic goals

It remains our plan to progress the University Strategy 2017-2027, to make Durham better defined thematically and geographically, more globally visible, world-leading in all of our core areas and with a stronger and sustainable business model. In response to the Covid-19 pandemic, financial sustainability is a priority, as well as economic, social and environmental sustainability across the four pillars of our Strategy: research; education; wider student experience; and global. We have already made and continue to make changes to how we work and what we do, to address this vision. We aim to be an influential voice in national and international affairs and will be widely recognised for our ability to combine innovation and leadership with a strong sense of community and heritage.

Overarching aims

We are already one of the world's best universities. To achieve our vision for 2027, we will do these three things:

- (a) Produce world-leading and world-changing research across all core academic disciplines;
- (b) Deliver an education that is challenging, enabling, research-led and transformative, on campus and through blended-learning online;
- (c) Provide our students with a wider experience that is as good as any in the world, through our colleges, Experience Durham activities and the Durham Students' Union.

We are also committed to being an active and positive presence for our members throughout their lives: we work hard to establish a culture of affection that binds together past, present and prospective members. We extend these networks of affection and support across the local communities in Durham, in the process engaging, empowering and learning from a wide range of external stakeholders.

Our Values

Our core values reflect who we are and who we want to be. They have shaped our response to the Covid-19 pandemic by providing a framework in which we have taken decisions.

We are:



Inspiring

By stimulating an instinct to challenge, encouraging innovative thinking and taking our responsibilities seriously, we foster a culture that inspires the extraordinary.



Challenging

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



Innovative

From creative teaching practices and cutting edge research to new ways of working, innovation is at the heart of what we do.



Responsible

We take our duties as a centre of learning, neighbour and employer seriously, embracing all of our different communities and celebrating the differences that make us stronger together.



Enabling

We create opportunities, support and freedom for everyone at Durham to become the best they can be now, and for the future.

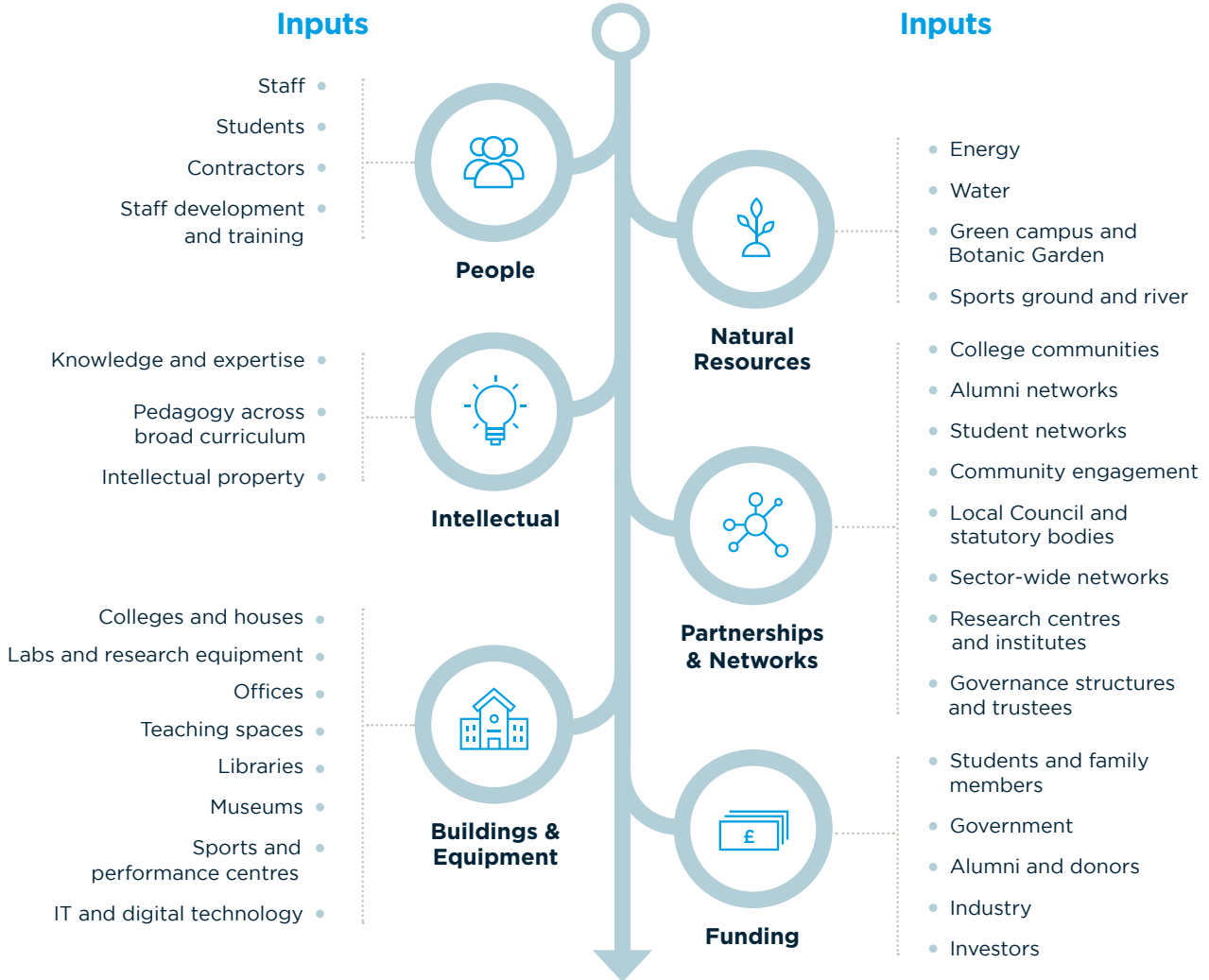
Our purpose

We improve lives and address world challenges to create value for society, the economy and the natural environment through:

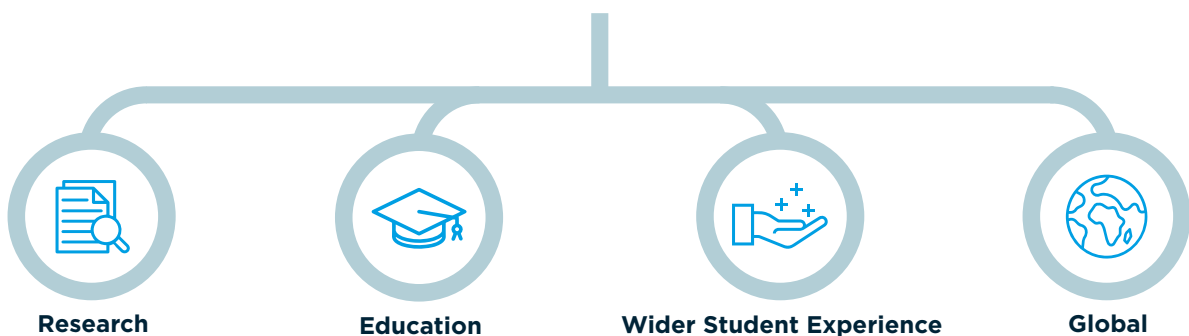
- Boundary breaking interdisciplinary **research**
- Providing a challenging **education** supported by a distinctive college environment and a **wider student**

- **experience** to produce graduates capable of fulfilling their potential
- Being **globally** networked and embedded in the local community.

Value model



Business model



Outputs



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

Outcomes



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

Stakeholders

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

Durham University League Table Performance

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

League Table	2019	2020	2021
Complete University Guide	6th	7th	6th
The Times and Sunday Times Good University Guide	7th	6th	6th
The Guardian	5th	4th	5th
Quacquarelli Symonds (QS) World University Rankings	78th	86th	82nd
Times Higher Education (THE) World University Rankings	133rd	149th	162nd
Times Higher Education (THE) Impact Rankings	101-200	101-200	87th
Academic Ranking of World Universities (ARWU)	201-300	201-300	301-400

Sustainable development goals

The United Nations' Sustainable Development Goals (SDGs) provide a blueprint to achieve a more sustainable future by encouraging organisations and individuals to address global challenges. Throughout this report we highlight where our work is helping towards achieving these goals. We have also developed a presentation to demonstrate our contributions and produced a series of animated videos.

The Time Higher Education (THE) Impact Rankings assess 1,117 universities from 94 countries/regions against the SDGs. In 2021, we were ranked 87, an improvement on the previous year when we were placed between 101 and 201. The rankings also placed us in the top 100 in nine of the individual league tables for the 17 SDGs, an achievement of which we are really proud.

- No Poverty (SDG1)
- Clean water and sanitation (SDG6)
- Affordable and clean energy (SDG7)
- Industry, Innovation and Infrastructure (SDG9)
- Reduced Inequalities (SDG10)
- Sustainable Cities and Communities (SDG11)
- Life Below Water (SDG14)
- Life on Land (SDG15)
- Peace, Justice and Strong Institutions (SDG16).

United Nations' Sustainable Development Goals



Future plans

We continue to grow our student body and academic community to support our strategic goals.

Student numbers and projected growth (headcount)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2026/27	% Growth (2015/16 - 2020/21)	% Growth (2015/16 - 2026/27)
All students	17,500	17,927	18,013	18,707	19,367	20,268	21,500	15.8%	23%

Academic staff* numbers and projected growth (full-time equivalent)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2026/27	% Growth (2015/16 - 2020/21)	% Growth (2015/16 - 2026/27)
Academic staff	1,005	970	965	1,039	1,098	1,166	1,315	16%	31%

**Teaching and research' and 'teaching only' academic employment functions*



Managing our risks

The management of risks and opportunities at all levels is integral to the success of the University. Our approach is to be a 'risk aware' organisation, meaning that uncertainties (both threats and opportunities) that could have a material impact on our ability to create value over time, are considered and acted upon. This process improves decision-making, planning and prioritisation to support the achievement of our objectives. We have introduced a new Enterprise Risk and Opportunity Management policy this year, which seeks to ensure that risk management is integrated and aligned across all our activities and functions. Our risk management maturity is now assessed as being 'proficient and optimised', reflecting the improvements we have made since achieving a 'basic' level at the last review in 2017.

Our audit and assurance processes are now linked up more effectively, such that the audit plan is underpinned by analysis of our strategic risks. To support our risk and opportunity management approach, we are introducing an integrated software system that will provide better data analysis and reporting functionality for governance, risks and compliance.

Following increasing interest and concern around international security risks, we have sought to better understand and to improve our due diligence and risk management processes relating to international partnerships and collaborations. This is being progressed in a balanced and proportionate way, fully recognising the vital importance of these formal and informal collaborations to the University.

During 2021, we have undertaken a major refresh of our Strategic Risk Register. The previous register was developed alongside the University Strategy 2017-2027. A range of different levels of risks and mitigating actions were recorded which ultimately became unwieldy and difficult for the Executive and Council to monitor and manage effectively. A re-focussing and streamlining of the register has taken place, to ensure that the key, high-level, strategic risks to the University are well understood and monitored, such that strategic risk management is an enabling process. This is especially important at a time of extraordinary change in the delivery of global higher education and research.

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

The major overarching risks together with key mitigating actions are tabulated below:

Strategic risk (SR)	Main mitigations
<p>SR1 Brand and Value Proposition</p> <p>Durham University will not be able to compete successfully in the global higher education market if the University's major value proposition fails to meet the changing expectations of past, current and future students and other stakeholders, and/or the brand is no longer perceived as world leading. The financial sustainability of the University could then be at risk.</p>	<ul style="list-style-type: none"> • Building a research-intensive university with greater scale and more peaks of excellence • Strengthening faculty quality and diversity • Global reputation campaign • Development of internationally attractive programmes • International partnerships developed and in progress • Delivery of access and participation plan • EDI (Equality, Diversity and Inclusion) action plan and Respect Project • Brand guidelines rolled out
<p>SR2 Business Model and Financial Sustainability</p> <p>If the University's business model remains static and is not developed into a flexible, future-oriented model that enables resilience to external financial challenges, then the University will not generate enough income to thrive in the global HE sector and may not be able to deliver its mission.</p>	<ul style="list-style-type: none"> • Enhancing digital delivery of existing programmes (on and off campus) • Recruitment of Director of Durham Online • Integrated planning process, aligning academic, professional services and financial planning • An Income Diversification Plan has been developed, and a process agreed to review opportunities and monitor them • Work on understanding potential global market opportunities

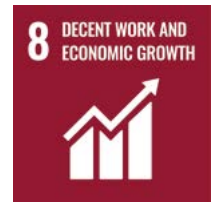
The major overarching risks together with key mitigating actions are tabulated below:

Strategic risk (SR)	Main mitigations
<p>SR3 Culture and People</p> <p>The University will find it difficult to take forward the institutional changes it desires, and/or maintain expected levels of individual and team performance and compliance, unless our people are well informed, consulted, empowered, enabled and respected as individuals in a positive and welcoming culture.</p>	<ul style="list-style-type: none"> • Recruitment advertising with a strong focus on EDI • Respect project • Equal Pay Working Group and annual HR report, academic pay panel • Wellbeing hub established • Health and safety management system which promotes development of a 'just culture' • Developing a culture of empowering people to raise concerns and to be active bystanders • Leadership behaviours articulated • Reciprocal mentoring scheme to bring senior and less senior staff together • Creation of people and engagement materials, development and ongoing support for hybrid working in Professional Services • Regular Town Halls and other forms of communication
<p>SR4 Infrastructure – estate</p> <p>If the University's physical estate is not developed and maintained to a high standard, with innovative, environmentally friendly and high-quality buildings and other facilities, the University will not be able to deliver a world-class environment for students and staff to support teaching, learning, research and the wider student experience on a sustainable basis.</p>	<ul style="list-style-type: none"> • Greenspace planning for environmental sustainability • Revised Estate Masterplan • Professional Services Transformational Working Steering Group established • Early engagement with students and community on estate developments • Space management planning/Group • Memorandum of Understanding with Durham County Council • Fire risk management policy approved by Executive
<p>SR5 Infrastructure – IT</p> <p>If the University's IT infrastructure is not rapidly developed to a high standard or enhanced to allow for digital transformation, then the University won't be able to provide an outstanding and innovative digital experience that meets student's expectations. Linked to this risk are the increasing problems of cyber-attacks and information governance requirements.</p>	<ul style="list-style-type: none"> • Professional Services Transformational Working Steering Group established • Technical debt programme 2020/21 delivery • IT investment programme 2020/21 in progress • Digital strategy approved • Cyber Security Strategy developed
<p>SR6 Governance and management</p> <p>In an increasingly globalised, competitive and volatile operating environment, where so-called 'wild' risks cannot be ruled out, the University needs to promote agility of decision-making to enhance its brand and business model; it also needs to ensure major structural change if and when that is required.</p>	<ul style="list-style-type: none"> • Council, Senate and management business to avoid blurred responsibilities where possible • Extensive consultation on change projects • Codes of behaviour, from Nolan Principles to University values and behaviours • Annual committee effectiveness reviews and periodic external reviews
<p>SR7 Pensions</p> <p>There is a continuing risk of significant additional costs to the University and employees due to the need to secure the long run sustainability of two defined benefit schemes, USS and DUPs. There is also a risk of industrial action around efforts to restructure the schemes, notably USS.</p>	<ul style="list-style-type: none"> • Sector-wide employer reviews now taking place to determine feasible resolution • Pensions education sessions for staff with external pensions advisers • Internal Pensions Working Group established



Operational Review

People



Strategic Risk SR3, SR6, SR7

Goal

To have across all of our departments, Research Institutes/ Centres and Colleges faculty members of great distinction who will inspire students, contribute to the public good through their world-leading research and public engagement, and firmly position us as a world-class centre of academic excellence.

What has been achieved

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 and excellent opportunities for colleagues as well as for students.

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

We provide a competitive and well-rounded reward package including a staff benefits platform with corporate discounts, travel schemes, health insurance, a generous holiday entitlement, family-friendly working, research leave policies, and an on-site nursery. We offer merit rewards and discretionary payments for specific achievements and award pay scale increments for outstanding and sustained contributions.

We run a comprehensive range of leadership development and operational management programmes and sessions. The quality of our development opportunities has been externally recognised, for example by gaining the Princess Anne Training Award 2020, Association of University Administrators Mark of Excellence for the fourth year, Staff Development Forum Best Practice Award and being nominated for a Universities Human Resources Award. We have been asked to present at international, national and regional conferences in recognition of our innovative work in this area.

We have developed a Health and Wellbeing Strategy 2020/21 to 2026/27 in partnership with key stakeholders and staff and student networks. The Strategy sets out our vision to create a learning environment and an organisational culture that

enhances the health and wellbeing of our community and enables people to be productive and happy at work and study, making them more likely to achieve their full potential. The Strategy was finalised during the Covid-19 pandemic, which led to an additional focus on wellbeing, working differently and mental health support. Also included is support for staff experiencing symptoms of the menopause, in recognition that this affects a significant proportion of our workforce. An online Health and Wellbeing Hub has been established for staff and students to access support, information, guidance and news on a wide range of health and wellbeing subjects.

In March 2021, we saw an overall reduction in our gender pay gap from 25.35% in 2017 to 23.50% in 2020. We recognise that the gender pay gap is a serious issue for us, as it is for the Higher Education sector and society as a whole. We are addressing this through a comprehensive action plan, approved and reviewed annually and engagement with our staff networks and Trade Unions. The 2019/20 Academic Recruitment Campaign appointed more women than men into roles for the first time. As part of our commitment to address gender inequalities, we ran a Gender Equality Staff Survey during 2021. The findings will inform a mid-process review of our Gender Equality Action Plan to ensure we are making an impact in areas that are meaningful for our community. The University holds a bronze Athena SWAN award, which recognises commitment to advancing womens' careers in science. 21 departments currently hold either a Bronze or Silver SWAN award.

We committed to the Race Equality Charter (REC) in 2019 as an important reflection of our desire to address racial inequalities as part of our wide-ranging commitments to Equality, Diversity and Inclusion (EDI) and to help identify what we can do to support the representation and achievement of our minority ethnic staff and students. We are currently engaging with key stakeholders across the University to develop a three-year institutional action plan to apply for a Bronze REC award in 2022.

We have made significant progress against the 20 recommendations from our Respect Commission, including commissioning an employee survey with a specific focus on trust, engagement and culture. The Commission arose from a recognition that sometimes, some people treat others with derision and that, as in many other organisations and universities, we have sometimes allowed disrespectful behaviour to go unchallenged. As stated in the Respect





Commission Report ‘behaving respectfully to other people should be the minimum standard for everyone’.

As part of our response, we have also aligned our comprehensive leadership and personal development programmes to ensure they are all underpinned by the University Values and include an EDI component to emphasise our commitment to a more inclusive, respectful environment. Our first Pro-Vice-Chancellor for EDI, due to commence in February 2022, will continue to give this agenda the highest strategic priority.

The Covid-19 pandemic led to a rapid change in working practices with the majority of staff working from home and delivering activities online. Many staff reported an increase in workload and a significant slippage in work-life balance. In response, we will be rolling out a set of Working Principles during 2021/22, to set clear expectations to allow staff to look after themselves and each other in how they work. In addition, Professional Services staff will be enabled to engage in a year-long hybrid working pilot, spending time working both from home and on campus in line with department needs and personal choice. The pilot aims to embrace the opportunity of the successful online delivery of non-student facing activities since March 2019, respond to staff requests and will also alleviate the pressure for space on campus and reduce our carbon footprint. The pilot will be reviewed during the year.

We worked with the Estates team to ensure the health and safety of staff required to be on campus throughout the pandemic to support our students and look after the estate. We provided support for colleagues where their work temporarily ceased or significantly diminished, including utilising the government’s furlough scheme at a time of significant financial uncertainty. This enabled us to ensure the ongoing security of jobs, with all roles reinstated for the start of the 2021/22 academic year. The monies received from the scheme amounted to less than 2% of our annual payroll costs.

Additional support provided since the beginning of the Covid-19 pandemic includes:

- Working with colleagues on an Outbreak Response Plan and testing to ensure the health and safety of our University community
- Providing a comprehensive range of virtual and e-learning modules to support staff and managers to enhance the effectiveness and performance of virtual and hybrid teams
- Additional days of annual leave at Christmas and Easter granted to help staff take a well-earned break

Case study: The Wellbeing Hub

The Wellbeing Hub was developed in parallel to the Health and Wellbeing Strategy as a proactive response to the implications of Covid-19 on the health and wellbeing of our students and staff.

The aim of the hub is to make it as easy as possible for staff and students to find information in relation to their wellbeing. The hub is an online space that provides a one-stop shop for wellbeing support and resources available within the Durham community. From information about our Mental Health First Aiders, fitness classes to advice on getting the flu vaccine.

The hub includes a news section which signposts student and staff to wellbeing events taking place around the University and links to new content.

One member of staff said “I used the Wellbeing Hub to look up information on getting the flu vaccine, and then saw the information about Wellbeing Cafes and the guides to Hybrid Working.

“It’s brilliant to have all this information in one place and it’s really useful to be able to find out what is available to me and my colleagues.”

Online Wellbeing Cafes were also established to enable staff to talk to one another about different themes that can impact their wellbeing. They are hour-long virtual events and have covered themes such as how to keep physically active, hybrid working and the menopause. Aimed at all staff, the Cafes are not recorded and are informal in style. Each session starts with a brief talk from a member of staff with relevant expertise. Participants are then given the opportunity to talk in small break-out groups enabling people to share ideas and experiences and provide support to one another.



- Encouraging flexibility in ways of working, to recognise the many challenges faced by our staff in juggling responsibilities
- Providing a comprehensive range of resources to support engagement with new ways of working remotely, with over 85,000 hits on the Wellbeing and Working differently web pages between April 2020 and March 2021
- Providing guidance and training to support the pilot of the Hybrid Working Project for Professional Service staff.

Future plans

Key priorities for 2021/22 include:

- Continuing with our Respect Agenda
- Delivery of the wellbeing action plan, including the introduction of mental health first aiders
- Development of a digital competency framework to ensure our staff have the necessary skills and competences for the future
- Continued development of our IT system and improved workforce data
- To embed a 'hybrid' and agile way of working, ensuring an improved service to our staff and students, and improved work life balance
- Relocation of the University Nursery to an improved location with enhanced facilities
- Development of University-wide and departmental action plans informed by the results of the employee survey to build on positive feedback and address areas where improvement is required
- Rolling out new policies and procedures to empower staff to raise concerns and support managers to deal with staff issues promptly and locally.

Strategy Performance Indicator	2016/17	Current (2020/21)	Target (2026/27)
Percentage of academic campaign offers made to females	37%	51%	Gender parity in academic recruitment campaign





Operational Review

Research and Engagement

Strategic Risk SR1, SR3, SR4, SR5



Goal

To strengthen Durham as an institution in which world-leading and world-changing research and engagement is created and sustained across all core units in the Arts and Humanities, Business, Sciences and Social Sciences.

What has been achieved

We provide financial, physical and intellectual resources together with training and support to enable our academic staff to conduct boundary-breaking research that advances knowledge and improves lives across the world. Contributing to all of the United Nations Sustainable Development Goals.

In the QS World University Rankings we achieved two subjects ranked in the global top 10, Archaeology (4) and Theology, Divinity and Religion (5), 8 subjects in the top 50 and 17 in the global top 100.

We are a world leader in Astronomy and Cosmology. We are ranked seventh in the world for our research in space science in the Clarivate Highly Cited Researchers 2020 list. This list identifies scientists and social scientists who've published multiple research papers ranking in the top one per cent for citations – including our professors Carlos Frenk, Adrian Jenkins and Tom Theuns.

As well as various research groups within departments and Faculties, we have ten University Research Institutes (URIs) which bring together staff to work collaboratively on interdisciplinary projects across Faculties and with external partners around themes such as energy, risk and health. Over

the last year, the URIs have each created strategic briefs outlining their mission, goals and objectives, key performance indicators, risks and EDI plans. These briefs have been shared with academic departments to discuss priorities and resourcing. A new capacity building workshop series has also been established to bring the URIs together to discuss key challenges and opportunities and share best practice on areas such as communication strategies, financial management and making business cases for investment.

The Covid-19 pandemic significantly affected our research, from disruption to access to laboratories and archives and cancellation of fieldwork, through to the personal impact on our colleagues and their families, and the subsequent effect on our researchers' wellbeing. We have seen an enormous effort from colleagues in ensuring support for our postgraduate research and post-doctoral communities, who have struggled not only due to disruptions to projects, but who have missed opportunities to expand networks through conferences and events. However, the pandemic has also led to some positive changes to our research, including a more inclusive, accessible and sustainable approach to international collaboration, as well as seeing key stakeholders such as funding agencies move their engagement online, leading to more inclusion of all regions within the UK. We also saw a phenomenal response from our research community, with over 100 new projects taken forward to help respond to the pandemic.

In November 2020, we hosted 'Caring About Covid-Durham's Research Response', as part of the Economic and Social Research Council (ESRC) Festival of Social Science. Researchers shared their experiences of coming together to combat the challenges brought by Covid-19, with examples

from social science and science through health to culture. The session provided an insight into some of the ways in which the University community worked to improve our response to the pandemic.

We were extremely disappointed at the news of government cuts to funding for international development projects, which seek to provide solutions to some of the world's most pressing challenges. We have been able to continue to support all of our UKRI-funded projects, albeit it on a smaller scale, reworking the financing of the research to protect the resources needed by our partners in the Global South to ensure we could maintain our partnerships and continue to deliver excellent research. We are working with the sector, including our colleagues in the Russell Group, to lobby for future funding to support international development research.

In March 2021, we made our submission to the Research Excellence Framework, the system for assessing the quality of research in UK HEIs on behalf of the four UK HE funding bodies. The submission provides details of staff research outputs and on the impact of our research beyond the institution to provide accountability for public investment in research and to inform the allocation of funding for future research. Results will be published in May 2022.

In May, we took part in the international online Climate Expo, highlighting the latest thinking and research that could contribute to decisions being made at the COP26 international conference on climate change held in Glasgow in November 2021. Dr Petra Minnerop from our Law School was on the organising committee for the Expo and was part of a session looking at the legal issues that need to be resolved to finalise the Paris Agreement Rulebook. Professor Harriet Bulkeley from our Department of Geography was part of a policy roundtable sharing evidence and innovation in understanding how nature-based solutions can be used to build resilience to climate risks. In recognition of our climate change research and education, representatives from the University attended COP26 to establish new research and collaboration opportunities to address these global challenges.

Research Highlights

Covid Sniffer Dogs (Professor Steve Lindsay) SDG3, 17

Working with the London School of Hygiene and Tropical Medicine and Medical Detection Dogs, we showed that trained dogs were able to detect odour from individuals with Covid-19 regardless of whether they had symptoms or not, as well as those with two different strains of the disease and with both high and low viral loads. The next stage will involve the dogs detecting Covid-19 on people in real-world settings. Additional research has developed prototype electronic sensors to detect the Covid-19 odour in public spaces.



Astronomers apply their skills to cancer research SDG3, 17

Our astronomers have joined forces with cancer researchers to improve the diagnosis and treatment of patients. Statistical methods, normally used to understand the evolution of the universe, will help model the success of cancer therapies across a range of datasets and improve the outcomes for people with cancer of unknown primary (CUP). The researchers then hope to apply what they've learnt to improve analysis of images of galaxies that in turn should help to further understand the evolution of the universe and the dark matter that scientists think allows galaxies to form and grow.

Fighting Tuberculosis SDG3, 17

An international team of researchers, co-led by our scientists, has found a new way to kill the bacteria that cause Tuberculosis (TB). TB is the world's deadliest infectious disease, responsible for nearly 1.5m deaths every year. Whilst most cases can be cured with proper treatment, the number on antibiotic-resistant infections is steadily increasing. The team have discovered a new toxin that can poison the bacteria and are now using this to develop new anti-TB drugs.

Geothermal Energy SDG7, 17

Our Durham Energy Institute is researching using water in abandoned mines as a future low carbon heat source. Working with local and national organisations and industry, staff are promoting the development of geothermal infrastructure to increase the use of geothermal heat for industrial and domestic heating. The UK has 23,000 flooded abandoned coal mines which could be utilised and bring economic and social improvements to regions that suffered following the abandonment of deep mining in the UK.

Transforming our understanding of hearing voices SDG3, 17

Our Hearing the Voice project worked with voice-hearers, their families and mental health professionals to gain a better understanding of what it is like to hear voices, why it happens, enhance clinical practice and improve the health and wellbeing of those who find their voices distressing. The research concluded that hearing voices is not a symptom of pathology but a rich and complex aspect of the human experience. The project developed a new clinical tool for use by health professionals and the world’s most comprehensive website on hearing voices.

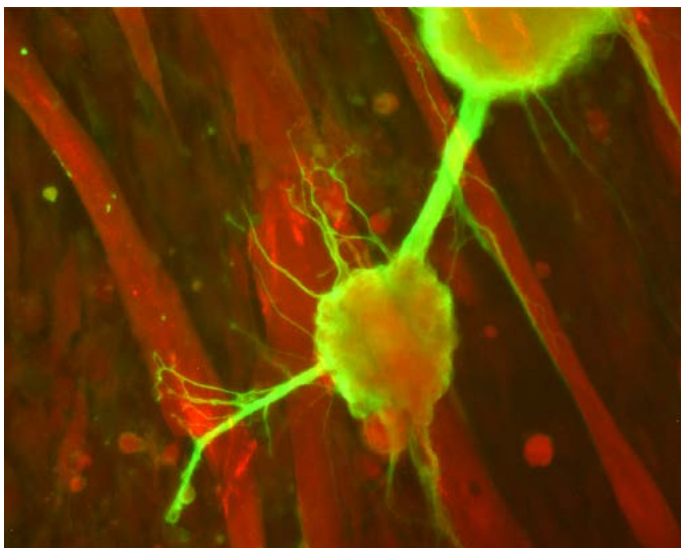
Behind the Mask: Clinical Communication in a Time of Covid-19 (Professor Jane Macnaughton) SDG3

The wearing of masks as PPE and the avoidance of skin-on-skin touch challenges and blocks communication and complicates or prevents therapeutic interventions in health and social care settings. This study investigated the practical and emotional consequences, for patients and carers alike, of physical barriers and touch deprivation in a range of health care settings. The findings have informed changes in communication and infection control practices, in and beyond the sphere of health and social care, which will be necessary for society to function as normally as possible in the presence of Covid-19.



Early Warning Scores: Planned and Unplanned Care in Response to the Covid 19 Pandemic (Dr Camila Ciaido) SDG3, 17

Working in partnership with NHS Trusts, local authorities, and third sector care providers, this project used large sets of patient data to produce statistical models and decision support tools as part of the North East’s regional Covid-19 response. This supported planning, decision-making, policy development and care provision across a wide range of clinical and social care settings, from hospital wards to care homes.



Future Plans

Increasing externally funded research, enhancing our research reputation and strengthening our regional partnerships to support post-pandemic socio-economic renewal and to take advantage of ‘levelling-up’ funding are among our priorities for the next academic year. The Deputy Vice-Provost (Research) will also be leading a reflective exercise on our own research culture and developing an action plan to support the Strategic Aim of enriching the academic lives and prospects of our faculty, staff and students through offering a rewarding and supportive research environment.

Strategy Performance Indicators	Base year	Current (2020/21)	Target (2026/27)
Citations per academic staff member	3rd in UK (QS rankings) in 2016/17	7th in the UK (QS rankings)	Top three in the UK
UK research assessment exercises	9 of 23 units of assessment in top third of Russell Group in 2015 (39% of submission)	n/a (next exercise results due in 2022)	All units in Russell Group top third
PhD students per academic staff member	1.56 per core academic FTE in 2015/16	1.01 per core academic FTE in 2019/20	2 per academic FTE

Operational Review Education

TEF Gold Teaching
Excellence
Framework

Strategic Risk SR1, SR2, SR3, SR4, SR5



Goal

To provide outstanding educational opportunities for undergraduates, postgraduates and research students, producing critically and socially engaged graduates of the highest calibre who enrich society through their employability and role as global citizens.

What has been achieved

We provide facilities and impart knowledge to deliver to our students a distinctive research-led education to enhance intellectual capabilities, the capacity for independent learning and problem solving skills. We contribute to the government's agenda on higher education in supporting students to gain the skills they need for future employment or further study and improve equality of opportunity for underrepresented groups to access, succeed in and progress from higher education.

We received a gold rating in the UK Teaching Excellence and Student Outcomes Framework (TEF) for 2018-2021 from the Office for Students (OfS), highlighting our outstanding educational provision. The success of our teaching is evidenced through the outcomes for our graduates. In the 2022 Times Good University Guide, we were ranked 10 with a score of 84.5%. This means that 84.5% of those 2018/19 full-time, first degree, UK domiciled leavers that responded to the HESA (Higher Education Statistics Agency) Graduate Outcomes survey were in high-skilled employment or graduate level further study 15 months after graduation.

Our overall student satisfaction rating in the National Student Survey (NSS) is 81%, placing us in the Top 20 of the UK and Top 4 in the Russell Group of elite UK universities. The NSS is an independent annual survey to evaluate how satisfied students are with the quality of their experience at university. We continue to analyse and respond to concerns raised in the survey to enhance the experience for our students across the institution, sharing best practice between departments and learning from other high-performing universities.

We are committed to ensuring that students from all backgrounds with the merit and potential to succeed are supported to do so. We recognise that our demanding entry standards, reputation and perception of high cost may discourage some students who are already likely to become disaffected with formal education or lack confidence in their academic ability. Our Access and Participation Plan, agreed with the OfS, sets out how we propose to improve equality of opportunity for underrepresented groups to access, succeed in and progress from higher education.

We have extended and refined the use of guaranteed contextual offers to students in target categories (neighbourhoods with low participation in higher education and socio-economically disadvantages areas). Contextual offer-making is enabling us to maximise the conversion of applicants to students from under-represented groups. We also need to increase the number of applicants from these groups and have set out aims and objectives to achieve this. However, one of our planned actions to support this work was our residential access programmes which, due to the

Covid-19 pandemic, had to be transferred to online activities to maintain engagement with target students. There has also been a delay in the implementation of the Schools Membership Scheme due to the difficulty in accessing schools during the pandemic. We are planning to take this forward again when possible.

We run pre-session programmes to develop the academic English language skills of incoming international students who have narrowly missed their language condition. During 2020 and 2021, the programmes were revised and moved online. Student performance remains strong and the feedback shows very high levels of satisfaction.

Given the disruption to the end of the previous academic year caused by the Covid-19 pandemic, we had planned for and delivered a mixture of face-to-face and online activities during 2020/21. This enabled students shielding or isolating to continue to receive their teaching and for us to maintain social distancing on campus for the safety of all staff and students. In November, we communicated our decision to move summer examinations online to provide clarity for students and staff. The vast majority of teaching moved online from the start of the second term in line with the national lockdown.

Adapting to teaching and learning in new ways and with limited planning time, was challenging for both staff and students and we have experienced both positive and negative results. Feedback from teaching staff has revealed a growing appreciation that digital education, when used appropriately and continuous with face-to-face teaching, can improve the student educational experience. We are aware that the success of digital education is reliant on both students and staff having appropriate skills and equipment. We have increased our investment in support and training for staff to develop their digital teaching skills, in new facilities across campus and provided equipment to students. We also offered funded extensions for our studentships to support those who had been unable to complete their research projects within the normal funding period due to Covid-19.



Case Study

Game Changer

Game Changer is a fast-paced innovation programme that enables students to engage with, and find solutions to challenges presented by the UN SDGs. Developed by our Enterprise Manager Rachel Bickerdike, Game Changer takes the form of an innovation competition, with students using Design Thinking to deliver environmentally, socially and economically sustainable solutions.

Since its inception in 2019, Game Changer has been rolled out to over 580 students from all disciplines, transforming the way they engage with the UN SDGs and delivering strong results. A group of Game Changers set up the Durham Environment & Sustainability Association promoting careers in sustainable industries. Events held by the group regularly attract over 100 online participants and high-profile speakers. Another group of participants pursued the idea they developed during the programme – an intelligent food waste app with integrated AI technology to monitor food consumption and tackle food waste.

Game Changer is a low cost activity to deliver and the team have created a toolkit to enable other institutions to replicate the activity. The toolkit was presented at the international Global Consortium of Entrepreneurships Centres Conference in October 2020 and over 50 institutions have requested a copy including Yale and Princeton. The team are looking at developing a Game Changer Consortium, bringing together best practice and case studies of other institutions who have delivered Game Changer using the toolkit, so that the programme can continue to develop and offer value to students.

The team are also working to embed Game Changer as a core curricular activity so that every student at Durham will have an opportunity to engage with the SDGs as part of their degree course.

The Game Changer programme has recently received international recognition by being named among UN ‘SDG Good Practices’.

Quotes from participants

“It allowed me to use my imagination in ways I don’t commonly get to use it within my degree. Loved it.”

2 day live sprint participant

“Changed my perspectives and pushed me to be more optimistic to contribute to tackle the problem.”

6 week programme participant



Future Plans

We aspire to provide our students an education of the highest quality. To fulfil this strategic goal, we must be diverse, equitable and inclusive. Access, student success and progression, and widening participation features strongly in our ten-year Strategy. We will achieve these strategic goals by committing:

- To generate applications from disadvantaged groups through highly targeted outreach activity
- To adopt a holistic approach to assessment of merit and potential, including the use of information about the context of prior achievement
- To ensure a high degree of academic and non-academic support to all students, but to be targeted towards at-risk cohorts where necessary
- To focus on employability by offering opportunities to develop key skills and to engage with employers
- To offer financial support packages to support access, success and progression where there is most need
- Where possible to use the experience and expertise of our staff and students to inform good practice.

The sector regulator, the Office for Students (OfS), approved our Access and Participation Plan for 2020-25 and we have set out the following key aims and objectives across the five-year period:

- To increase the number of students from low participation neighbourhoods and in doing so close the gap at Durham between the most represented and the least represented
- To increase by 100, the number of students from the UK black community
- To decrease the gap in degree outcomes (1sts or 2:1s) between disabled and non-disabled students
- To ensure equality of success and reduce the discrepancy in continuation and achievement between mature students and other groups
- To increase to 9% the number of care leavers in the North East progressing to HE.

Throughout the year, staff and students in all academic departments have been engaged in exploring how to decolonise the curriculum across each programme of study. We have funded student intern positions to support the project, which is a collaboration with the Durham Students' Union and builds on previous work in some departments working with special interest groups. The project supports our EDI objectives, the Race Equality Charter and our Respect Commission Report and also takes into account our research, student recruitment and staff composition. Departments will continue this work over the next academic year to further explore the issues, monitor progress and share good practice.

We support students to develop their employability skills alongside academic achievements providing a range of work experience opportunities including placement years in industry, internships with local companies, part-time jobs and voluntary work. We support student-led projects to develop entrepreneurial skills including Enactus Durham, which creates social enterprise businesses to address the UN SDGs. The Ugly Fruit Group was founded by our students through this project in 2019 and takes leftover fruit and vegetables from local suppliers to donate to those in need or turn into new products for sale and also educates on reducing food waste.

Strategy Performance Indicators	2016/17	Current (2020/21)	Target (2026/27)
Performance in the National Student Survey	2nd decile in the UK for overall satisfaction with course	16th of 124 non-specialist HEIs for Overall Satisfaction, in the second decile	Top decile overall in the UK
Proportion of Durham students working or studying abroad as part of their degrees	12%	10%	25%



Operational Review

Wider Student Experience



Strategic Risk SR1, SR2, SR4, SR5

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Goals

- Open up the Wider Student Experience (WSE) so it is equally accessible, relevant and rewarding for all students.
- Embed responsibility and respect throughout University life.
- Enhance student enrichment so that our students can achieve transformational graduate outcomes.
- Optimise student support and wellbeing so that we provide support seamlessly through partnership working across the institution.
- Raise our reputation and profile as an institution with a unique focus on enriching Wider Student Experience that delivers transformational personal growth for students.
- Upgrade the foundations of the Wider Student Experience, including the Colleges themselves and a range of facilities.
- Gather evidence on the Wider Student Experience so that we can measure and demonstrate our progress.

What has been achieved

We provide buildings, facilities and social communities to deliver student enrichment and personal development through intellectual, cultural, social, outreach and competitive opportunities. We invest in our students to equip them with enhanced life skills and broader perspectives to complement their world-class degree, so that they are able to make a positive and purposeful difference in an ever-changing and challenging world.

All our students become members of one of our colleges, which provide a sense of community that is distinctive to Durham, supporting retention and a life-long connection. Colleges bring together students and staff from across our academic departments to form a unique community. Most students live and eat in college during their first year and remain a member of their college for life. Each college has dedicated staff and student volunteers to provide support and advice. Colleges provide a place to form lasting friendships

Case Study

Partnership with Steinway

In 2021, we joined the All Steinway Initiative, creating a new partnership with the globally-recognised, world-leading piano makers.

This arrangement will markedly upgrade current equipment, not just within our Music Department, but also within every one of our 17 Colleges. This means that all students, regardless of their level or experience, will be able to make use of the beautifully crafted instruments.

We have already received three brand-new Steinway pianos, which complement our existing collection of six. We hope to be an All Steinway University by Spring 2022 when we have installed a minimum of 58 additional Steinway crafted instruments across every College and in every practice room.

One of our undergraduates, Mary-Ann Grego, a keen pianist, wrote about what this initiative means to her for our Durham Student Blog.

"Having pretty much unlimited access to such first-class instruments is a bit of dream! Access to these facilities is so rare in the big wide world, let alone within a University institution.

"It really is match made in heaven. With so many talented musicians in every corner of our University, it's only logical that we have equally as excellent facilities to back them up! One could say Steinway is the Tom to Durham's Jerry, the major to our minor, the Nocturne to our Chopin!"

Our Pro-Vice-Chancellor for Colleges and Student Experience, Jeremy Cook, commented: "Our accreditation as

an All Steinway School will signal our on-going commitment to excellence in music both nationally and globally, and to providing the very best experience for all our students.

"It is particularly important that we make these superb instruments available for all our students and our distinctive collegiate system provides an unparalleled opportunity to make the pianos accessible to all."

The partnership will also open opportunities for our students to perform in the recital room at the Steinway Hall in London. Steinway will also provide masterclasses with world-leading artists, in both their Halls and here in Durham.

Steinway have performance halls worldwide – including New York and Hong Kong – which will provide exceptional audition spaces for prospective international students.

and develop teamwork and leadership skills with opportunities to join numerous societies, events and associations.

A wide range of student-led activities spanning the University's seven domains of enrichment participation are also available to both undergraduate and postgraduate students at University level. From sports and physical activity, the arts and culture, volunteering and wider community engagement, intellectual enquiry, active citizenship, community building, and enterprise and employment – the opportunities are far reaching. The pandemic has provided an impetus to accelerate cross-divisional working within our institution and many benefits in relation to whole university approaches to WSE have already been realised.

In addition, the Durham Inspired Award encourages students to focus on their personal development and enrichment through undertaking activities that promote global awareness, cultural sensitivity, leadership development, enterprise and service for others. Following student feedback that external accreditation was pivotal to the growth of the award, we have secured accreditation from the Institute of Leadership and Management, which will be accessible to students from October 2021. Enrolment on this programme has been impacted by Covid-19 as students have focused on core academic and wellbeing activity in challenging and changing circumstances. In response, a bitesize version of the award was offered in June and taken up by around 200 graduating students whilst the complementary Leadership Framework had a record 800 participants across the year with students leaders naturally seeking additional support to fulfill their roles during the unique period.

Our student retention rates are markedly and consistently better than at most other UK universities, which we believe is

due to the wider student experience we provide. Prior to the Covid-19 pandemic, almost 90% of undergraduates and many postgraduates took part in extra-curricular life spanning all sorts of activities across all parts of the University.

- The Psychology Department began a new initiative this year, bringing students and staff together, to learn how Psychology can be used to persuade and encourage people to adopt more sustainable lifestyles.
- Around 1,000 students (and staff) annually take extra-curricular classes in 20 languages. With courses moved online due to the pandemic we have embraced the opportunity to engage with students and universities around the world.
- The Butler Scholarly Journal provides a platform for debate and offers an opportunity for students to write and edit articles on a wide range of issues, improving essay writing skills and enhancing CVs.
- Stephenson College members built five vegetable beds at the front of the College that students will continue to fill, plant and maintain to learn about how to live more sustainably.

To ensure the opportunities we provide are accessible for all our students, we established a Wider Student Experience Bursary scheme during the year. This was seed-funded by an anonymous donation of £70,000 over two years, providing bursaries and grants for students from low-income families in the North East of England to engage in WSE activity at Durham. The bursary has been complemented by University funding providing equivalent support for students from low-income families in the rest of the UK who are disabled, of non-white ethnicity or care experienced.

Throughout the year, the delivery of our WSE activities adapted to the changing requirements to ensure the health and safety of our students, staff and wider community in the face of the Covid-19 pandemic. Activities were delivered through a mixture of face-to-face, socially distanced and online formats.

We offered opportunities for students to engage online across over 20 volunteering projects. This led to an increase in volunteering hours through the vacation periods compared to a typical year. Some face-to-face projects were able to continue, and many students based in Durham took the opportunity to engage. Their commitment was incredibly well received by our community partners who, in many cases, needed the support more than ever before.

We established a WSE online platform, providing a digital home for live, OnDemand and interactive events and activities across the University including enrichment activity delivered by academic departments. A key objective for 2021/22 is to launch the completed platform that will be both internally and externally facing, providing scope to engage alumni, parents and prospective students alongside our current students and staff.

With students self-isolating or learning away from Durham, delivering online activities has been essential to maintain the sense of community and engagement that is so important to our student experience. Our colleges and student societies have responded innovatively to deliver a wide range of activities with online music practice, concerts, plays, talks, quiz nights, baking contests, competitions and much more. Hosting events online has already facilitated increased engagement with alumni and guest speakers from across the UK and around the world. This year has also seen an increased focus on maintaining student welfare and wellbeing through more published resources, online exercise classes, online projects designed to engage students across a period of time and colleges running drop-in sessions, both in-person and online, for those wanting someone to talk to.

- Van Mildert College ran a series of online lectures and seminars including a talk on global challenges from the British Ambassador to Bosnia and Herzegovina and the Director of British Antarctic Survey on climate change and Antarctica.
- For International Women's Day, Ustinov College held student-led interviews over Zoom with inspirational women from the emergency services, higher education, media, music and the arts.
- Durham Student Theatre recorded live shows for online viewing and hosted online talks and engagement with industry professionals
- St John's College Carol Service was broadcast from Durham Cathedral combining readings, live music from the Chapel

Choir and pre-recorded videos of poems, reflections and musical contributions from students and alumni. Over 300 joined the live stream and the recording has had over 2,000 views on YouTube.

- Collingwood College students opted to run, walk, cycle or row the distance from the College to Durham in North Carolina, fundraising for Student Minds. The students travelled the 3,754 mile distance each week over the November lockdown.
- Trevelyan College organised household challenges during the November lockdown with students posting images recreating favorite movie scenes, building Christmas trees from household objects and running quizzes and relay races.
- Hatfield College ran virtual wellbeing campaigns across the year with topics including Body Positivity, Men's Mental Health and Imposter Syndrome.

During 2020/21, we established a pan-University project to review our students support and wellbeing provision. The aim is to ensure our services remain fit for purpose in a rapidly changing internal and external environment and when our student population is growing in both size and diversity. The project governance and a set of core design principles has been established and work will continue throughout the next academic year.

Future Plans

We plan to:

- Develop and launch the full Durham Inspired Award. A postgraduate award will be piloted during 2021/22 with the objective of launching a complete postgraduate award in 2022/23
- Develop and launch both an external student enrichment advisory group composed of alumni and key stakeholders and a WSE Global Ambassador network
- Increase the number of colleges, to increase the proportion of full-time students benefiting from the residential aspect of a Durham University collegiate experience.
- Work to become sector-leading in Chaplaincy and Faith Support.

During 2021/22 we also aim to finalise and implement an action plan to ensure that WSE is increasingly accessible to both international and postgraduate students. This will be an ongoing focus but we believe, based on some initial findings, that we can make an immediate impact within the year. We also plan to develop a medium-term priority list to inform decision making, including anticipated external funding, for a new joined up approach to identifying and prioritising WSE facility requirements.

Strategy Performance Indicators	2016/17	Current (2020/21)	Target (2026/27)
Staff and student volunteering hours	31,500	23,000*	100,000 per annum
Proportion of students gaining the Durham Inspired Award	n/a under development	1,000 students enrolled in pilot (7%)*	75%

**both figures have been significantly impacted by Covid-19 and we expect numbers to rise as more students move to Durham and social distancing restrictions are lifted.*



Operational Review

Global Durham



Strategic Risk SR1, SR2, SR3

Goal

To position Durham as a globally networked university that is widely recognised as an outstanding place to study and work and a significant contributor to international research and engagement agendas as well as a source of future global citizens and leaders.

What has been achieved

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.

In January, we were named as one of the world's most international universities by the Times Higher Education (THE). Ranked 25, the league table recognises Durham as one of the world's best, based on our high proportion of international students and staff, our collaborations with universities across the globe and our strong international reputation.

During 2020/21, 30% of our students were from outside the UK. Despite the significant headwinds of the pandemic, we expect to have grown the new intake of international students for 2021/22 above the level achieved pre-pandemic in 2019/20.

Under our Global Opportunities programme, our students benefit from a wide range of international study, work and

volunteering options to broaden their horizons and improve their employability. We have over 250 student exchange agreements under our European (Erasmus+) and Overseas Exchange programmes. Our worldwide partner institutions are spread across the globe from Universidad de los Andes (Bogotá, Colombia) to University of Otago (Dunedin, New Zealand). Despite the challenges of Covid-19, around 200 students were able to undertake a Global Opportunity during 2020/21, with the University welcoming a similar number from our partners to Durham.

Over the last year, we have added a number of new student exchange partnerships such as International Christian University (Japan), CityU (Hong Kong) and Notre Dame (US). We were also successful in our bid for Turing Scheme funding for 2021/22 to support opportunities for students undertaking study and work placements abroad.

International collaboration is critical to our excellence in teaching and research. We have affiliations with many institutions and organisations worldwide. We are members of two important international higher education networks, Matariki and Coimbra. The Matariki Network continues to build upon the collective strengths of its member institutions to develop international collaborative research and education and to promote social responsibility locally and globally. Our students have benefitted from participating in research and community engagement placements including a network wide postgraduate research competition, and a collaborative online

course focused on the UN SDGs, which has proved extremely popular. The Network has also provided excellent opportunities for benchmarking and sharing best practice in fields such as international student experience, graduate training, wellbeing, libraries and collections management, covid/emergency response and organisational development.

We have also joined RENKEI, a partnership encouraging academics at universities in Japan and the UK to work together on research in climate change and health. Over the past five years, our academics have collaborated in over 550 co-publications with counterparts in 175 Japanese institutions. We've collaborated on work to inform better health interventions in humanitarian crises, a Cross Cultural Autism Research Consortium and discovering PDILT, a protein required for sperm-egg binding.

We have firmly established offices in London, Beijing, Shanghai and Delhi. We are planning to expand our global presence to North America and South-East Asia whilst reviewing and optimising our current offices.

The Covid-19 pandemic has presented significant challenges to the implementation of our Global Strategy. However, we have weathered these challenges well; we have continued to support students to engage in international experiences, grown international student numbers and developed our portfolio of international partners.

Future Plans

We have ambitious objectives in terms of internationalisation, building on the success to date whilst reflecting on the short, medium and long-term impact of the pandemic and a fast changing national and international HE landscape.

We aim to increase the proportion of non-UK student to 39%; this is both ambitious and achievable. To support this we will be refreshing our international recruitment strategy with a focus on diversification in terms of markets, programmes and recruitment channels, we have made a significant investment in international scholarships targeted at key diversifying markets and departments and we will enhance relationships with key scholarship and sponsor bodies.

We will develop our portfolio of programmes collaborating with leading world universities to offer new opportunities for international students to study with us, utilising a variety of innovative teaching models.

We will attract the highest quality international candidates for academic vacancies and increase the volume and quality of collaborative research through building research partnerships and attracting the highest quality international visitors.

Case Study

Knowledge Across Borders

In October 2020, we launched our first webinar in the Knowledge Across Borders series. The series reflects our long-standing friendship and partnership with colleagues at the Chinese Academy of Sciences (CAS).

The webinar series brings together researchers who are outstanding in their fields of expertise to stimulate new, creative and critical thinking. Each webinar aims to open up new perspectives across cultures, deepen collaboration and share fresh insights.

Four webinars have been held to date, covering a variety of topics:

- 'The Carnival of Animals' focused on the causes and consequences of the diversification of Early Palaeozoic marine life
- 'Creating Knowledge across Disciplinary Borders' discussed the importance of interdisciplinary work, the challenges involved and how to surmount them
- 'Black holes, galaxies and the evolution of the universe' considered the way Cosmology addresses some of the most fundamental questions in science including how did our universe begin and how galaxies form
- 'Climate change, extreme events and health risks' presented the scientific evidence for humans' influence on historical climate change, outlined possible climate futures and explained why it is crucial to reach net zero CO2 emissions by 2050.

The seminars are all available to watch at: dur.ac.uk/kab-webinars/watch

We will enhance our curriculum to appeal to a global audience and all programmes will address key questions relevant to international students and create globally competitive graduates. Through use of digital technologies we will increase opportunities to engage with international peers, academic and alumni.

We will develop our global community of alumni through our network of global offices and by developing new engagement opportunities in student recruitment, employability, advocacy and philanthropy.

Strategy Performance Indicators	2016/17	Current (2020/21)	Target (2026/27)
Proportion of international (non-UK) students	29%	30%	39%
Percentage of eligible subject areas in QS World Top 50	33% or 8 of 24 relevant subjects	23.5%	50%
Contactable alumni	129,623	154,964	185,000



Operational Review

Accommodation, Estates and Infrastructure



Strategic Risk SR4, SR5

Goal

To enable the University to deliver its Strategy through sustainable investments in physical infrastructure and residential accommodation; by so doing, to create an attractive, world-class environment for staff, students and the wider community.

What has been achieved

We continue to make significant investment in both refurbishment of existing and creation of new buildings to ensure we provide the best teaching, research, work and living environment for our staff, students and visitors.

Our estate is set in a unique and historic environment and 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.

At the start of 2020/21, we welcomed students into our new seventeenth college named South College. The College was built on the grounds of Mount Oswald, a former country house and golf club, close to other colleges. Alongside self-catering accommodation, the site hosts social, sporting and cultural facilities including a gym, theatre, music rooms, a cafe/bar and a dance studio.

In January 2021 a new Mathematical and Computer Science building was completed. This £42m project provides state-of-the-art learning, teaching and study spaces, to enable the Departments of Mathematical and Computing Sciences to double their undergraduate and postgraduate student numbers by 2026/27 and increase the number of postgraduate researchers as well as academic and support staff.

The £6.5m Infrastructure Improvements project to support the safe movement of pedestrians and road users around our estate was completed in the spring of 2021.

Throughout the year, we continually adapted our campus, in line with changes in government guidance, to ensure the health, safety and wellbeing of our staff, students and visitors. This included reviewing capacities, updating room layouts and installing new signage. We developed a new strategy for ventilation requirements and installed over 300 air quality monitors. Additional bins and sanitising stations were installed as well as the implementation of enhanced touch-point cleaning and increased flushing of water systems within low occupancy of buildings to ensure we remained statutorily compliant at all times.

All College accommodation remained open to students throughout the year. Operating processes and robust cleaning regimes were put in place to support a Covid-secure environment including access to dining halls, laundry and WSE spaces. We enabled students who were self-isolating to receive post, freshly prepared meals and enjoy outdoor exercise through carefully designed procedures. The pandemic prompted the creation or improvement of outside cafe bar spaces within many colleges, which we hope will improve the student experience for many years to come.

We have been successful in a number of awards for our new builds and refurbishment projects:

- The Teaching and Learning Centre won the LABC Regional Building Excellence Award, in the 'Best Public Service or Educational Building' category and a RIBA National Award for architecture
- Mount Oswald won the Property Week 'University Halls of Residence of the Year'
- Assembly Rooms refurbishment project was awarded the 'Architectural Building of the Year' by the City of Durham Trust.

Change, enabled through digital technologies, is a central element of the University's ongoing and future success.

This year saw the publication of the University's Digital Strategy, setting out a seven-year vision and a clear programme of work over the next three years. This exciting programme of change provides a focus on core infrastructure and places emphasis on how IT can make life easier for our students, staff and prospective students while supporting the University to achieve its strategic goals.





Over the last year, IT services have been central to teaching and everyday working practices. We introduced a new Virtual Learning Environment to provide greater functionality for students and staff along with the development of a new app providing personalised student timetabling information. We installed enhanced IT equipment throughout our teaching spaces to support hybrid learning where students may be both on campus and accessing lectures remotely, in preparation for the new academic year.

We launched a new internet platform, making it easier to find important information about the University and information specific to an individual's requirements. 'Holly', our artificial intelligence chatbot was introduced to provide support 24/7 irrespective of language or geography. This innovation was shortlisted in The Higher Education Awards for Best Technological or Digital Innovation of the Year. Staff across the University have received training and support to maximise the opportunities of Microsoft Office365 and a new training platform introduced for staff and students to access the training materials to support work and studies.

Work has continued on our wi-fi replacement programme to provide high connectivity and performance across the estate. We have also invested in removing legacy infrastructure and systems that are due for renewal and in our cyber defences to help mitigate the threat of a cyber-attack, which continues to be ever present in society.

Future Plans

We have agreed a plan to continue our health and safety and refurbishment work over the next three years. There is also planned investment to meet staff and student growth targets for the Faculties of Arts and Humanities, and Social Sciences and Health as well as preparation for the construction of a new nursery.

During 2021/22, we will consider investment plans and undertake feasibility work for a proposed redevelopment of our Leazes Road area. This is a major project to update the residential and academic buildings on the site to support growth and improve facilities. The initial plans will be reassessed to reflect the complexities of the location and condition of the site and to align with changing priorities in response to the impact of the pandemic.

We will continue working with colleagues across the University to update our access guides to provide detailed disabled access information of our estate for staff, students and visitors. We will also produce a best practice guide and plans to improve accessibility into University buildings and spaces.

We will commence a major review of the student experience from application to graduation and beyond with the aim of providing a seamless and personalised experience across the entire lifecycle as students interact with people, processes and systems that have been designed to support their needs. This project will also equip staff with the information and systems that help and support them to deliver an outstanding student experience.

During 2021/22, we are also planning to:

- Commence work on provision of new student social facilities for the St Cuthbert's Society, one of our 16 colleges
- Complete the new recording studio and music practice rooms at Collingwood College, following receipt of funding from an alumnus, ready for the College's 50th anniversary celebrations in summer 2022
- Launch a new intranet enabling greater access to information and collaboration
- Commence replacement of core finance, procurement and facilities management systems
- Establish a new programme to equip students and staff with core digital skills
- Review and improve business analytics and reporting
- Continue updating our infrastructure and systems and evolve our cyber defences, aligned to the changing threat landscape.

Strategy Performance Indicators	2015/16	Current (2019/20)	Target (2026/27)
Proportion of residential buildings in Categories A and B*	52.2%	58.9%	75%
Proportion of non-residential buildings in Categories A and B*	52.2%	71.5%	75%

*Categories A and B = high standard

This indicator was revised in 2020/21 to separate residential and non-residential buildings to match reporting to HESA. The target was also reduced from 85% to more accurately reflect what can be achieved across the range of the buildings making up the estate.

Operational Review Environmental Impact

Strategic Risk SR3, SR4



We're working to make Durham one of the most environmentally sustainable universities in the UK. Alongside major investments in our built environment and our teaching and research activities, we have introduced strong environmental policies and procedures. We're working to reduce our carbon emissions and to promote increased awareness of environmental issues.

What has been achieved

We are committed to reducing our environmental impact and improving the local environment for our staff, students and wider community. This commitment is reflected in our policies, plans and procedures which seek to make the most effective and efficient use of our resources, encouraging all members of our community to develop an ecologically sound approach to their work and lifestyle.

EcoCampus is an environmental management certification scheme, aligned to the international standard ISO14001:2015. There are four awards, ranging from Bronze to Platinum. We received Bronze and Silver awards in February, Gold award in June and Platinum in December 2020, recognising the significant progress made in implementing our environmental management system.

Our students have highlighted that responding to the climate crisis is a key issue for them and we are responding to their calls to focus on divestment from fossil fuels and decarbonisation.

In 2021 we started two ambitious projects with the Carbon Trust, the first is to develop a long-term Science Based Target for our Scope 1 and 2 carbon emissions. The second, is to understand our wide Scope 3 carbon footprint; including the carbon footprint of student air travel and purchased goods and services.

In consultation with staff and student representatives, we updated our Sustainability Strategy, which is built around four key areas, Leadership and Governance, Teaching and Research, Community and Engagement, and Estate Operations. We have also updated our Sustainability Action Plan and produced a Sustainability Indicators document providing detail on environmental performance to support monitoring and response plans..

We developed an updated Integrated Sustainable Travel Plan 2020-2025 to open up sustainable travel options to more of our staff and students. The key aim is to actively promote the health and wellbeing benefits of all forms of sustainable travel and encourage their use to reduce the journeys made in private cars. The plan involves promoting car-sharing, incentivising bus travel, reducing business travel and encouraging walking across our estate through pathway improvements.

The Single Use Plastics Working Party has continued its work to substitute single use plastics with alternatives including plant base compostable packaging and aluminium cans across the campus. The Group is also investigating re-usable packaging options for our catering facilities.

In 2020/21, we launched a calendar to encourage everyone to get involved with our sustainable events and campaigns across the year to reduce their environmental impact. We have worked with sustainability engagement specialists 'Jump', to develop an interactive app, which allows users to gain points by logging activities across a range of areas, including biodiversity, energy and water, waste, travel, and health and wellbeing. During the first two months of the pilot for the app, users and teams logged over 2,100 actions, saving 4,965 kWh, equivalent to powering 474 homes.

In February, we were awarded the Bronze Level Hedgehog Friendly Campus status for 2020/21. The award is accredited by the Hedgehog Preservation Society for completing hedgehog-friendly activities, conducting hedgehog surveys, taking part in The Big Hedgehog Friendly Litter Pick (in which the University came third) and many more activities. We are now working on attaining the Silver award.

In March, we joined the North East England Climate Coalition to promote climate justice and support the national move to a green economy. The coalition is made up of various groups, universities, business representatives, environmental organisations and government bodies.

In June, we hosted our first Greenspace Festival, where students, staff and members of the public were invited to speak with University representatives, businesses and charities. The event was well attended, with stall holders including Durham Wildlife Trust, the Wear River's Trust, the Ugly Fruit Group and Recyke y' Bike.

June, July and August saw the delivery of our most established sustainability project, the Green Move Out. The project encourages students to donate unwanted items to charity

during the moving period. The scheme is managed by staff and students, delivering purple donation bags to students living in the city and coordinating with local charity partners. The 2020 Green Move Out, delivered during Covid-19, was Highly Commended in the Green Gown Awards, in the category of Student Engagement.

Future Plans

We will join the Institute of Environmental Management and Assessment (IEMA) as a Corporate Partner during 2021/22. The long-term plan is to use the IEMA skills map and training courses to develop and professionalise our Environment Champions programme. University staff will also be able to join IEMA at a discounted rate.

We established a new group in February 2021 to oversee the development and implementation of a new Biodiversity Action Plan (BAP). The BAP will map biodiversity across our estate, and will prescribe actions to help maintain and improve habitats. Alongside the development of a BAP, a number of student-led wildflower meadow projects are planned, with some colleges having already begun work on this project.

The new Sustainability Action Plan includes a commitment for the University to sign up to the UN backed 'Race-to-Zero' campaign. To meet the requirements of the campaign, we will need to agree a decarbonisation target, followed by an updated Carbon Management Plan, demonstrating how we will achieve our goals.

Sustainability Data	2018/19	2019/20	2020/21
Scope 1 and 2 carbon emissions	23,773tCO ₂ e	22,247tCO ₂ e	22,912 tCO ₂ e
Scope 1 and 2 carbon emissions/m ²	0.063tCO ₂ e/m ²	0.058tCO ₂ e/m ²	0.057tCO ₂ e/m ²
Business travel carbon emissions	5,071 tCO ₂ e*	3,153tCO ₂ e	143 tCO ₂ e
Total energy consumption - electricity	39,705MWh	36,017MWh	34,465 MWh
Total energy consumption - gas**	73,289MWh	70,418MWh	80,194 MWh
Total water consumption	435,748m ³	299,855m ³	259,188m ³
Total waste produced	2,685 tonnes	2,046 tonnes	1,451 tonnes
Percentage of waste recycled	48.21%***	41.01%***	44.74%

*this figure is updated from the original, as the 2018/19 data only included air travel.

**The low figure in 2019/20 reflects the closure of a number of buildings on campus due to the pandemic. In 2020/21, activity on campus resumed with covid safety measures in place, which resulted in increased gas consumption with a higher heat demand as windows were opened to increase ventilation and higher speeds for mechanical ventilation.

*** these figures have been updated to include the disposal of food waste to anaerobic digestion, which is more sustainable than landfill.

Methodology used - Greenhouse gas emissions are calculated using the UK Government GHG Conversion Factors for Company Reporting. Scope 1 and 2 carbon emissions includes the same elements as the HESA Estates Management Report, grid electricity, fuel, oil, natural gas and petrol and diesel emissions resulting from University owned vehicles and equipment.



Operational Review

Public Benefit

Framework

The University is a charity with an ethos and values based on operating for public benefit. In setting and reviewing the strategic objectives our governing body, the Council, acts in accordance with the Charity Commission’s guidance on public benefit. In our fundraising activities, we adhere to the Charities (Protection and Social Investment) Act 2016.

The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), with the Governance Code of Practice issued by the Committee of University Chairs (CUC) and is respectful of the Financial Reporting Council (FRC) UK Corporate Governance Code.

Student Support

As a globally prominent, highly selecting institution, with demanding degree programmes, we recognise that many of our indicators of success can also be barriers to students traditionally under-represented in higher education. Demanding entry standards and a perception of high cost may discourage students who are already likely to become disaffected with formal education or lack confidence in their academic ability. To address this challenge we run a variety of initiatives to encourage people into higher education and provide personal and financial support during their time at Durham.





- We work nationally to encourage gifted applicants from underrepresented groups to apply and enrol at Durham.
- We form partnerships both regionally and nationally with schools, colleges and other relevant institutions and organisations.
- We work with young people with little or no aspiration towards or experience of higher education, to encourage them to fulfil their potential.
- We provide a range of grants and bursaries to support students in financial hardship and in February 2020, we launched the North East Scholarships programme, following a donation from a former student, to provide funding for students from low-income backgrounds in the North East of England to support their study at Durham.

During 2020, we launched new webpages to support schools, teachers and pupils to experience life at Durham, from the safety of their own home. This includes videos, blogs and messages from staff, students and alumni to provide a taste of what it's like to study and live at Durham including campus tours and advice on applying.

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

- We have a team of trained and experienced practitioners providing a year-round service to support students with their psychological wellbeing, counselling and mental health. Additional support is provided through our college staff, academic advisors, mentors, chaplains and students
- Our disability service provides specialised advice, guidance and support to prospective and current students
- Our Careers and Enterprise centre staff provide professional and impartial advice and guidance to support students and recent graduates to develop skills, gain work experience, explore career options, make effective applications and prepare for interviews
- We deliver a proactive wellbeing programme, developed through consultation with students and external specialists, incorporating activities and campaigns which encourage

students to maintain a healthy lifestyle including exercise, relaxation, meditation, alcohol and drug awareness, financial wellbeing and nutrition

- We provide dedicated support for students disclosing incidents of sexual misconduct and violence and run awareness, bystander and disclosure training programmes for staff and students.

Community Engagement

In accordance with our values, we take our duties as a centre of learning, neighbour and employer seriously, embracing all of our different communities and celebrating the differences that make us stronger together.

We are embedded in our local communities and proud of our heritage. Located in a small city, we are aware of our significant influence and impact on the local residents, businesses and economy. We are working to be seen as welcoming, supportive and making a positive contribution to the economic, social and cultural wellbeing in the city and region.

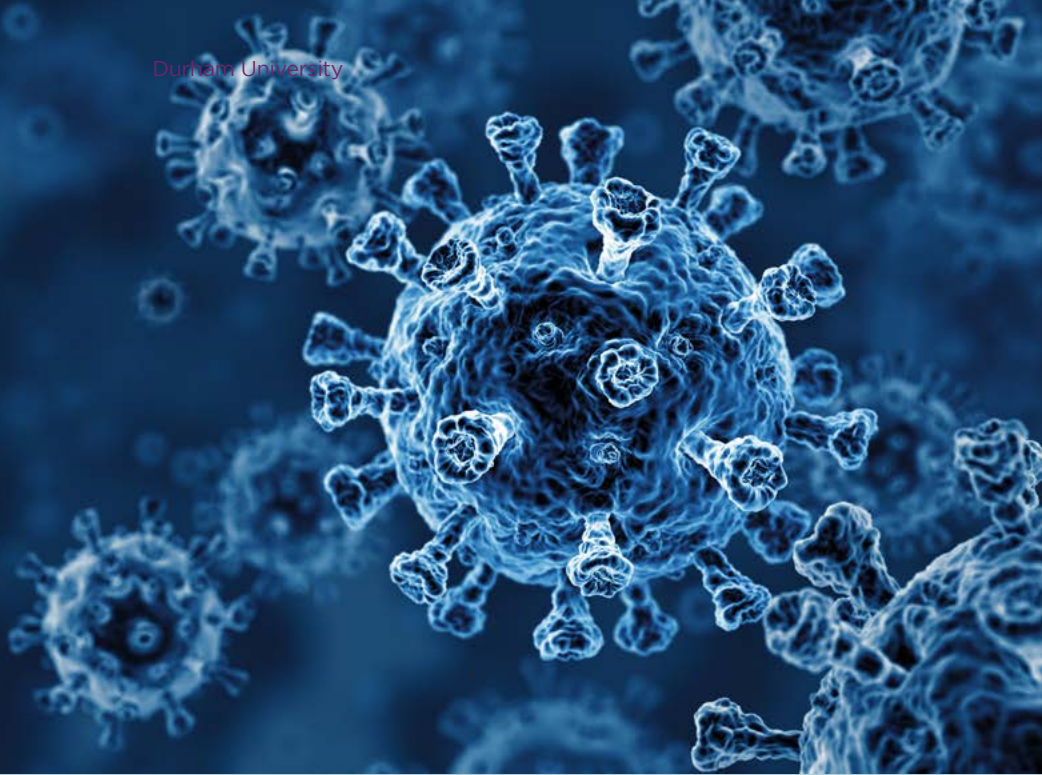
We present a wide variety of lectures, concerts and performances for the public and are a major partner in city events.

- Throughout 2021, we ran a series of public lectures to highlight our work to integrate climate change into our action, research and education across the Sciences, Technology, Engineering, Arts and Maths.
- We collaborated on organising the Durham Book Festival, Durham City Run Festival, Summer in the City Festival and Durham Fringe Festival, which were all held successfully during the year, in line with Covid guidance.

We manage, with Durham Cathedral, the UNESCO World Heritage Site covering the area surrounding the Cathedral and the castle (one of our student colleges) and including teaching rooms, offices and the Palace Green Library.

We run visitor attractions to welcome individuals and school groups to explore and learn:

- Oriental Museum holds collections of art and archaeology from Northern Africa and Asia



- Botanic Garden encompasses 10 hectares of beautiful gardens, greenhouses, woodland and a small flock of rare breed sheep
- Palace Green Library houses University archives and special collections from around the world. The galleries provide space to share our treasures, research and stories from the region
- Durham Castle, a former fortress and palace with magnificent architecture, artworks, silverware and armour. Outside of term time, it also provides B&B accommodation and a unique wedding venue.

While venues were closed for most of the year, additional information and materials were published online to support engagement, including museum exhibitions and activities. Our Library and Collections team, which has previously run programmes on site with local schools, delivered live online, interactive sessions to primary and secondary schools engaged with just under 4,000 pre- and post-16 children across the country from Kent to West Scotland.

Our sports facilities are open to the public and are home to many local community clubs and teams. We work with community partners to provide opportunities for adults to access sport and physical activity to increase wellbeing and social inclusion. We run holiday camps for local schoolchildren. In response to the Covid-19 pandemic, we developed online content to support our community to maintain their activity levels at home with live and pre-recorded workout videos and talks from our Performance Lifestyle expert.

Our staff and students volunteer with local charities and organisations to support the community, through a wide variety of projects including conservation activities, food collection drives and companionship for elderly people. Staff can volunteer for up to five days per year during work time.

- Durham University Student Volunteering and Outreach (DUSVO) established a new online tutoring programme in response to the pandemic, to support home schooling and submitted poems, letters, paintings and Christmas cards for distribution to care homes in the County.
- The Islamic Society collaborated with halal local businesses to deliver over 1,700 free meals around Durham during Ramadan.

- DUSVO were awarded The Queen's Award for Voluntary Service in 2020, the highest award given for community volunteering in the UK and is recognised by Investing in Volunteers, the UK quality standard for good practice in volunteer management.

Our academic departments run a range of projects with local schools, charities and organisations. Highlights this year include:

- Computer Science students worked with NHS Digital to develop part of the NHS Covid-19 Vaccine Booking System
- The Wolfson Research Institute for Health and Wellbeing began working with The James Cook University Hospital to create a safe and accessible outdoor space to support the recovery of critical care patients
- Working with Durham County Council to develop resources as part of the ECO2 Smart Schools Climate Conference to be held in Autumn 2021.

Positive community relations and engagement in the city, county and wider region are a major priority. We work in partnership with residents, students, local businesses and resident organisations to build strong relationships for mutual benefit. Our Community Engagement Task Force brings together representatives from the University, city stakeholders and residents for termly meetings to discuss issues and concerns and develop positive partnerships. We publish a Community Newsletter to promote our activities. We continue to work closely with local agencies to ensure our Covid-19 response planning is coordinated, promote online the number of cases in our community and details of our work to help control the spread of the virus. We employed a University Security Community Response Team to pro-actively patrol student areas and reactively support the police in responding to incidents.

Economic impact

A major study undertaken by BiGGAR Economics found the University generated £1.1 billion Gross Value Added (GVA) for the UK economy in 2014-15 and supported 13,600 UK jobs. UUK estimated that the collective national economic contribution of the HE sector amounts to £53 billion in GDP and 940,000 jobs by latest estimates. More recent analysis by Hatch Regeneris for UCU highlighted the impact of universities on their local economies:

In the North-East, there are more people directly employed in higher education (20,000) than there are in car manufacturing (9,000). These jobs are at a range of skill levels, but, on average, they are high-quality and well-paid.

A joint University and Durham County Council project supporting business growth in County Durham has brought in over £3.3m in value to its participants since its launch in May 2018. The project aims to support start-ups, scale-ups and local SMEs through a subsidised internship programme and a programme of enterprise interventions for University students.

International students benefit County Durham by £184.6m through use of public services according to a report from London Economics published September 2021. The research considered the economic benefits of international students starting courses in 2018/19, at regional levels across the UK.

Value for Money

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

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

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

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



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

Freedom of Expression

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

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

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

Fundraising

We actively seek donations, sponsorship and legacy gifts from individuals, trusts and foundations, commercial and charitable organisations, and government-related funding streams from all around the world to support research, educational and outreach activities consistent with our charitable mission. Past donations have transformed buildings, supported world-leading research and provided a helping hand to students.

We adopt the Association of Fundraising Professionals Code of Ethical Principles and Standards and are registered with the UK Fundraising Regulator. The Development and Alumni Relations Office leads, facilitates and supports donor cultivation and efforts by University colleagues to engender a professional approach to interactions with donors for the protection of the public.

In line with our fundraising policies, there are written agreements in place with the University's two independent recognised colleges, St Chad's and St John's.



Financial Review

The continuing implementation of the University Strategy 2017-2027 continued to be interrupted by the ongoing coronavirus global pandemic. The University has continued to respond effectively to the situation which is reflected in the positive financial position at the end of 2020/21.

The University has outperformed its expectations for the year, with an increase in income of £7.9m and direct expenditure in line with the previous year. Our Earnings before Depreciation (EBD) is £9.8m higher than 2019/20. Our total comprehensive income for the year is £46.4m.



Results for 2021

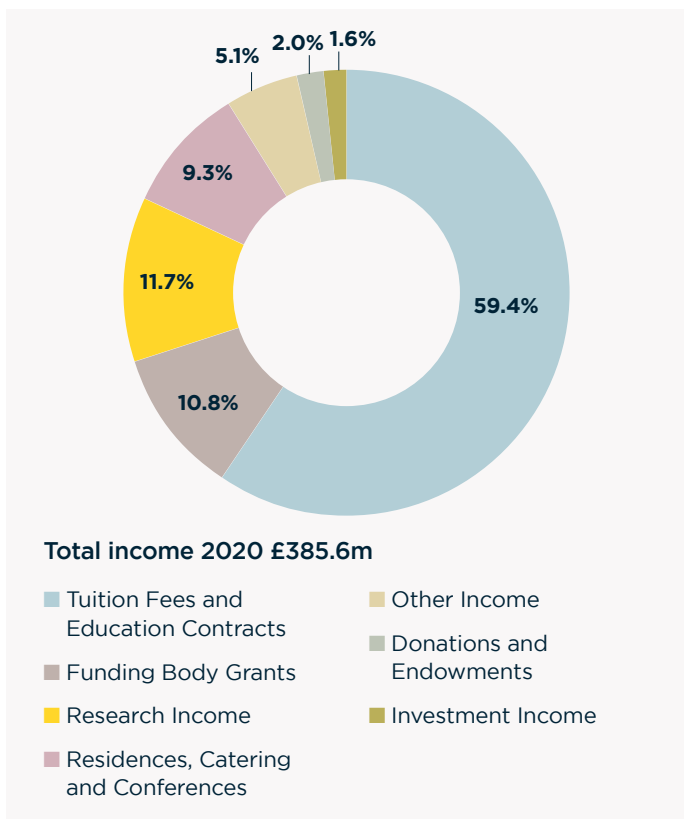
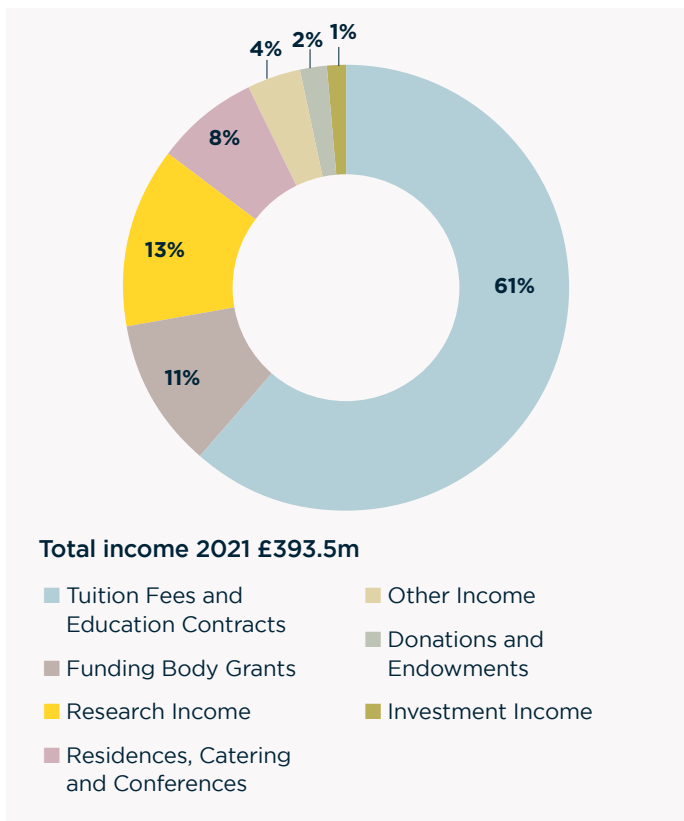
The results for the year are described below:

	2021 £m	2020 £m
EBITDA (earnings before interest, tax, depreciation, amortisation and non cash items)	64.2	56.3
Interest	(11.7)	(13.6)
EBD (earnings before depreciation)	52.5	42.7
Non-cash items		
Valuation of derivatives	7.0	(3.6)
Pension adjustments – actuarial gain/(loss)	13.8	(22.1)
Net gain on investments	12.9	0.5
USS Pension provision	1.0	64.6
Impairment adjustment	(4.9)	(0.3)
Depreciation	(35.9)	(27.4)
Total Comprehensive Income / (Expenditure)	46.4	54.4

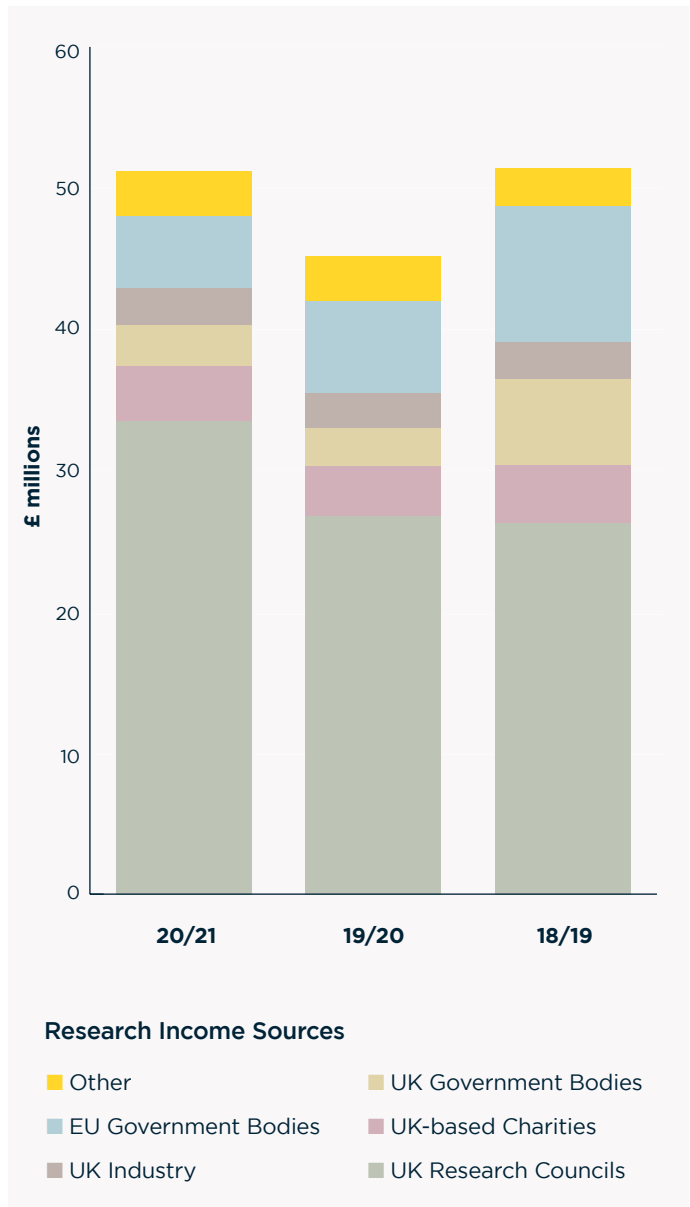
The 2021 EBITDA (Earnings Before Interest, Tax, Depreciation and amortisation) is £7.9m higher than the previous year and is essential to fund the ongoing capital investment programme. EBITDA and EBD are the measures used to report financial results during the year and exclude certain items deemed to 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 pension scheme accounting and interest rate swaps. The collective impact of these non-cash items in the current year was unfavourable by £6.1m (2020: favourable by £11.7m).

Operating Income and Expenditure

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



Total operating income, excluding the valuation of liabilities, increased by 2.0% to £393.2m. Tuition fee income increased by 5.3% to £241m representing 61.4% of total income and when residence fees are included, income from students represented 69% 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 £6.0m in 2020/21, increasing its share to 13.0% of total income.

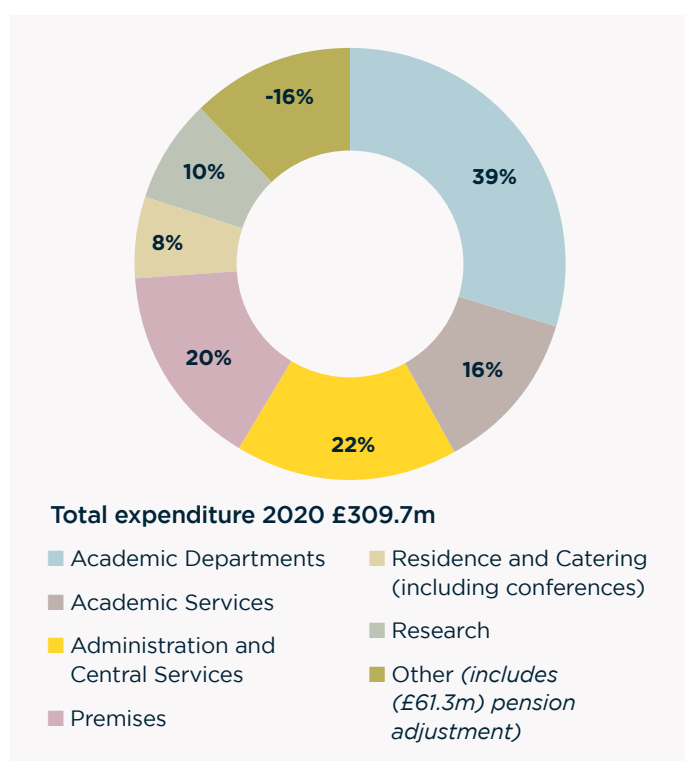
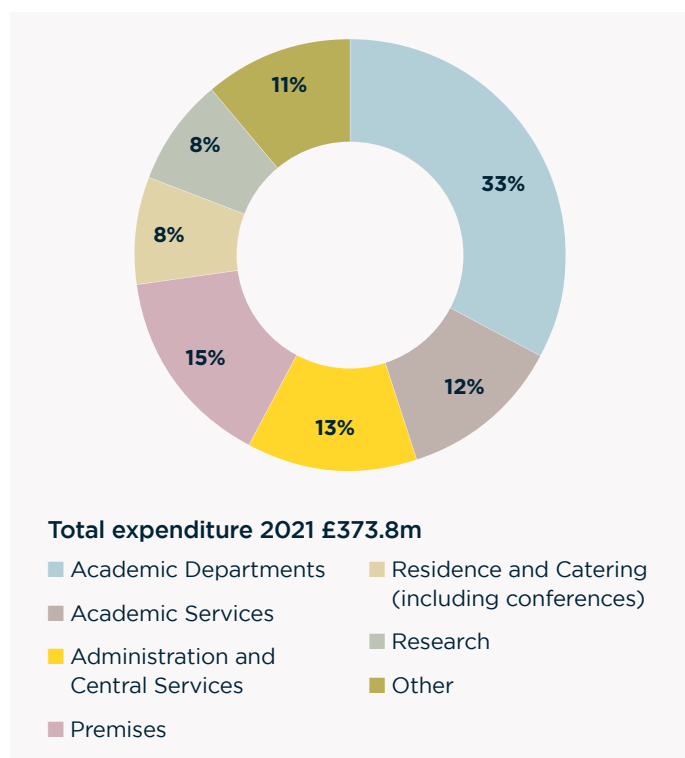


The value of research grant awards for the last three years are:

Year	Value (£m)
2020-21	57.9
2019-20	61.1
2018-19	45.0

Total operating expenditure, excluding pensions adjustments, increased by 0.1%. Depreciation charges increased by 9% reflecting the increased size of the capital estate and interest payable before accounting adjustments decreased by 72.8% due to an increase in the fair value of derivatives. There has been no material change to how operating expenditure is apportioned compared to the prior year.

The expenditure can be classified into these categories:



Student numbers

Student numbers have increased in most areas in line with the Strategy.

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

Student numbers	2021	2020	2019
Undergraduate			
Home / EU	12,758	11,892	11,742
Overseas	3,193	2,712	2,418
Total	15,951	14,604	14,160
Postgraduate			
Taught home	1,246	1,017	1,058
Taught overseas	1,207	1,938	1,586
Research home	1,047	997	1,000
Research overseas	592	557	541
Total	4,092	4,509	4,185
Distance Learning	225	254	362
Total	20,268	19,367	18,707

Balance Sheet

The value of fixed assets was increased with capital expenditure of £39m exceeding the charge for depreciation of £36m. This spend was lower than the £60m spent in the previous year as the University assessed the impact of the global pandemic. Included in the £39m spent on buildings and equipment were the following material investments:

Project	Value (£m)
New Maths and Computer Science building	6.7
Super Route Infrastructure Investment	3.0

There have been significant non-cash movements that do not affect the operating surplus but do affect the net surplus. The majority of this relates to improvements in investment valuations and the improvement of the DUPS valuation compared to the previous year. Investments rose overall by net £102.8m due to an appreciation of £10.7m in the value of endowment asset pooled funds together with an increase of £91.0m in pooled investment fund assets.

Pension liabilities in respect of USS decreased by £1.0m. Liabilities in respect of Durham University Pension Scheme decreased by £13.8m.

Endowment reserves increased by £11.8m, primarily through appreciation in the value of investments and new donations. The receipt of new grants and donations, offset by related expenditure, resulted in a net increase in restricted reserves of £1.7m. General reserves increased by £40.1m.

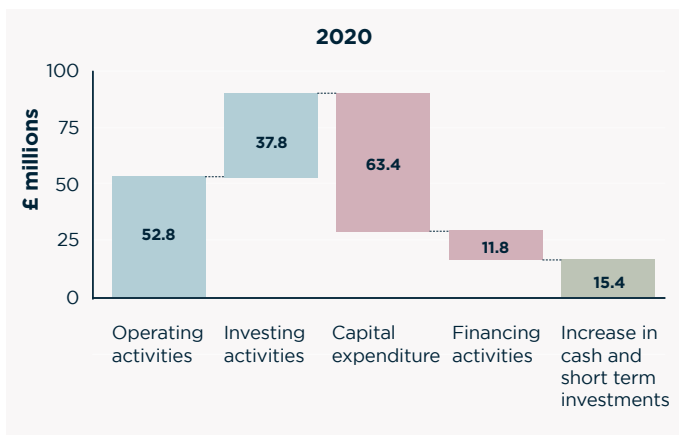
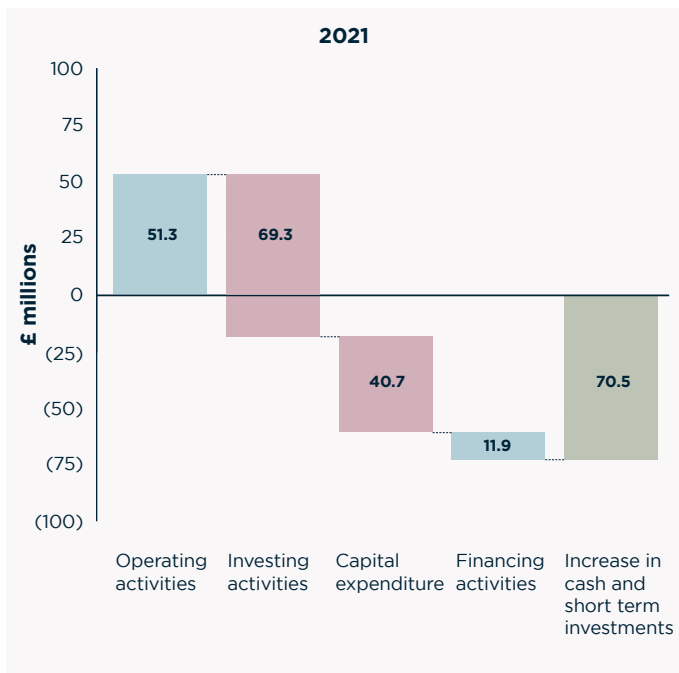
Cash generation, liquidity, financing and covenant compliance

Short term cash deposits

Short term cash deposits decreased in the year by £15m to £25.8m as monies were sent to medium-term investment funds.

Cash balances

Cash balances decreased by £70.5m to £52.7m as a result of further investing cash into medium-term investments to fund future capital projects. The following waterfall charts compare the sources and applications of operating cash generated for 2021 and 2020.



Debt collection continues to be vigorously pursued, but debts written off in the year were £65,440 (2020: £43,000).

Total cash and current asset investment balances decreased by £85.4m to £78.4m. £52.7m is held in cash with a further £25.8m in current asset investments. (2020: £123m was in cash and £40.5m in investments).

There is a longer-term investment fund, principally for endowments, which operates with agreed asset allocations and returned 1.6% during the year (total of income and capital appreciation) which was in line with its benchmark. A further £90m has been invested, along with the £7m last year, into longer term funds which overall yielded a total of £2.1m by 31 July 2021.

Capital expenditure during the year has been funded by grants, internally generated funds, benefactions and existing loan funding. The Revolving Credit Facility remains at £25m to support in-year working capital requirements, if necessary.

Covenant Compliance

There have been no issues during the year with respect to covenant compliance. The Basis of Preparation accounting policy provides further information with respect to going concern considerations.

Going Concern

Council reviewed and approved the 18-month forecast, including detailed cash flow forecast, produced annually in order to be fully satisfied that it can meet its working capital needs from its forecast cash balances. Applications for the 2021/22 academic year have been healthy and the University retains a strong cash position. In addition, the University has a £25m revolving credit facility which has yet to be used and the University has forecasted no need to draw upon it.

As a result of the continuing wider uncertainties due to the ongoing Covid-19 pandemic, the University has deemed it prudent to develop a reverse stress test scenario which assesses the impact of a reduction in income against an increase in forecasted expenditure over the next two years. This models any impact on the University's cash position as well as testing the headroom on its financial covenants. The model shows that a significant financial impact against the Council-approved financial forecasts must occur before any covenants are breached and, as such, the risk of any such occurrence is deemed to be remote.

Financial performance in 2020/21 was strong and the University is confident that it will be able to meet all of its future financial obligations and operate within its financial covenants for the period to 31 July 2023. As a result, these financial statements have been prepared on a going concern basis.



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 10-year strategy
- Staff costs as a percentage of income – to maintain parity with the sector
- EBD and EBITDA – specifically relating to generation of cash from operating activities, as well as compliance with our financial covenants

The KPIs are reviewed on an annual basis to check their relevance in tandem with the changing environment and additional KPIs may be introduced in 2021/22.

Outlook

The global pandemic continues to add to the considerable financial pressure on universities, particularly with respect to international student recruitment. In addition, other environmental factors still exist, particularly relating to the setting of tuition fees, Brexit and the Universities Superannuation Scheme (USS) deficit.

Our income looks relatively stable for the next year, with tuition fees and research income likely to hold up, as we cope with the pandemic. The immediate future is secure with regards to home recruitment for the 2021/22 academic year, continuing to confirm the attractiveness of Durham as a place to study and obtain a degree that is sought after by major employers.

There remains a risk linked to residential accommodation income, should the UK enter another lockdown, preventing students returning to their accommodation. Trading income will be down, with reduced activity on site.

The capital programme may also be affected, with Covid guidelines changing, it could impact our ability to carry out works. The capital programme is under review to gauge its relevance in a changing environment. We have undertaken assessments of cumulative risk exposure and will continue to model alternative scenarios to ensure that these development plans remain affordable.



Governance

Framework

Durham University was founded in 1832 by 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, the latest version of which were approved by Privy Council in July 2011.

The University receives the majority of its income from student fees and competitively won grants with a small proportion from public sources. The terms and conditions for receipt of public funds are established in guidance produced by the OfS.

As a charity, the University must operate for the public benefit. In setting and reviewing the University's strategic objectives the University governing body, Council, acts in accordance with the Charity Commission's guidance on public benefit. In its fundraising activities, the University adheres to the Charities (Protection and Social Investment) Act 2016.

The University conducts its business in a fair, proper, transparent and ethical manner, and in accordance with the seven principles identified by the Committee on Standards in Public Life, with the Higher Education Code of Governance issued by the CUC, and is respectful of the Financial Reporting Council (FRC) UK Corporate Governance Code.

The University's governance and management system:

- Ensures there is proper governance of the University and management is supported to deliver the University Strategy
- Reflects good practice in higher education and other relevant sectors
- Ensures proper checks, balances and transparency in decision-making to provide appropriate assurance to funders and stakeholders
- Supports the management of risks while maximising value for money
- Safeguards the long-term interests and sustainability of the institution.

The University's governance framework and management arrangements, aim to support delivery of the University Strategy 2017-27 and be responsive to the dynamic external operating environment. The effectiveness of the governance and management arrangements is regularly evaluated through routine annual review and periodic in-depth internal and external reviews. An external review of Council Effectiveness in 2016 confirmed the University met the obligations of the Higher Education Code of Governance.



The subsequent periodic external review of Council's effectiveness commenced during 2021. Council will consider the recommendations which arise from this review during the next academic year.

Management

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

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

The Chief Financial Officer is responsible for all aspects of the University's Financial Strategy, including financial planning and reporting, treasury investment, procurement, and value for money.

Governance Committees

Council is the governing body and Trustee Board of the University with overall responsibility for its affairs and sustainability. Council is responsible for taking appropriate steps to advance the interests of the University, maintaining its efficiency and for the organisation of teaching and research.

Council monitors the adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of statutory and other regulatory responsibilities including compliance with the OfS's ongoing conditions of registration and any terms and conditions of funding.

Joe Docherty is the Chair of Council. Joe is Managing Director of Bede Homes, Sedgfield and a Trustee of the Esmée Fairburn Foundation, which funds the charitable work of organisations focusing on the Arts, Children and Young People, the Environment and Social Change.

Members of Council are the charity trustees of the University. The majority (thirteen), including the Chair, are lay members drawn from outside the University. There are seven appointed members of University staff plus the Vice-Chancellor, Deputy Vice-Chancellor and Provost, and President of Durham Students' Union. The Council's gender balance during 2020/21 was 52% male to 48% female. Actions are being taken to broaden its ethnicity.

Lay members do not receive payment for the work they do for the University, 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 avoid conflicts of interest.

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

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

Lay Council members are encouraged to be involved in other aspects of University life to cultivate a wider understanding of the University and engage with stakeholders. This includes such activities as reviewing student academic appeals, joining recruitment panels for senior posts and attendance at Convocation (meetings with alumni), and graduation ceremonies.

During 2020/21 Council met on eleven occasions. This included additional meetings convened to consider the financial, education and staffing impacts of the Covid-19 pandemic. The confirmed minutes of meetings are published on the University website. Members considered the following key items during the year.

Progress updates were provided on the Research Strategy, Brexit preparations, EDI objectives and appointment process for the new Vice-Chancellor. Members approved the REF2021 submission, various returns to the OfS, policy revisions to reflect changes in guidance and best practice, the revised top-level Strategic Risks and minor changes to the Statement of Council's Primary Responsibilities to align with the model statement included in the CUC Higher Education Code of Governance, 2020.

The Health and Wellbeing Strategy 2020/21 to 2026/27 was approved, which acknowledged the health and wellbeing of staff and students as critical to the ongoing success of the institution. Council was also kept apprised of staffing-related matters via reports and presentations on progress with the People Strategy, diversity pay, and positive progress in delivery of the Respect Commission recommendations.

Council approved the University's Digital Strategy and three-year roadmap focused on maximising the opportunities afforded by digital technology to add visible value through a co-ordinated and managed approach of ever-increasing digital maturity.

Council monitored the University's financial condition including pensions oversight and approval of responses to pensions consultations; adapting the University's business model following lessons learned from Covid-19; investment in the digital domain and in marketing and communication; targeted philanthropic and fundraising initiatives and spend on the academic estate focussed on market opportunities.

Long-term capital plans were approved to enhance and improve the efficient and effective utilisation of the Estate and to ensure the University's carbon reduction targets informed decision making to support the institutional commitment to environmental sustainability. Business cases for non-residential and learning space refurbishment were also approved.

Council endorsed the transition between face-to-face and online teaching and learning, in line with government guidance on Covid-19 and approved protocols for the continuation of the Lateral Flow Testing process. Council also agreed not to charge students for unused University-owned accommodation and to bear the financial impact.

Council approved investment in NorthStar's Venture North fund to help provide positive social and financial impacts to the region and place the University in the forefront of economic generation, especially related to science, technology, engineering and mathematics (STEM).

Council membership and meeting attendance record 2020/21

Members	Meetings attended	Meetings attended						
		Council	Audit and Risk Committee	Finance Committee	Governance and Nominations Committee	Remuneration Committee	University Strategy Implementation Committee	Ethics Committee
Ex-officio members								
Sir Thomas Allen	The Chancellor	n/a						
Professor Stuart Corbridge	Vice-Chancellor	11/11		6/6	4/4		5/5	
Professor Antony Long	Deputy Vice-Chancellor	11/11		6/6				
The Very Reverend Andrew Tremlett	Dean of Durham	7/11	5/7					2/3
Ms Seun Twins	President of Durham Students' Union	11/11		6/6	1/4		4/5	2/3
Lay members								
Mrs Joanna Barker (Vice-Chair)		11/11		6/6				
Mr Jonathan Bewes		10/11		6/6		5/5		
Ms Kay Boycott		11/11	7/7					
Mr Joe Docherty (Chair)		11/11		6/6	4/4	5/5		
Miss Leslie Ferrar (from October 2020)		6/8						
Mr James Grierson		11/11		6/6			5/5	
Mrs Alison Hastings		10/11			3/4	5/5		
Professor Denise Lievesley (from October 2020)		8/8						
Ms Cheryl Millington		11/11	6/7					
Mr Nigel Perry		11/11				3/5	3/5	3/3
Dr Kate Pretty		11/11	7/7			5/5	5/5	
Mr Terry Toney		10/11			4/4		5/5	
Appointed members of University staff								
Dr Camila Caiado		11/11			3/4			
Professor Joe Elliott		10/11						
Professor Colin Macpherson		7/11		5/6				
Dr Amir Michael		10/11		4/6				
Ms Rebecca Morris		10/11						
Dr Liadi Mudashiru (from December 2020)		7/7						
Professor Corinne Saunders		11/11						

Miss Sarah McAllister, Postgraduate Academic Officer, Durham Students' Union was invited to meetings as an attendee during 2020/21. The University Secretary and Chief Financial Officer are standing attendees of Council meetings.

The work of Council is supported by a number of committees which exercise delegated authority in accordance with terms of reference approved by Council and published online and whose decisions and recommendations are formally reported to Council. In order to provide greater transparency of its decision-making, Council agreed to publish on the University website the minutes of its committees from 2019.

Senate provides assurance to Council on academic quality and standards. Senate is responsible for promoting, directing and regulating teaching and research, key components of the business model. Senate is supported by the Education, Research, and Wider Student Experience Committees. Senate membership is drawn from across University staff plus representatives from Durham Students' Union and is chaired by the Vice-Chancellor. A major review of the effectiveness of Senate was carried out in 2014/15 by a task group comprised of staff and students and outcomes have been progressed. The next review is planned for 2021/22.

Audit and Risk Committee is responsible for providing 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 considers elements of the annual financial statements including the auditors' formal opinion, the statement of members' responsibilities, corporate governance statement and internal control, and risk management statements. No significant issues were identified in relation to the financial statements for the year ended 31 July 2021.

On the recommendation of Audit and Risk Committee, Council approved the appointment of Grant Thornton as External Auditors from 1 January 2021, taking over from PwC at the end of their contract.

The University has a hybrid internal audit function. An in-house service was supported by bought-in generalist internal audit services, provided by EY up to 31 December 2020. In January 2021, the Committee approved the appointment of PwC to provide specialist information technology audit support to complement the specialised health and safety audit service provided by the British Safety Council appointed in November 2019. During 2020/21, the Committee reviewed the internal audit arrangements in light of the departure of a member of the in-house team and appointed Uniac as co-sourced internal auditors from July 2021.

The Committee's Terms of Reference were revised during the year with minor revisions for clarification and to align with the model terms of reference of the CUC Higher Education Audit Committees Code of Practice, published in May 2020.

Audit and Risk Committee membership 2020/21

Lay members

Ms Kay Boycott (Chair)

Ms Cheryl Millington

Dr Kate Pretty

The Very Reverend Andrew Tremlett

Co-opted members

Mr Martin Cocker

Mr Grant Evans

Finance Committee advises Council on the financial position of the University and recommends to Council the annual financial statements (financial aspects), 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, overseeing the appropriate exploitation of intellectual property, and reviewing fundraising activities. The Committee also monitors the effective and efficient procurement and use of resources in accordance with the objectives of the University.

Finance Committee membership 2020/21

Ex-officio members

Mr Joe Docherty

Chair of Council

Professor Stuart Corbridge

Vice-Chancellor

Professor Antony Long

Deputy Vice-Chancellor

Ms Seun Twins

President of Durham Students' Union

Members of Council

Mrs Joanna Barker (Chair)

Mr Jonathan Bewes

Mr James Grierson

Professor Colin Macpherson

Dr Amir Michael

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 routinely 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. It 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 implementations of approved recommendations.

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

During 2020/21 Saxton Bampfylde were contracted to assist with the recruitment of lay Council members to commence August 2020. The company is independent of the institution and its governors.

Governance and Nominations Committee membership 2020/21	
Ex-officio members	
Mr Joe Docherty (Chair)	Chair of Council
Professor Stuart Corbridge	Vice-Chancellor
Ms Seun Twins	President of Durham Students' Union
Lay Members of Council	
Mrs Alison Hastings	
Mr Terry Toney	
Staff member of Council	
Dr Camila Caiado	
Senior members of staff	
Professor Kiran Fernandes	
Professor Gillian Bentley	

Remuneration Committee determines the annual remuneration of senior staff (Executive Committee members, University Secretary, Vice-Chancellor, professors and equivalent level senior posts within the Grade 10 pay range) in line with its policy to encourage enhanced performance and reward staff for their contribution to the success of the University in a fair and responsible manner. Decisions take account of market data (UCEA Korn Ferry, CUC 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. During 2020/21, the Committee noted the voluntary reductions made by senior management in response to the Covid crisis. The remuneration of the Vice-Chancellor is determined in the context of the size and turnover of the University, its contribution to the region, nation and internationally and its place within the HE sector and the Russell Group. Note 7 of the Financial Statements provides further details of the remuneration of the Vice-Chancellor and senior staff.

The Committee continues to work towards full compliance with the CUC Higher Education Senior Staff Remuneration code. This has included the development of a University pay policy, clarity on role expectations and assessment of Executive performance and production of a fuller Annual Report from the Committee. The paragraph above sets out the University's current remuneration arrangements in line with the Code.

Remuneration Committee membership 2020/21	
Ex-officio member	
Mr Joe Docherty	Chair of Council
Dr Kate Pretty (Chair)	Member of Audit and Risk Committee
Lay members of Council	
Mr Jonathan Bewes	
Mrs Alison Hastings	
Mr Nigel Perry	

University Strategy Implementation Committee provides strategic oversight and scrutiny of progress in implementing the University Strategy 2017-2027 to give assurance to Council.

University Strategy Implementation Committee membership 2020/21	
Ex-officio members	
Professor Stuart Corbridge	Vice-Chancellor
Ms Seun Twins	President of Durham Students' Union
Members of Council	
Dr Kate Pretty (Chair)	Member of Audit and Risk Committee
Mr James Grierson	Member of Finance Committee
Mr Nigel Perry	
Co-opted member	
Mr Terry Toney	

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

University Executive Committee is a joint committee of Senate and Council and chaired by the Vice-Chancellor. During 2020/21 the other members were the Deputy Vice-Chancellor and Provost, the two Pro-Vice-Chancellors, the two Vice-Provosts, the four Executive Faculty Deans, the Chief Financial Officer, the Chief Information Officer, the Director of Human Resources, the Director of Strategic Initiatives and Delivery Unit and the Director of Estates and Facilities. The University Secretary and the Director of Advancement and Communications are standing attendees of meetings. The Committee oversees the development and delivery of the University Strategy and monitors the achievement of its performance objectives. The Committee coordinates the University's integrated planning and budgeting process and recommends the annual budget and financial forecasts, manages key risks and makes recommendations to Senate and Council on important policy initiatives.

Statement of the Council's Primary Responsibilities



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

14. To be the principal financial and business authority of the University including:
 - (a) ensuring that proper books of account are kept; approving the annual budget, financial statements and financial forecasts; establishing budget centres within the University for the efficient management of resources and appointing Budget Officers for each budget centre; the approval of fees;
 - (b) having overall responsibility for the University's assets, property and estate.
15. To ensure that there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders, including providing transparency about value for money for students and for taxpayers.
16. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name. This includes accountability for health, safety and security and for equality, diversity and inclusion. Council is responsible for making regulations for the custody and use of the common seal of the University and for representing the University in all negotiations for obtaining grants from public bodies in aid of the work of the University.
17. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
18. To promote a culture which supports inclusivity and diversity across the institution.
19. To maintain and protect the principles of academic freedom and freedom of speech legislation.
20. To receive and test assurance that academic governance overseen by Senate is adequate and effective.
21. To ensure that all students have opportunities to engage with the governance of the University and that this allows for a range of perspectives to have influence.
22. To receive assurance that adequate provision has been made for the general welfare of students. Subject to the powers of the Senate, to be responsible for the regulation of the relations between the Council and the students, and for the maintenance of student discipline.
23. Subject to the provisions of the Statutes, to be responsible for the recognition of the recognised Colleges of the University. In particular, University Council shall approve the appointment of the Heads of the Recognised Colleges.
24. To approve changes to Statutes and to ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Responsibilities of Council in the preparation of the Financial Statements

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

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

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

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

Council has taken reasonable steps to:

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

Insofar 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.



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 comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- Comprehensive 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
- 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 University takes a risk-based approach to design and implementation of internal control, making an evaluation of the likelihood and impact of risks becoming a reality. Internal control measures are designed to manage risk efficiently, effectively, economically and equitably
- All identified strategic risks are the responsibility of a risk owner, all of whom are members of the University Executive Committee and responsible for alerting the Committee of significant matters
- The University Executive Committee reports matters concerning risk management and internal control to Council and Audit and Risk Committee routinely, or as significant matters arise
- Strategy performance indicators, business operation and compliance risks and financial performance are monitored by the University Executive Committee

- 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
- The Covid Planning Group co-ordinated the University's ongoing response to the Covid-19 pandemic.

The process has been in place throughout the year ended 31 July 2021, 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 University Assurance Service, which complies with the professional standards of the Chartered Institute of Internal Auditors.

The University Assurance Service (supported by an external provider) undertakes 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 reports its findings to the University's management and Audit and Risk Committee. These are summarised in an Annual Report, which includes an independent opinion on the adequacy and effectiveness of the University's arrangements for the provision of adequate internal control, corporate governance, risk management, quality of data to the OfS, Higher Education Statistics Agency and other public bodies and the achievement of value for money.

From an assessment of the performance of the University Assurance Service by the Audit and Risk Committee, informed by the views of the Vice-Chancellor, it is considered that these arrangements were effective for the year ended 31 July 2021 and the period up to the date of approval of the audited financial statements and there were no significant internal control weaknesses.

Signed on behalf of Durham University

Mr 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 2021, which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidation and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows 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 FRS 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 2021 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 and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018.

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 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 Brexit and Covid-19, 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.

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.

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.

The responsibilities of the Council with respect to going concern are described in the 'Responsibilities of the Council for the financial statements' section of this report.

Other information

The Council are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 52, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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)

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 relevant terms and conditions; and
- the requirements of the OfS's accounts direction (issued October 2019) 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 (issued October 2019) requires us to report to you where:

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

Responsibilities of Council for the financial statements

As explained more fully in the Statement of responsibilities of the Council set out on page 51, the Council is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Council 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 are responsible for assessing the group's and the parent university's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or the parent university or to cease operations, or have 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 group and 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);
 - legal framework and the Royal Charter and its supporting Statutes; and
 - the Higher Education Code of Governance published by the CUC.

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

- We understood how the group and University is complying with those legal and regulatory frameworks by, making inquiries of management and those responsible for legal and compliance procedures. 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, we obtained an understanding of:
 - The group and University's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and



- The group and University's control environment including the adequacy of procedures for authorisation of transactions.
- We assessed the susceptibility of the group and 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 journal entries, in particular journal entries relating to management estimates and journals entries deemed to relate to unusual transactions;
 - Challenging assumptions and judgement 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.
- 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 client operates in, and its practical experience through training and participation with audit engagements of a similar nature.
- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.

Use of our report

This report is made solely to the University's Council, as a body, in accordance with paragraph 3.1 of the University's articles of government. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to it 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leeds

18/2/2022





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 FRS102, with the revalued amount being treated as deemed cost. The financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and the Financial Reporting Standard 102 (FRS102). The University is a public benefit entity and has applied the relevant public benefit requirements of FRS102.

2. Going Concern

Council reviews and approves the 18-month forecast, including detailed cash flow forecast, produced annually in order to be fully satisfied that it can meet its working capital needs from its forecast cash balances. Applications for the 2021/22 academic year have been healthy and the University retains a strong cash position. In addition, the University has a £25m revolving credit facility which has yet to be used and the University has forecasted no need to draw upon it.

As a result of the continuing wider uncertainties due to the ongoing Covid-19 pandemic, the University has deemed it prudent to develop a reverse stress test scenario which assesses the impact of a reduction in income against an increase in forecasted expenditure over the next two years. This models any impact on the University's cash position as well as testing the headroom on its financial covenants. The model shows that a significant financial impact against the Council-approved financial forecasts must occur before any covenants are breached and, as such, the risk of any such occurrence is deemed to be remote.

Financial performance in 2020/21 was strong and the University is confident that it will be able to meet all of its future financial obligations and operate within its financial covenants for the period to 31 July 2023. As a result, these financial statements have been prepared on a going concern basis.

3. Basis of Consolidation

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

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 unquoted companies over which it has no significant influence on policy or strategy decisions. These companies are not consolidated but are accounted for as investments at the lower of cost or net realisable value.

4. 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 grants, research grants from government sources and capital grants), grants from non-government sources (including research grants from non-government sources and capital grants) and donations are recognised within the Statement of Comprehensive Income and Expenditure when the University is entitled to the income and any performance related conditions have been met. Income received in advance of performance related conditions is deferred on the balance sheet and released to the Statement of Comprehensive Income and Expenditure as such conditions are met.
- Where grants or donations have no performance related conditions but have a restriction regarding how they may be spent, the income is retained within the restricted reserve until such time that it is utilised in line with the restrictions, at which point the income is released to general reserves through a reserve transfer.
- Endowments are donations where the donor has specified either that the gift must be invested and only the income

spent against the donor's stated aims (which may be restrictive or for the general purposes of the University) or that the gift may be spent against the donor's stated restrictive aims but any unspent funds are to be invested. Endowments are recognised when the University is entitled to the income and are recorded as permanent or expendable endowment reserves as appropriate.

5. 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 University has contributed to the NHS Pension Scheme in the past when it has employed staff who are already members.

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 FRS102 'Employee benefits', the scheme is accounted for as if it were a defined contribution scheme and the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme for the accounting period. However, because the University has entered into an agreement (the scheme Recovery Plan that determines how all employers will fund the overall deficit) it is required to recognise a liability within provisions for the contractual commitment to make deficit contributions and any resulting expense appears in the Statement of Consolidated Income and Expenditure. The provision is calculated based on the value of deficit contributions over the period of the Recovery Plan discounted to their present fair value.

Defined Benefit Scheme

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

the scheme's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Defined Contribution Scheme

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

Short term employee benefits

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

6. Leases

Finance leases

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

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

Operating leases

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

7. Service Concession Arrangements

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

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

Payments under the service concession arrangement are

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

8. Foreign Currencies

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

9. Tangible Fixed Assets

a. Capitalisation

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

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

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

b. Valuation

Tangible fixed assets are stated as follows:

Asset	Basis
Land	Deemed cost at 1 August 2014 (valuation at that date).
Buildings	Cost or, in the case of buildings for which the cost cannot readily be ascertained, at valuation.
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:

Buildings	15 to 50 years according to the designated useful life of its components
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.

10. Heritage assets

Assets meeting the definition of a heritage asset that have a cost or value of over £10,000 and were acquired since 1 August 2007 are capitalised at cost or value on acquisition, where such a valuation is reasonably obtainable.

Heritage assets where a value is maintained for insurance purposes are recognised at deemed cost based on a valuation at 1 August 2016. Other heritage assets are not capitalised as obtaining and maintaining valuations for them would be prohibitively expensive due to the extent of the collections.

Heritage assets are defined as 'tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture'.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

11. Investments

Investments in subsidiary companies are stated at the original cost of the investment and reviewed for impairment where appropriate.

Investment property is land and buildings held for rental income or capital appreciation rather than for delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions at the balance sheet date.

Current asset investments are included in the balance sheet at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Non-current investments are held on the Statement of Financial Position at amortised cost less impairment.

12. Stock

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

13. 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.

14. Financial Instruments

As allowable under FRS102 the University has adopted in full the recognition, measurement and disclosure requirements of sections 11 and 12 of FRS102. Where the University's financial assets and liabilities meet the criteria for basic financial instruments prescribed within FRS102, 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 FRS102 and as such the instruments are held at fair value with the annual change in value being recorded within the Statement of Comprehensive income as part of the surplus for the year.

15. 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.

16. Taxation

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

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

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. A deferred tax liability is provided

for if transactions or events giving rise to an obligation to pay more tax in the future, or less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that they are more likely than not to be recoverable in the future.

17. Joint venture

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

18. Significant accounting estimates and judgements

The University prepares its consolidated financial statements in accordance with FRS102, 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.

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

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 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. Management have made judgements in determining that the headlease of the land at Mount Oswald to Mount Oswald Colleges LLP is an operating lease under FRS102 Section 20. The annual amount released to the Statement of Comprehensive income is £372,000. 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 commits to an annual nominations agreement with MOC for the provision of student accommodation. A one year nominations agreement is made



between the University and MOC in October each year for the following academic year. This arrangement is deemed to be a Service Concession Arrangement under the terms of Section 34 of FRS102 and the University recognises the assets and liabilities to the extent that the University is required to fulfill nominations commitments at each 31 July.

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, management apply judgement in determining the appropriate value each financial year end, based on movements in the property market in the area. The balance at year-end was £17.1m.

Impairment of debtors

It is assumed initially that all debts will be recoverable in full unless there is evidence to suggest otherwise. Any debt that is evidently doubtful is provided for in full. For all other debts, judgement is applied by management in determining the applicable provision to apply. Once the debt reaches six months overdue a provision is created by type of debt based on historical experience of recoverability. A provision is also made for certain categories of debt of more than one month, but up to six months overdue. The adequacy of the provision is assessed and adjusted annually. The balance at year-end was £7.7m.

Estimates

Useful lives of fixed assets

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 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.

Annual leave liability

The liability for outstanding annual leave is calculated based on the assumption that academics do not take leave during University terms but take leave pro rata during the vacation periods. Actual data of outstanding leave is taken for a sample of administrative staff and extrapolated. The balance at year-end was £3.9m.

Calculation of USS pension 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 balance at year-end was £54.5m.

Calculation of Durham University Pension Scheme (DUPS) Provision

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 balance at year-end was £66.6m.

Judgements	Note	Estimates	Note
Mount Oswald Campus Project	12,20	USS Pension Provision	28
Endowment Properties	13	DUPS Pension Provision	28
Impairment of Debtors	17	Useful Lives of Fixed Assets	12



Financial Statements

Consolidated and University Statements of Comprehensive Income and Expenditure - Year ended 31 July 2021

	Note	Consolidated 2021 £'000	University 2021 £'000	Consolidated 2020 (Restated) £'000	University 2020 (Restated) £'000
Income					
Tuition fees and education contracts	1	241,301	241,301	229,210	229,210
Funding body grants	2	43,046	43,046	41,671	41,671
Research grants and contracts	3	51,170	51,170	45,257	45,257
Other income	4	45,750	45,478	55,602	55,397
Investment income	5	4,617	4,617	6,009	6,009
Donations and endowments	6	7,595	7,595	7,849	7,849
Total income		393,479	393,207	385,598	385,393
Expenditure					
Staff costs	7	217,460	217,460	207,761	207,761
USS provision		(981)	(981)	(64,584)	(64,584)
Other operating expenses	9	112,515	112,150	121,532	121,340
Depreciation	12	35,854	35,854	27,415	27,415
Impairment adjustment	12	4,861	4,861	301	301
Interest and other finance costs	10	4,088	4,088	17,236	17,236
Total expenditure		373,797	373,432	309,661	309,469
Surplus before other gains and share of operating surplus of joint venture		19,682	19,775	75,937	75,924
Net gain on investments	6	12,912	12,912	472	472
(Loss)/Gain on disposal of fixed assets		(27)	(27)	99	99
Share of operating surplus in joint venture	14	-	-	-	-
Surplus before tax		32,567	32,660	76,508	76,495
Taxation	11	-	-	-	-
Surplus for the year		32,567	32,660	76,508	76,495
Actuarial gain/(loss) in respect of pension schemes	28	13,803	13,803	(22,152)	(22,152)
Total comprehensive income for the year		46,370	46,463	54,356	54,343
Represented by:					
Endowment income	23	11,810	11,810	4,476	4,476
Restricted expenses	25	1,652	1,652	799	799
Unrestricted income		32,908	33,001	49,081	49,068
		46,370	46,463	54,356	54,343

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 2021

	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	81,937	8,022	284,705	374,664
Surplus from income and expenditure statement	4,721	2,334	69,453	76,508
Other comprehensive expenditure	-	-	(22,152)	(22,152)
Transfer between reserves	(245)	-	245	-
Release of restricted funds spent in year	-	(1,535)	1,535	-
Total comprehensive income for the year	4,476	799	49,081	54,356
Balance at 31 July / 1 August 2020	86,413	8,821	333,786	429,020
Surplus from income and expenditure statement	11,810	3,030	17,727	32,587
Other comprehensive income	-	-	13,803	13,803
Release of restricted funds spent in year	-	(1,378)	1,378	-
Total comprehensive income for the year	11,810	1,652	32,908	46,370
Balance at 31 July 2021	98,223	10,473	366,694	475,390

University Statement of Changes in Reserves for the year ended 31 July 2021

	Income and expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	81,937	8,022	285,884	375,843
Surplus from income and expenditure statement	4,721	2,334	69,440	76,495
Other comprehensive expenditure	-	-	(22,152)	(22,152)
Transfer between reserves	(245)	-	245	-
Release of restricted funds spent in year	-	(1,535)	1,535	-
Total comprehensive income for the year	4,476	799	49,068	54,343
Balance at 31 July / 1 August 2020	86,413	8,821	334,952	430,186
Surplus from income and expenditure statement	11,810	3,030	17,820	32,660
Other comprehensive income	-	-	13,803	13,803
Release of restricted funds spent in year	-	(1,378)	1,378	-
Total comprehensive income for the year	11,810	1,652	33,001	46,463
Balance at 31 July 2021	98,223	10,473	367,953	476,649

Consolidated and University Balance Sheets - as at 31 July 2021

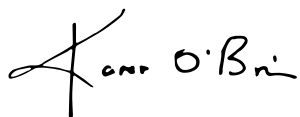
	Note	Consolidated 2021 £'000	University 2021 £'000	Consolidated 2020 (Restated) £'000	University 2020 (Restated) £'000
Non-current assets					
Fixed assets	12	599,721	600,827	596,602	597,708
Heritage assets	12	37,865	37,865	37,865	37,865
Intangible Assets	12	4,585	4,585	3,501	3,501
Investments	13	274,937	276,702	173,863	173,864
Investment in joint venture	14	-	-	-	-
		917,108	919,979	811,831	812,938
Current assets					
Stock	16	328	308	375	355
Trade and other receivables	17	24,263	22,513	25,168	25,168
Investments	18	25,753	25,753	40,545	40,545
Cash and cash equivalents	19	52,691	52,641	123,206	123,187
		103,035	101,215	189,294	189,255
Creditors: amounts falling due within one year	20	(105,308)	(105,100)	(109,493)	(109,395)
Net current (liabilities)/assets		(2,273)	(3,885)	79,801	79,860
Total assets less current liabilities		914,835	916,094	891,632	892,798
Creditors : amounts falling due after more than one year	21	(317,720)	(317,720)	(329,609)	(329,609)
Provisions					
Pension provisions	22	(120,716)	(120,716)	(132,528)	(132,528)
Other provisions	22	(1,009)	(1,009)	(475)	(475)
Total net assets		475,390	476,649	429,020	430,186

	Note	Consolidated 2021 £'000	University 2021 £'000	Consolidated 2020 (Restated) £'000	University 2020 (Restated) £'000
Restricted Reserves					
Endowment reserves	23	98,223	98,223	86,413	86,413
Restricted reserves	25	10,473	10,473	8,821	8,821
Unrestricted Reserves					
Income and expenditure reserve		366,694	367,953	333,786	334,952
		475,390	476,649	429,020	430,186

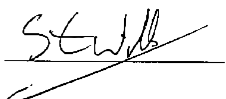
The Financial Statements and the accompanying notes and policies that form part of these Financial Statements were approved by the Council on 16 February 2022 and signed on its behalf by:



J Docherty
Chair of Council



K O'Brien
Vice-Chancellor



S Willis
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended 31 July 2021

	Note	2021 £'000	2020 (Restated) £'000
Cash flow from operating activities			
Surplus for the year		32,567	76,508
Adjustment for non-cash items			
Depreciation	12,13	35,485	27,716
Amortisation	13	370	-
Impairment	12	4,861	-
Gain on investments	13	(12,738)	(227)
Movement in fair value of derivatives	21	(6,976)	-
Decrease in stock	16	47	-
Decrease in debtors	17	2,669	(266)
Decrease in creditors	20	(4,557)	12,639
Transfer between fixed and current asset investments		-	336
Pension costs less contributions payable	22	1,991	(63,115)
Increase in provisions	22	534	(375)
Adjustment for investing or financing activities			
Investment income	5	(4,617)	(6,009)
Interest payable	10	9,471	10,412
Endowment donations	6	(2,124)	(2,100)
Profit / (Loss) on sale of fixed assets		53	(99)
Capital grant income	25	(1,393)	(1,575)
Net cash flow from operating activities		55,643	53,845
Cash flows used in investing activities			
Proceeds from sale of fixed assets		-	1,683
Capital grant receipts	25	1,393	1,575
Investment income	5	4,617	6,009
Payments made to acquire fixed assets	12	(44,973)	(63,398)
New non-current asset investments (including endowments and pooled funds)	13	(90,100)	(11,337)
Returned deposits	18	14,792	39,933
Endowment cash received	23	2,124	2,100
		(112,147)	(25,535)

Cash flows used in financing activities			
Interest paid	10	(9,471)	(10,431)
Repayment of amounts borrowed	21	(4,541)	(4,541)
		(14,012)	(12,872)
Increase in cash and cash equivalents in the year	19	(70,515)	15,438
Cash and cash equivalents at beginning of the year	19	123,206	107,768
Cash and cash equivalents at end of the year	19	52,691	123,206
		(70,515)	15,438

Analysis of Changes in Net Debt

	At 01 August 2020	Cash Flows	Other Non- Cash Changes	At 31 July 2021
	£'000	£'000	£'000	£'000
Cash & Cash Equivalents				
Cash	123,206	(70,515)	-	52,691
Overdrafts	-	-	-	-
Cash Equivalents	-	-	-	-
	123,206	(70,515)	-	52,691
Borrowings				
Debt Due within One Year	4,541	(4,541)	4,541	4,541
Debt Due After One Year	277,907	-	(4,541)	273,366
	282,448	(4,541)	-	277,905

Notes to the financial statements

	Consolidated 2021 £'000	University 2021 £'000	Consolidated 2020 £'000	University 2020 £'000
1. Tuition fees and education contracts				
Full-time home and EU students	121,649	121,649	109,414	109,417
Full-time international students	101,904	101,904	99,665	99,665
Part-time students	4,746	4,746	5,627	5,627
Short courses	2,987	2,987	4,877	4,877
Research training support grants	7,266	7,266	7,175	7,175
Other fees	2,749	2,749	2,452	2,452
	241,301	241,301	229,210	229,210

2. Funding body grants

Recurrent grant

Office for Students	6,312	6,312	6,469	6,469
Research England	31,562	31,562	31,959	31,959

Specific grants

Office for Students	80	80	80	80
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Capital grants

Office for Students	1,447	1,447	728	728
Research England	3,645	3,645	2,435	2,435
	43,046	43,046	41,671	41,671

3. Research grants and contracts

Research councils	33,545	33,545	26,822	26,822
UK charities	3,949	3,949	3,545	3,545
Central /Local Government	2,924	2,924	2,735	2,735
UK industries	2,559	2,559	2,536	2,536
EU Government	5,111	5,111	6,499	6,499
Other overseas	2,996	2,996	2,989	2,989
Other sources	86	86	131	131
	51,170	51,170	45,257	45,257

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 2021 amounted to £14.9m (2020 £13.9m) and is included in Note 3, across the various categories of income.

	Note	Consolidated 2021 £'000	University 2021 £'000	Consolidated 2020 £'000	University 2020 £'000
4. Other income					
Residences, catering and conferences		29,599	29,599	35,790	35,790
Other services rendered		5,559	5,559	5,964	5,964
CJRS Income		1,688	1,688	2,559	2,559
Other income		8,904	8,632	11,289	11,084
		45,750	45,478	55,602	55,397

5. Investment income					
Investment income on endowments		1,095	1,095	1,252	1,252
Investment income on restricted reserves		12	12	69	69
Other investment income		3,510	3,510	4,688	4,688
		4,617	4,617	6,009	6,009

6. Donations and endowments					
Capital grants and donations		2,216	2,216	3,169	3,169
New endowments	23	2,124	2,124	2,100	2,100
Donations with restrictions	25	1,603	1,603	1,169	1,169
Unrestricted donations		1,652	1,652	1,411	1,411
		7,595	7,595	7,849	7,849

The surplus on investment comprises:					
Endowment pooled funds		8,519	8,519	2,354	2,354
Other pooled funds		3,252	3,252	(1,665)	(1,665)
Endowment properties		967	967	(15)	(15)
Investments in associates		174	174	(202)	(202)
		12,912	12,912	472	472

	Consolidated 2021 £'000	University 2021 £'000	Consolidated 2020 £'000	University 2020 £'000
7. Staff costs				
Salaries	168,825	168,825	162,906	162,906
Social security costs	15,463	15,463	15,666	15,666
Other pension costs				
USS (See Note 28(a))	26,875	26,875	25,695	25,695
DUPS (See Note (28(b)))	6,027	6,027	3,224	3,224
NOW (See Note 28(c))	270	270	270	270
	217,460	217,460	207,761	207,761

Analysis of staff costs by activity				
Academic and related expenditure	138,609	138,609	132,890	133,890
Administration and central services	17,474	17,474	16,824	16,824
Premises	6,388	6,388	6,621	6,621
Residences, catering and conferences	12,121	12,121	13,538	13,538
Research grants and contracts	21,346	21,346	20,044	20,044
Student and staff facilities and amenities	12,317	12,317	11,880	11,880
General educational expenditure	1,516	1,516	1,556	1,556
Miscellaneous expenditure	7,689	7,689	4,408	4,408
	217,460	217,460	207,761	207,761

	2021 £'000	2020 £'000
Emoluments of the Vice-Chancellor		
Salary	290	273
Payment in lieu of pension contributions	29	27
Pension contribution to USS	5	6
Provision of accommodation	18	18
	342	324

The Vice-Chancellor withdrew from membership of USS in November 2016 and since that date only contributions to maintain life assurance cover have been paid. He receives instead an Additional Remuneration Allowance, 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.

The Vice-Chancellor was provided with rent free accommodation which was a non-taxable benefit as it is required wholly, necessarily and exclusively for the better performance of his duties of employment. The annual value is approximately £18,000. Utility costs, excluding water, are paid for by the University and are not separately identifiable. This was revised and treated as a benefit in kind from April 2021 as a result of changes in HMRC guidance.

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.

2020-21	Basic Pay multiple	Total Pay multiple
Including casual and agency workers	11.42	12.84
Excluding casual and agency workers	9.06	9.21

2019-20	Basic Pay multiple	Total Pay multiple
Including casual and agency workers	11.24	11.41
Excluding casual and agency workers	7.99	7.89

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 £200m-£400m income in 2019/20 was 9.2 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.

Vice-Chancellor Pay

The University is a large and complex institution with over 4,000 FTE staff and more than 20,000 students. It has an annual turnover of almost £400m per annum and has embarked upon an ambitious ten-year strategy including a programme of extensive estate refurbishment and new development totalling some £750m. Net growth of 330 new academic staff and up to 4,000 additional students is scheduled over the ten-year strategy period. The University generates £1.2bn GVA, two thirds of which accrues to the North East of England.

Durham is a top 5 UK university (Guardian 2021) and a world top 100 university (QS World Rankings 2021) 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, Science and Social Sciences, with subjects such as Theology and Archaeology ranked in the Top 10 in the world (QS 2021).

The Vice-Chancellor's salary is reviewed annually in accordance with our published pay policy. Decisions on the reward of the Vice-Chancellor are made by the University's Remuneration Committee (which is composed of independent members of the University's governing body) taking account of the achievement of strategic goals, the institution's national and international rankings and performance against key performance metrics. 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.

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

	2021	2020
	<i>No.</i>	<i>No.</i>
£100,000 – £104,999	10	18
£105,000 – £109,999	14	13
£110,000 – £114,999	14	8
£115,000 – £119,999	3	5
£120,000 – £124,999	9	9
£125,000 – £129,999	5	5
£130,000 – £134,999	5	4
£135,000 – £139,999	5	3
£140,000 – £144,999	1	2
£145,000 – £149,999	3	1
£150,000 – £154,999	3	2
£155,000 – £159,999	-	1
£165,000 – £169,999	1	-
£170,000 – £174,999	3	1
£175,000 – £179,999	-	1
£180,000 – £184,999	-	-
£195,000 – £199,999	1	-
£200,000 – £204,999	1	1
£205,000 – £209,999	1	1
£210,000 – £214,999	-	-
£215,000 – £219,999	-	1
	79	76
Key management personnel	2021	2020
	£'000	£'000
Key management personnel remuneration	3,007	2,939
	2021	2020
	No.	No.
Number of staff	16	16

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling. The remuneration disclosed relates to the members of the University Executive Committee which comprises: Vice-Chancellor and Warden, Deputy Vice-Chancellor and Provost, Pro-Vice-Chancellor (Global), Vice-Provost (Education), Vice-Provost (Research), Executive Dean (Arts and Humanities), Executive Dean (Science), Executive Dean (Social Science and Health), Executive Dean (Business), Pro-Vice-Chancellor (Colleges and Student Experience), Chief Financial Officer, Chief Information Officer, Director of Estates and Facilities, Director of Human Resources and Organisational Development and the Director of Strategy Delivery.

Staff numbers	2021	2020
<i>Full time equivalent staff numbers by type</i>	<i>No.</i>	<i>No.</i>
Academic	1,858	1,795
Professional and technical	1,020	999
Administrative and clerical	589	599
Facilities and other support	603	600
	4,070	3,993

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 arm's 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 (2020 - nil).

The total expenses paid to or on behalf of seven of the Council members was £7,765 (2020: £11,447 to 12 of the Council members). This represents travel and subsistence expenses incurred in attending Council and Committee meetings in their official capacity.

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 2020 to March 2021

Relevant Union Officials	2020 - 21	2019 - 20
Number of employees who were relevant union officials during the relevant period	22	24
Full-time equivalent employee number	19.09	19.97

Percentage of time spent on facility time	Number of Employees 2020 - 21	Number of Employees 2019 - 20
0%	4	6
1-50%	18	18
51-99%	-	-
100%	-	-

Percentage of pay bill spent on facility time	2020 - 21	2019 - 20
Total cost of facility time	£71,355	£26,655
Total Pay Bill	£198,961,778	£199,265,957
Percentage of pay bill spent of facility time	0.04%	0.01%

Paid Trade Union activities	2020 - 21	2019 - 20
Time spent on paid trade union activities as a percentage of total paid facility time hours	0.74%	11.73%

Compensation for loss of office - all staff	2021	2020
	£'000	£'000

Compensation for loss of office including redundancy payments and end of a fixed term contract.	1,536	1,027
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	2021	2020
	No.	No.

Number of staff	188	162
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8. Related party transactions

The University maintains a Register of Interests for all its senior staff including Council members.

The following transactions have been identified for disclosure in relation to those organisations related to senior executive staff and members of Council. The transactions are those entered into by the University at arm's length and are not payments to the individuals listed:

Organisation	Council Member	Receipts £	Debtors £	Payments £	Creditors £
Association of Commonwealth Universities	Stuart Corbridge	-	-	5,917	-
Atom Bank	Cheryl Millington	6,013	-	-	-
British Library	Joanna Barker	5,438	3,452	-	-
Cambridge University	Colin Bain	28,738	-	70,839	-
CPI Innovation Services Limited	Nigel Perry	48	-	-	-
Durham Cathedral	Andrew Tremlett	35,181	3,985	56,240	-
Durham Women's Football Club	Joe Elliott	1,025	-	31,000	-
Durham Students' Union	Seun Twins, Sarah McAllister	690	-	984,425	-
Hays Plc	Cheryl Millington	-	-	49,615	-
Institute of Conservation	James Grierson	-	-	600	-
Institution of Chemical Engineers	Nigel Perry	-	-	2,592	-
King's College London	Denise Lievesley	21,840	-	-	-
Mount Oswald Colleges LLP	Jennifer Sewel, James Grierson, Claire O'Malley	-	-	6,001,139	-
N8 Board	Stuart Corbridge	-	-	60,000	-
Natural Environment Research Council	Colin Macpherson	627,312	-	5,155	-
NEPACS	Stuart Corbridge	-	-	103	-
Royal Society of Chemistry	Nigel Perry	-	-	6,262	-
Skimstone Arts	Liadi Mudashiru	-	-	14,000	-
St Chad's College	Camila Caiado, Andrew Tremlett	9,401	19,681	59,883	(30)
UCEA	Stuart Corbridge	-	-	24,383	-
UK India Council	Jonathan Bewes	-	-	167,496	-
Universities UK	Stuart Corbridge	-	-	107,071	-
University of Wollongong	Jacqui Ramagge	-	-	882	-

The University makes payments on behalf of and is reimbursed by Durham Students' Union. The University does not exercise day-to-day control over the affairs of Durham Students' Union.

The University has taken advantage of the exemption within FRS102 not to disclose transactions with other members of the Group.

The payment for the Mount Oswald Colleges LLP relates to the Mount Oswald Campus Project as detailed in the Accounting Policies narrative to these Financial Statements.

The University accounts for transactions relating to those Durham Student Organisations and Experience Durham which have elected to opt-in to a framework enabling them to operate within the organisational and governance structure of the University. There are three student organisations that have elected to remain independent and the values of any transactions with them are included above under the heading College Junior Common Room Societies.

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
9. Analysis of non-staff costs by activity				
Academic and related expenditure	32,444	32,444	35,918	35,918
Administration and central services	5,631	5,631	6,702	6,593
Premises	12,307	12,307	23,766	23,766
Residences, catering and conferences	17,084	17,084	12,445	12,445
Research grants and contracts	8,416	8,416	8,472	8,472
Student and staff facilities and amenities	5,687	5,687	6,927	6,927
General educational expenditure	25,355	25,355	24,672	24,672
Miscellaneous expenditure	5,591	5,226	2,630	2,547
	112,515	112,150	121,532	121,340

Other operating expenses include:	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
External auditors' remuneration in respect of audit services	192	192	147	138
External auditors' remuneration in respect of non-audit services	12	12	-	-
Operating lease rentals:				
Land and buildings	9,879	9,879	2,118	2,118
Other	322	322	448	448

	Note	Consolidated	University	Consolidated	University
		2021	2021	2020	2020
		£'000	£'000	£'000	£'000

10. Interest and other finance costs

Loan interest		9,471	9,471	10,412	10,412
Change in fair value of derivatives		(6,974)	(6,974)	3,571	3,571
Net charge on USS pension scheme	28	496	496	2,105	2,105
Net charge on DUPS pension scheme	28	1,095	1,095	1,148	1,148
		4,088	4,088	17,236	17,236

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
11. Taxation				
Current tax				
Current tax expense	-	-	-	-
	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
	-	-	-	-
Total tax expense	-	-	-	-

12. Fixed assets

Consolidated

Cost or Valuation	Freehold Land and Buildings	Plant and Machinery	Service Concession	Assets in the Course of Construction	Heritage Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 August 2020	646,957	176,012	5,961	44,433	37,865	911,228
Additions	-	-	6,136	38,837	-	44,973
Capitalisation	47,986	22,467	-	(71,908)	-	(1,455)
Impairment Adjustment	(4,861)	-	-	-	-	(4,861)
Disposals	-	(8,029)	(5,961)	-	-	(13,990)
At 31 July 2021	690,082	190,450	6,136	11,362	37,865	935,895
Depreciation	Freehold Land and Buildings	Plant and Machinery	Service Concession	Assets in the Course of Construction	Heritage Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 August 2020	150,984	125,777	-	-	-	276,761
Charge for Year	15,057	14,467	5,961	-	-	35,485
Disposals	-	(7,976)	(5,961)	-	-	(13,937)
At 31 July 2021	166,041	132,268	-	-	-	298,309
Net Book Value						
At 31 July 2021	524,041	58,182	6,136	11,362	37,865	637,586
At 1 August 2020	495,973	50,235	5,961	44,433	37,865	634,467

The impairment relates to a revaluation of the Holliday Building, which is part of the Queen's Campus at Stockton.

The service concession relates to the arrangement with Mount Oswald Colleges LLP, as referred to in Section 18 of the Statement of Principle Accounting Policies.

University

Cost or Valuation	Freehold Land and Buildings	Plant and Machinery	Service Concession	Assets in the Course of Construction	Heritage Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 August 2020	645,500	176,141	5,961	44,433	37,865	909,900
Additions	-	-	6,136	38,837	-	44,973
Capitalisation	47,986	22,467	-	(71,908)	-	(1,455)
Impairment Adjustment	(4,861)	-	-	-	-	(4,861)
Disposals	-	(8,029)	(5,961)	-	-	(13,990)
At 31 July 2021	688,625	190,579	6,136	11,362	37,865	934,567

Depreciation	Freehold Land and Buildings	Plant and Machinery	Service Concession	Assets in the Course of Construction	Heritage Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 August 2020	148,549	125,778	-	-	-	274,327
Charge for Year	15,057	14,467	5,961	-	-	35,485
Disposals	-	(7,976)	(5,961)	-	-	(13,937)
At 31 July 2021	163,606	132,269	-	-	-	295,875

Net Book Value

At 31 July 2021	525,019	58,310	6,136	11,362	37,865	638,692
At 1 August 2020	496,951	50,363	5,961	44,433	37,865	635,573

Heritage Assets

Heritage assets with an initial cost or value over £10,000 and acquired after 1 August 2007 are capitalised. Also capitalised are heritage assets for which an insurance value is held, including the Library's special collections.

Durham University holds other heritage assets in its Libraries and Museums, information about which may be found at: durham.ac.uk/library/asc. Included in these collections are materials in many formats such as paper and parchment manuscripts, printed books, photographs, maps, prints, moving images, museum artefacts etc. The University has not capitalised these assets as obtaining and maintaining valuations for them would be prohibitively expensive due to the extent of the collections.

The Library's collecting policy for its Archives and Special Collections is designed to support the research and teaching of Durham University, and to develop coherent collections which build on existing strengths as a service to scholarship generally. In considering any acquisition, therefore, attention is paid to its scholarly significance, its appropriateness to the University's academic needs and priorities, its relation to the Library's existing collections and to the existing pattern of national and regional collections.

Heritage assets	2021	2020	2019	2018
	£'000	£'000	£'000	£'000
Acquisitions purchased with specific donations	-	5	686	65
Acquisitions purchased with University funds	-	-	-	-
Total cost of acquisitions purchased	-	5	686	65
Value of acquisitions by donation	-	45	-	-
Total acquisitions capitalised	-	50	686	65

Intangible assets	Consolidated	University
	2021	2021
	£'000	£'000
Opening Balance	3,501	3,501
Additions	1,454	1,454
Amortisation Charges for the Year	(370)	(370)
Closing Balance	4,585	4,585

The additions during the year relate to the purchase and setup of a software intangible asset.

	Subsidiary companies	Investment in Associates	Other fixed asset investments	Total
	£'000	£'000	£'000	£'000
13. Non-current investments				
Consolidated				
At 1 August 2020	-	140	173,723	173,863
Additions	-	100	90,000	90,100
Increase in market value	-	-	12,738	12,738
Transfers	-	-	(1,764)	(1,764)
At 31 July 2021	-	240	274,697	274,937

University

At 1 August 2020	1,764	140	171,959	173,863
Additions	-	100	90,000	90,100
Increase in market value	-	-	12,738	12,738
Disposals	-	-	-	-
At 31 July 2021	1,764	240	274,697	276,701

Other non-current investments consist of:

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Endowment pooled fund investments	67,709	67,709	56,991	56,991
Other pooled fund investments	189,936	189,936	98,884	98,884
Endowment properties	17,052	17,052	16,085	16,085
Other	240	2,005	1,903	1,904
	274,937	276,702	173,863	173,864

14. 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.

	2021	2020
	£'000	£'000
Income and expenditure account		
Income	58	57
Surplus before tax	-	-
Balance Sheet		
Current assets	46	52
Creditors due after more than one year	(46)	(52)
Share of net assets	-	-

15. Investments in subsidiary companies

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 trading	100% Ordinary Shares
Durham Women's Football Club Ltd*	Football club activities	100% Ordinary Shares
SmartBioFilm	Dormant company	100% Ordinary Shares

All of the above companies are incorporated in England and Wales

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

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

Pepmotec Ltd ***	24.90% Ordinary Shares
GeoEnergy Durham ***	24.90% Ordinary Shares
Geospatial Research Ltd ***	24.00% Ordinary Shares
OlexSys Ltd ***	22.00% Ordinary Shares
Concept Analyst Ltd ***	20.00% Ordinary Shares
Magnitude Biosciences Ltd	19.26% Ordinary Shares
Geoptic Ltd	16.70% Ordinary Shares
TPH Surveys Ltd	15.00% Ordinary Shares
PB Spectroscopy	15.00% Ordinary Shares
Northern Light Optical	15.00% Ordinary Shares
Nevragenics	13.30% Ordinary Shares
Nirvisio	12.84% Ordinary Shares
Durham Magneto Optics Ltd	12.75% Ordinary Shares
Gamble De Grussa Ltd	10.87% Ordinary Shares
Nascent Semiconductor	9.75% Ordinary Shares
Lightox Ltd	4.35% Ordinary Shares
Sphera	3.89% Ordinary Shares
Gliff Ltd	3.55% Ordinary Shares
Applied Graphene Materials	2.30% Ordinary Shares
Goliath Wind Ltd	2.22% Ordinary Shares
Kromek PLC	0.14% Ordinary Shares
P2I Ltd	0.06% Ordinary Shares

**** Not consolidated because at 31 July 2021 the University did not exercise effective control over these companies. Other companies are not consolidated because the level of shareholding is below 20%*

The University also holds investments in companies established jointly by several Universities:

N8 Ltd	Research	12.5% share (company limited by guarantee)
CVCP Properties Plc	Property	0.9% Ordinary Shares

The cost of the University's shareholding in the spin-off investments above is recorded within Note 13, Investment in Associates. Due to their AIM-listing, the market value of the University's shareholding in Applied Graphene Materials plc and Kromek plc is recorded in Note 18 within the heading Short-term investment in shares.

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
16. Stock				
Goods for resale	308	308	355	355
Development land for resale	20	-	20	-
	328	308	375	355

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
17. Trade and other receivables				
Amounts falling due within one year:				
Research grant receivables	12,354	12,354	12,294	12,294
Other trade receivables	10,154	8,404	11,708	11,708
Prepayments and accrued income	1,755	1,755	1,166	1,166
	24,263	22,513	25,168	25,168

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
18. Current investments				
Short term investment in shares	513	513	339	339
Short term deposits	25,240	25,240	40,206	40,206
	25,753	25,753	40,545	40,545

Deposits are held with banks operating in the London market and licensed by the Financial Services Authority. The short-term deposits consist of two balances, one of which had more than three months' maturity at 31 July 2021. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement. At 31 July 2021, the University held £15.0m on 32-day notice at 0.05% and £10.2m on 95-day notice at 0.1%.

	At 1st August 2020	Cash Flows	At 31st July 2021
	£'000	£'000	£'000
19. Cash and cash equivalents			
Cash and Cash Equivalents (University)	123,187	(70,546)	52,641
Cash and Cash Equivalents (Consolidated)	123,206	(70,515)	52,691

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000

20. Creditors : amounts falling due within one year

Unsecured loans	4,541	4,541	4,541	4,541
Trade payables	10,699	10,491	9,379	9,373
Research grants received on account	36,252	36,252	36,657	36,657
Social security and other taxation payable	12,110	12,110	12,116	12,116
Accruals and deferred Income	35,570	35,570	40,839	40,747
Service Concession Arrangements	6,136	6,136	5,961	5,961
	105,308	105,100	109,493	109,395

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
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Donations	1,986	1,986	1,786	1,786

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000

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

Derivatives	25,996	25,996	32,972	32,972
Mount Oswald headlease	18,360	18,360	18,732	18,732
Unsecured loans	273,364	273,364	277,905	277,905
	317,720	317,720	329,609	329,609

Analysis of unsecured loans	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Due within one year or on demand	4,541	4,541	4,541	4,541
Due between one and two years	4,541	4,541	4,541	4,541
Due between two and five years	13,622	13,622	13,622	13,622
Due in five years or more	255,201	255,201	259,744	259,744
Total secured and unsecured loans	277,905	277,905	282,448	282,448
Due within one year	(4,541)	(4,541)	(4,541)	(4,541)
Due after more than one year	273,364	273,364	277,907	277,907

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, which as of 31 July 2021 is undrawn.

All the above loans bear interest at LIBOR but are subject to interest rate hedging arrangements described below. The balance of these loans at 31 July 2021 total £44.5m.

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 2021 is £8.4m.

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

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

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

Interest rate hedging

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

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

The fair value of the liability represented by these interest rate hedges is disclosed as Derivatives in the note above. These hedges are to remain in place even though some of the related loans were repaid in August 2018. The University has not deemed these financial hedges under Chapter 12 of FRS102.

22. Provisions for Liabilities

Consolidated	Obligation to fund deficit on USS Pension £'000	Defined Benefit Obligations (Note 28) £'000	Total Pension Provisions £'000	Fudan Tax Provision £'000	Strike Deductions £'000	Total Other £'000
At 1 August 2020	54,517	78,011	132,528	-	475	475
Utilised in Year	(2,560)	-	(2,560)	-	-	-
Additions in 2020/21	2,115	-	2,115	1,000	-	1,000
Reductions in 2020/21	-	(11,367)	(11,367)	-	(466)	(466)
As at 31 July 2021	54,072	66,644	120,716	1,000	9	1,009

University	Obligation to fund deficit on USS Pension £'000	Defined Benefit Obligations (Note 28) £'000	Total Pension Provisions £'000	Fudan Tax Provision £'000	Strike Deductions £'000	Total Other £'000
At 1 August 2020	54,517	78,011	132,528	-	475	475
Utilised in Year	(2,560)	-	(2,560)	-	-	-
Additions in 2020/21	2,115	-	2,115	1,000	-	1,000
Reductions in 2020/21	-	(11,367)	(11,367)	-	(466)	(466)
As at 31 July 2021	54,072	66,644	120,716	1,000	9	1,009

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 FRS102 'Employee benefits', the scheme is accounted for as if it were a defined contribution scheme.

As part of the 2014 valuation of the USS pension scheme, the trustees determined, after consultation with the employers, a recovery plan to extinguish the shortfall by 31 March 2031. The contributions being paid by the employer include an amount designed to recover the deficit, the rates of which are disclosed in Note 28a. In accordance with FRS102 Section 28, a liability is recognised for the contractual commitment to make such deficit contributions, calculated based on the value of deficit contributions over the period of the Recovery Plan discounted to their present fair value using an appropriate discount rate. The increase in the provision includes the amount of recovery contributions payable less the impact of unwinding the discount during 2021.

Defined Benefit Obligations

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

Fudan Tax Provision

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

23. Endowment reserves

Consolidated and University	Restricted Permanent	Unrestricted Permanent	Restricted Expendable	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2020					
Capital	40,956	30,495	10,486	81,937	78,278
Accumulated income	3,881	-	595	4,476	3,659
	<u>44,837</u>	<u>30,495</u>	<u>11,081</u>	<u>86,413</u>	<u>81,937</u>
New endowments	2,039	-	85	2,124	2,100
Investment income	745	131	219	1,095	1,252
Expenditure	(336)	(131)	(428)	(895)	(669)
Increase in market value of investments	5,911	1,092	1,516	8,519	2,354
Increase / (decrease) in market value of properties	-	967	-	967	(316)
Transfer from General Funds	-	-	-	-	(245)
Transfer from Restricted reserves	-	-	-	-	-
Total endowment comprehensive income for the year	8,359	2,059	1,392	11,810	4,476
At 31 July 2021	53,196	32,554	12,473	98,223	86,413
Represented by					
Capital	48,876	32,554	11,910	93,340	81,937
Accumulated income	4,320	-	563	4,883	4,476
	<u>53,196</u>	<u>32,554</u>	<u>12,473</u>	<u>98,223</u>	<u>86,413</u>
Analysis by type of purpose:					
Fellowships	15,646	-	3,588	19,234	13,319
Lectureships	541	-	-	541	3,698
Scholarships and bursaries	17,710	-	-	17,710	14,085
Research support	8,295	-	5,517	13,812	12,245
Prize funds	2,613	-	-	2,613	2,286
Student facilities	8,391	-	3,368	11,759	10,285
General	-	32,554	-	32,554	30,495
	<u>53,196</u>	<u>32,554</u>	<u>12,473</u>	<u>98,223</u>	<u>86,413</u>
Analysis by asset:					
Fixed assets				17,052	16,085
Current and non-current asset investments				67,709	56,991
Cash and cash equivalents				13,462	13,337
				<u>98,223</u>	<u>86,413</u>

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
Opening balance 1 August 2020	2,633	3,049	43	1,621	7,346
Additions	88	-	-	-	88
Income	36	88	1	27	152
Expenditure	(106)	(116)	-	(37)	(259)
Change in market value	276	445	6	223	950
Closing balance at 31 July 2021	2,927	3,466	50	1,834	8,277
Number of funds	5	2	2	9	18

25. Restricted reserves

Consolidated and University	Unspent Capital Grants	Donations	2021 Total	2020 Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2020	1,617	7,204	8,821	8,022
New grants	1,393	-	1,393	1,575
New donations	-	1,603	1,603	1,169
Transfer to endowments	-	-	-	-
Transfer to capital grants	-	-	-	(479)
Transfer of previous year donations	-	21	21	-
Investment income	-	12	12	69
Capital grants utilised	(341)	-	(341)	(637)
Expenditure	-	(1,036)	(1,036)	(898)
Total restricted comprehensive income for the year	1,051	600	1,652	799
At 31 July 2021	2,669	7,804	10,473	8,821
Analysis of other restricted funds/donations by type of purpose:				
Fellowships	-	541	541	507
Scholarships and bursaries	-	2,960	2,960	2,571
Research support	170	1,554	1,724	1,617
Student facilities	2,499	2,644	5,143	4,032
Prize funds	-	105	105	94
	2,669	7,804	10,473	8,821

26. Capital commitments

	Consolidated	University	Consolidated	University
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Commitments contracted for	17,717	17,717	18,977	18,977

27. Lease obligations

	Land and Buildings	Plant and Machinery	2021 Total	2020
	£'000	£'000	£000	£000
Payable during the year	4,240	53	4,293	2,566
Future minimum lease payments due				
Not later than 1 year	4,240	53	4,293	2,566
Later than 1 year and not later than 5 years	17,163	42	17,205	8,198
Later than 5 years	41,740	-	41,740	28,013
Total lease payments due	63,143	95	63,238	38,777

28. Pensions

(a) Universities Superannuation Scheme

The total cost of contributions charged to the Income and Expenditure account was £26,875,000 (2020: £25,695,000). This includes £2,253,096 (2020: £2,195,000) outstanding contributions at the balance sheet date.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ('the valuation date') which was carried out using the projected unit method. A valuation as at 31 March 2020 was underway at 31 July 2021; Note 32 (Post Balance Sheet Events) refers to the impact of this valuation.

Since the institution cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £63.7 billion and the value of the Scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate	Years 1-10: CPI – 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21+: CPI + 1.55%
Price inflation (CPI)	Term-dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% pa

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

2018 Valuation

Pre-retirement	
Male members' mortality	71% of AMCO0 (duration 0) for males
Female members' mortality	112% of AFC00 (duration 0) for females

Post-retirement	
Male members' mortality	99.6% of SAPS SINMA 'light' for males
Female members' mortality	102.7% of RV00 for females

Future improvements to mortality CMI_2017 with a smoothing parameter of 8.5 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:

	2018 Valuation	2017 Valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6% until 31 March 2028. The 2020 deficit recovery liability reflects this plan. The provision figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.91%	1%
Price inflation (CPI)	3%	3%

(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 separate board of Trustees which is legally separate from the University. The Trustees are composed of representatives of both the University and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

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

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

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

Profile of the plan

The defined benefit obligation includes benefits for current employees, former employees and current pensioners. At the latest funding valuation at 1 April 2018, 42% of the liabilities were attributable to current employees, 25% to former employees and 33% to current pensioners.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 1 April 2018 and showed a deficit of £25.2m. The deficit was expected to be removed by 29 February 2028 through a combination of additional contributions of 3.3% of pensionable salary and asset outperformance over and above that anticipated in the technical provisions. The trustees will monitor progress against this target. The next funding valuation is due to be carried out as at 1 April 2021, at which time progress towards full-funding will be reviewed. Over the accounting period the University paid contributions of 22.1% of Pensionable Salaries less member contributions in respect of accrual of benefits for current employees.

The University expects to contribute £3,923,493 in the year commencing 1 August 2021.

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 2021

The results of the latest funding valuation at 1 April 2018 have been adjusted to the balance sheet date taking account of experience over the period since 1 April 2018, 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	2021 % per annum	2020 % per annum
RPI inflation	3.15	2.85
CPI inflation	2.85	2.25
Long term rate of salary increases	3.30	3.00
Rate of discount for Scheme liabilities	1.65	1.40
Increases to pensions in payment - minimum 3%	3.60	3.50
Increases to pensions in payment - maximum 2.5%	2.00	2.05

Non-financial assumptions

The most significant non-financial assumption is assumed longevity and the mortality assumptions adopted at 31 July 2021 imply the following life expectancies from age 65:

	2021 years	2020 years
Male currently aged 65	20.6	20.5
Female currently aged 65	22.9	22.8
Male currently aged 45	21.9	21.8
Female currently aged 45	24.5	24.4

The mortality table adopted is the S2PA table with a scaling factor of 115% for males and 110% for females. An allowance for future improvement has been made in line with CMI 2020 core projections assuming a long-term rate of improvement in mortality of 1.25% p.a. a smoothing parameter (skappa) of 7.0 and A parameter of 0.

Scheme assets and expected rates of return

The assets of the Scheme were invested as follows:	2021 £'000	2020 £'000
UK equities	2,085	1,493
Overseas equities	47,030	37,819
Absolute return	37,189	32,505
Liability Driven Investments	42,976	45,138
Property	11,499	10,777
Cash / other	3,412	5,899
	144,191	133,631

	2021	2020
	£'000	£'000
Present value of Scheme liabilities	(210,835)	(211,642)
Fair value of Scheme assets	144,191	133,631
Net liability	(66,644)	(78,011)

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

	2021	2020
	£'000	£'000
Present value of Scheme liabilities at 1 August	211,642	178,857
Current service cost	6,878	5,722
Interest cost	2,974	3,862
Contributions by members	92	92
Actuarial gains / (losses)	(5,134)	27,362
Benefits paid and death in service insurance premiums	(5,617)	(4,285)
Past service costs	-	32
Present value of plan liabilities at 31 July	210,835	211,642

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

	2021	2020
	£'000	£'000
Fair value of Scheme assets at 1 August	133,631	125,472
Interest income	1,879	2,714
Return on plan assets	8,718	5,210
Contributions by employer	6,429	5,435
Contributions by members	92	92
Benefits paid and death in service insurance premiums	(5,617)	(4,285)
Administration costs	(941)	(1,007)
Fair value of Scheme assets at 31 July	144,191	133,631

Analysis of the charge to the income and expenditure account

	2021	2020
	£'000	£'000
Analysis of operating charge		
Current service cost	(6,878)	(5,722)
Administration costs	(941)	(1,007)
Past service cost	-	(32)
Operating charge	(7,819)	(6,761)
Analysis of pension finance cost		
Interest income	1,879	2,714
Interest on plan liabilities	(2,974)	(3,862)
Pension finance cost	(1,095)	(1,148)
Total cost	(8,914)	(7,909)

Amount recognised in Other Comprehensive Income

	2021	2020
	£'000	£'000
Return on plan assets	8,669	5,210
Experience gains arising on plan liabilities	826	281
Change in financial and demographic assumptions underlying the plan liabilities	4,308	(27,643)
	13,803	(22,152)

Amounts for the current and previous five years

	2021	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of assets	144,191	133,631	125,472	115,528	108,623	98,736
Present value of Scheme liabilities	(210,835)	(211,642)	(178,857)	(159,785)	(157,815)	(152,566)
Deficit in Scheme	(66,644)	(78,011)	(53,385)	(44,257)	(49,192)	(53,830)
Experience adjustment on Scheme liabilities	826	281	6,200	(1,579)	135	(1,055)
Experience adjustment on Scheme assets	8,669	5,210	7,883	5,192	7,674	6,526
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	4,308	(27,643)	(19,227)	4,729	266	(22,317)

(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 2% and employees pay 3%. The cost to the University during 2021 was £270,000 (2020: £270,000).

29. Access and Participation

Expenditure 2020/21	2021	2020
	£'000	£'000
Access Expenditure Only	4,546	5,071
Financial Support	5,483	5,195
Disabled Students (incl. disability support & disability premium)	1,125	1,207
Research and evaluation related to Access and Participation	109	106
	11,263	11,579

Despite a turbulent financial year as a result of Covid-19, total income remained broadly in line with forecast and, as a result, so did spend on access and participation.

In our Access and Participation Plan for 2020/21, our target total spend for access, participation and success was set at approximately £9.56m, of which £4.235m and £5.3m were the specific targets for access and financial support respectively. Both targets have been exceeded. Access expenditure is lower than the previous year but still in excess of target. Most access activity took place digitally as a result of Covid restrictions, which meant in person activity could not take place. We increased the level of staffing to ensure the digital offer was high quality. As a result, staff costs make up 55% of access expenditure (up from 49%) previously. We found success in the pivot to digital activity and were able to engage more learners than expected, well in excess of target. Financial support also exceeded target, with the level of expenditure on the Durham Grant Scheme increasing by 10.4%.

Staff costs make up approximately 28% of the total access and participation expenditure at £3.1m. In the case of the research and evaluation related to access participation, the majority of this spend relates to academic research that directly informs our Access and Participations plans. All staff costs are already captured in Note 7.

We continue to commit to focussed outreach activity as set out in our 2020/21 to 2024/25 Access and Participation Plan.

Our interventions are well targeted at underrepresented groups, which ensures they are effective and efficient. This not only demonstrates an outcomes-based approach, but equally represents good value for money. We continue to find particular success in the recruitment of underrepresented groups through action at the point of admission, such as the extensive use of contextual offers. These measures have been part of a major admissions project, 'Recruiting the Next Generation of Students', which is continuing to give a high access return on the investment. In particular, our internal data for 2021 entry demonstrates continuing improvement in the proportion of Low Participation Neighbourhood enrolments.

The 2020/21 to 2024/25 Access and Participation Plan is published at: durham.ac.uk/about/strategy2020/other/access. This plan does not form part of the financial statements.

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£000	£'000	£000	£'000
30. Total grant and fee income				
Grant income from OfS	7,839	7,839	7,277	7,277
Grant income from other bodies	42,473	42,473	41,569	41,569
Fee income from taught awards	231,048	231,048	217,158	217,158
Fee income from research awards	51,170	51,170	45,257	45,257
Fee income from non-qualifying courses	2,987	2,987	4,877	4,877
	335,517	335,517	316,138	316,138

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 (FRS102) 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 2021	Year ended 31 July 2020
<i>Page</i>	<i>Related Note</i>		£'000	£'000
-	-	Net Assets without Donor Restrictions	366,694	333,786
-	-	Net Assets with Donor Restrictions	108,696	95,234
96	23	Funds Restricted in Perpetuity	(53,196)	(44,837)
96	23	Term Endowments	(12,473)	(11,081)
96	23	Life Income Funds	(32,554)	(30,495)
70	12	Property, Plant & Equipment	(599,721)	(597,708)
98	27	Lease - Right of Use (net)	-	-
95	22	Pension Liability	118,467	132,528
94	21	Placement Loans	225,000	225,000
93	21	Lines of Credit for Long-Term Purposes	48,366	52,907
98	27	Lease - Right of Use Asset Liability	-	-
82	8	Related Party Receivables	-	(57)
			169,279	155,277
Total Operating Expenses			373,797	309,661
Primary Reserve Ratio			0.4529	0.5014

Equity Ratio			Year ended 31 July 2021	Year ended 31 July 2020
<i>Page</i>	<i>Related Note</i>		£'000	£'000
-	-	Net Assets without Donor Restrictions	366,694	333,786
-	-	Net Assets with Donor Restrictions	108,696	95,234
-	-	Goodwill	-	-
82	8	Related Party Receivables	-	(57)
			475,390	428,963
Total Assets			1,020,143	1,001,498
Equity Ratio			0.4660	0.4283
Net Income Ratio			Year ended 31 July 2021	Year ended 31 July 2020
<i>Page</i>	<i>Related Disclosures</i>		£'000	£'000
67	SOCI	Change in Net Assets without Donor Restrictions	366,694	333,786
		Net Assets with Donor Restrictions	108,696	95,234
		Related Party Receivables	-	(57)
			475,390	428,963
-	-	Total Operating Revenue - Unrestricted	393,480	385,598
-	-	Less Investment Return Appropriated for Spreading	-	-
67	SOCI	Less Sale of Fixed Assets	(27)	99
			393,453	385,697
Net Income Ratio			0.8276	0.8991

32. Post Balance Sheet Events

As detailed in Note 28, the Universities Superannuation Scheme (USS) was undergoing an actuarial valuation at the balance sheet date of 31 July 2021. This valuation was completed and signed by the Pensions Regulator with an effective date of 1 October 2021.

As a result of the increased scheme deficit following the 2020 Valuation the Joint Negotiating Committee (JNC) has instigated a member consultation around proposed changes in response to the rising cost of providing the scheme's current benefits. Its decision paves the way for the introduction of new contribution rates through execution of a benefit change deed in February 2022.

A new Recovery Plan, Schedule of Contributions and Statement of Funding Principles was signed by the Trustee as part of the 31 March 2020 valuation, with new contribution rates effective from 1 October 2021. In particular, the deficit recovery contributions payable will also be dependent on the enactment of a Benefit Change Deed as below.

Deficit Recovery Contributions (DRC) under the 2018 Valuation (2% of salary up to 30 September 2021) cease from 1 October 2021.

Option 1: Benefit Change Deed enacted before 28 February 2022:

- From 1 April 2022: DRC 6.3% p.a. of Salary

The funding deficit would be expected to be eliminated by 31 March 2038.

Option 2: Benefit Change Deed not enacted by 28 February 2022:

- From 1 October 2022 to 31 March 2023: DRC 3% p.a. of Salary
- From 1 April 2023 to 30 September 2023: DRC 6% p.a. of Salary
- From 1 October 2023 to 31 March 2024: DRC 9% p.a. of Salary
- From 1 April 2024 to 30 September 2024: DRC 12% p.a. of Salary
- From 1 October 2024 to 31 March 2025: DRC 15% p.a. of Salary
- From 1 April 2025 to 30 September 2025: DRC 18% p.a. of Salary
- From 1 October 2025 onwards: DRC 20% p.a. of Salary

The funding deficit would be expected to be eliminated by 31 July 2032.

Clearly a change in the DRC affects the value of the USS provision the University has to account for in the statement of financial position.

Assuming that the benefit change deed, as recommended by the JNC, had been executed and Option 1 contributions had been implemented, the USS provision as at 31 July 2021 would have been significantly higher than that reported at the balance sheet date. The option 1 proposal would result in an increase of £100.9m in the provision for the obligation to fund the deficit on the USS pension which would instead be £154.9m as at 31 July 2021. This adjustment would be reflected in the University's Financial Statements for the year ended July 2022 subject to the agreement by the JNC of option 1. The change has not been adopted in these financial statements as the adoption occurred after 31 July 2021. The University recognises that the current member consultation, due to conclude in February 2022, may result in a change to these figures.

33. Prior Year Adjustments

Restatements have been made with respect to those figures published within the 2019/20 Financial Statements due to the Mount Oswald Campus Project service concession not being included in prior year 2019/20. These restatements have resulted in the following changes to both Consolidated and University figures:

Consolidated Balance Sheet	<i>Related Note</i>	2019/20 Previously Published	Adjustments	2019/20 Restated
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed Assets	12	594,142	5,961	600,103
Creditors: Amounts Falling Due Within One Year	20	(103,532)	(5,961)	(109,493)

University Balance Sheet	<i>Related Note</i>	2019/20 Previously Published	Adjustments	2019/20 Restated
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed Assets	12	595,248	5,961	601,209
Creditors: Amounts Falling Due Within One Year	20	(103,434)	(5,961)	(109,395)





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