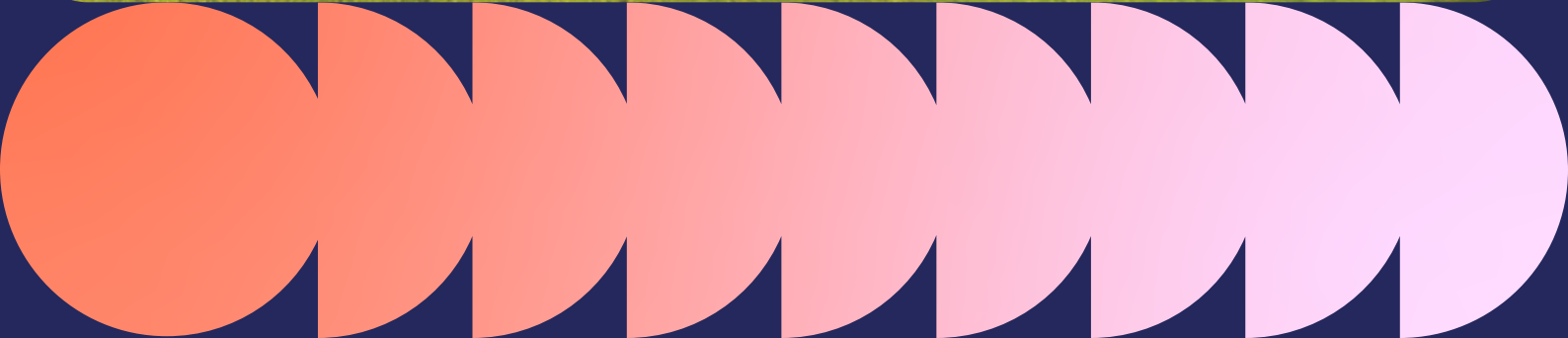




Financial Statements

For the year ended 31 July 2023



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Financial Highlights

Our financial results this year reflect the impact of reduced student numbers recruited in October 2022 and the efforts we have been making to reduce our cost base to ensure our financial stability in the coming years. We continue to invest to improve the quality of our offering to students. We are understanding the impact of the pandemic and using this opportunity to deliver our services differently to students so that they are more effective in meeting their needs. We have been introducing a range of activities to ensure we return to surplus without reducing the quality of our student experience.


In 2022/23, our adjusted operating deficit of £25.1m was higher than our agreed deficit budget of £10.4m, following the lower than planned student numbers in October 2022. This year we undertook a series of measures to reduce spend immediately, whilst introducing a longer term plan to ensure we return to an adjusted operating surplus by 2024/25.

Our accounting surplus of £19.9m includes a credit for the reduction of our Universities Superannuation Scheme (USS) pension provision, strategic change expenditure and other non day-to-day items.

Results, Assets and Reserves

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
 Total Income <ul style="list-style-type: none"> Tuition fees and education contracts Funding body grants Research grants and contracts Income from other sources 	561.9 397.2 123.4 15.9 25.4	554.0 423.1 113.8 14.6 2.5
 Total Expenditure <ul style="list-style-type: none"> Expenditure before USS pension provision adjustment USS pension provision adjustment 	535.1 639.6 (104.5)	777.5 596.1 181.4
 Accounting Surplus/(Deficit) for the year	19.9	(233.1)
 Adjusted Operating (Deficit)/Surplus (reconciliation of measure on page 34)	(25.1)	23.0
 Net Current Assets	237.5	302.3
 Total Reserves	218.3	198.4

Other Key Statistics

 Total number of students Directly taught students Validated students Number of full-time equivalent (fte) students (directly taught only)	199,400 150,619 48,781 83,883	208,300 160,011 48,289 88,060
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University Highlights

Awards

The Teaching Excellence Framework has awarded us an **Overall Gold** rating, with a Gold for Student Outcomes and a Silver rating for Student Experience. The newly formatted National Student Survey, commissioned by the Office for Students (OfS), has awarded us higher than average scores for Academic Support, Teaching, Organisation and Management, Assessment and Feedback, Learning Resources, and Learning Opportunities.



92% of students responding positively when asked about receiving their assessment feedback on time, 13% higher than average.



Recognition

Dr Derek Jones, Senior Lecturer in Sustainable Design in STEM – received a National Teaching Fellowship (NTF) from AdvanceHE.

Dr Dan Taylor, Lecturer in Social and Political Thought – named as one of ten New Generation Thinkers by BBC Radio 3 and the Arts and Humanities Research Council (AHRC).

Prof Rosalind Crone (History) – awarded the Royal Historical Society's Innovation in Teaching Prize for 'Exploring the History of Prison Education' course.

EDEN Digital Learning Europe has honoured Professor Denise Whitelock with a lifetime fellowship in recognition of her over twenty-five years' contribution to the research, design and evaluation of online and computer-based learning in higher education.

The Race and Ethnicity Hub on OpenLearn has won the Diversity, Equity and Inclusion Award at the 2022 Open Education Awards for Excellence.

OU in Wales wins 'Womenspire 2022 employer award' for 'Fairplay Employer' for the second time in three years.

Nathan Weir – Northern Ireland – Chief Nursing Officer's Rising Star Award.

Our continuing relationship with the BBC has seen further accolades this year. For example, at the Grierson Awards, 'We Are Black and British' won 'Best Constructed Documentary Series' and 'The Green Planet: Tropical Worlds' secured 'Best Natural History or Environmental Documentary'. 'AIDS: The Unheard Tapes' won the Broadcast Award at the Learning on Screen Awards, with 'Panorama: Will the NHS Care for Me?' receiving a special commendation in the same category.

Seven professors delivered their inaugural lectures, including Professor Steph Pywell, the first by a Professor of Law.

Equality, Diversity and Inclusion (EDI)

At the end of 2022, we published our Institutional EDI Plan and then reviewed our Equality Scheme 2022–2026. Supporting our goal of Equity, they have transformed our strategic direction and set clear guidance, objectives and actions for our community to drive meaningful change.

This year, we have seen a significant closing in both our gender and ethnic pay gaps due to the increased representation of women and Black, Asian and Minority Ethnic colleagues in senior roles and in our upper pay quartiles.



We continue to drive forward our EDI agenda through leading awareness events such as Black History Month, Neurodiversity Celebration Week, International Women's Day and Pride.

The Open University was named in the Inclusive Top 50 UK Employers list.

Research at the heart

The Research Excellence Framework (REF) 2021 is the only formal evaluation of research quality in Higher Education Institutions across the United Kingdom, with the outcomes valid until the next one in 2028. The impact of 82% of our research was assessed as 'world-leading' or 'internationally excellent' – up from 79% in 2014. In 2022, we launched a new Research Plan (2022–2027) which focuses on our new Open Societal Challenges research themes of Living Well, Sustainability and Tackling Inequalities. It also outlines how we will build on our successes and improve our processes and our Open Research policy to build the next generation of research leaders across our faculties and four nations.

Ways of working

Following the pandemic, we now work to a hybrid working model. We have launched SafeZone – a Lone Worker App – and the OU Wellbeing App that offers advice and guidance to support staff and students with wellbeing issues both on site and away from OU locations. We continue to support all staff with mandatory training and have a completion rate of 86% across the University for Healthy Working – our Digital Screen Equipment self-assessment tool.

Students

In 2022/23, new student undergraduate and postgraduate registrations at course start reduced by 2,100 full-time equivalent (fte) students, a 9% decrease compared to 2021/22.

Graduation ceremonies continued with 28 in-person and one virtual ceremony. During the year 20,470 undergraduate and 2,956 postgraduate awards were conferred in addition to 25 honorary degrees.

We continue to offer life-changing scholarships and support to students such as free study. The Black Students Support Fund is offered to 50 UK-based Black students on lower incomes and the Open Futures Sanctuary Scholarship for UK-resident students who have been displaced from their homeland or place of residence for political, economic, ethnic, environmental, or human rights pressures.

Our student nursing offer continues to grow with around 3,435 currently registered across apprenticeship and non-apprenticeship programmes. This has grown from 188 students just 10 years ago.

Three OU students have been recognised through the Royal College of Nursing (RCN) awards:

Grace McAleer (Northern Ireland) – Student Nurse of the Year award

Nathan Weir (Scotland) – Chief Nursing Officer's Rising Star award

Lois Gaffney (Scotland) – Nursing Student of the Year.

Teaching and learning

We have implemented the new algorithm for calculating degree classification for undergraduate Bachelors honours degrees to align with the Office for Students (OfS) guidance.

We deployed 'Turnitin' to tackle academic conduct and support student academic integrity.

Last year, we undertook 11 presentations of microcredential courses with now over 12,000 learners having enrolled on our course offer.

Northern Ireland – funding was secured across the Health and Social Care Trusts into the Nursing degree pathways options, securing 166 new students onto the Future Nurse programme with a total of over 500 students currently on the programme. We also provided educational opportunities for over 130 people across all 15 prisons in Ireland. To help upskill the NI economy, the OU attracted £1.4m in funding for microcredential and postgraduate modules, providing over 900 places on these courses.

Scotland – supported 503 individual learners to complete a microcredential and delivered 556 training interventions on behalf of 63 Scottish businesses through the Scottish Government's Flexible Workforce Development programme. The OU continues to be the only university in Scotland able to offer this fund to businesses.

This year marked the fiftieth anniversary since our first graduations. We celebrated 40 years of the Business School and 25 years of teaching Law.



88.5% of students responded positively to the question 'How well organised is your course?' – this is 15.9% higher than the sector average of 72.6%.

Investing in the future of The Open University

In support of the five-year Learn and Live strategy, this year saw us further embed our refreshed brand, communicating quality, credibility and experience whilst reframing our 'openness' to reflect the full generosity of the wider offer. With improved relevance to key audiences, this positions us strongly for the future. Since the launch of the brand campaign in April 2022, our advertising will have been seen by over 96% of UK adults, helping us to achieve the strategic goal of 'Greater Reach'. The launch of The Open University Employers and Partnerships sub-brand this year brings together our full offering to organisations, including learning and development, research, knowledge exchange and more.

On 1 August 2023, Open College of the Arts (OCA) became a part of our group, with students enrolling on OCA courses and qualifications from that date becoming OU students. This ties in with the OU's strategic investment to establish a new School of Creative Industries, that the OCA will work closely with. Creative Industries are a major and growing part of the economy, and the new curriculum will bring major opportunities for the OU, for example to increase its vocational curriculum and in working with Further Education. This will start with the development of film and media qualifications, delivered jointly by the OU's Faculty of Arts and Social Sciences and the OCA.

Work to implement changes to systems and processes in support of managing Associate Lecturers (ALs) on their new terms and conditions continued throughout the academic year, under the direction of a centralised programme up to 31 July. Some resource remains in place to support the on-going activity of building inclusive communities in faculties and schools, as well as to investigate opportunities afforded by working in different ways with Associate Lecturers on permanent contracts for the benefit of our students.

We have secured funding of £5.8m from the OfS to develop extended reality studios, Open XR Studios, to expand our teaching and learning with augmented and virtual reality. It will deliver immersive and reality-embedded learning to students in their homes, which will enable us to create authentic contexts for skills development.



More than 90% of students said they are often challenged by us to achieve their best – this score is 6% higher than the UK average.





Foreword

Professor Tim Blackman, Vice-Chancellor

This year was the fiftieth year of our graduation ceremonies. The first was at Alexandra Palace, attended by 600 graduates. Today, we run ceremonies throughout the year across England, Scotland, Wales and Ireland for many thousands of graduates.

For all our history, the OU has been open to everyone, providing an inspiring experience and striving for the outcomes each student can achieve. We started 2022/23 with an outstanding set of results for the 2021/22 National Student Survey, achieving 86% overall satisfaction, 12% ahead of the sector average.

Everyone at the OU takes pride in our success, including how we combine world-class research with open education. However, our mission to be open also means that we are open to market and policy changes that can have a great impact. We have seen waves of growth and waves of decline over the past 50 years, while constantly working to advance our mission by reaching more people with ways of learning that fit their circumstances and goals.

This year, we recruited fewer students owing to post-Covid, demographic and economic factors, but true to our mission we also started exploring new opportunities for growth. This has been the first year of the University's four-year plan to return to surplus following the swings in income and expenditure that occurred with the pandemic. Our sound position with financial reserves and a

considerable effort by all staff of the University have enabled us to be confident that we can achieve the large financial correction needed. This is despite the complexities of making savings while finalising the introduction of the new Associate Lecturer contract, continuing investments in technology and new curriculum, managing the impact of sector-wide industrial action, and many students finding it hard to continue their studies in a cost-of-living crisis. We would have achieved our deficit operating forecast except for the additional pay award made during the year to help with cost-of-living pressures on staff, which we met from reserves. It has been remarkable how the University has pulled together to start getting our finances back on track, especially coming so soon after coping with the pandemic and then with the impact of inflation on personal and family finances.

The year saw progress in many areas. New courses were offered, including the acquisition of the OCA. New plans for teaching and learning, research, and equality, diversity and inclusion were approved. The PolicyWISE initiative ran its first series of seminars with civil servants and academics from each of the four nations, attracting a £1m donation to begin its ground-breaking work on comparative public policy. We attracted £10m from the Department for Education to help build the capacity of further education colleges to meet skills needs. The OfS awarded us £5.8m to develop the use of augmented and virtual reality technologies for teaching and

learning. Grants totalling £18m were awarded to a wide range of research projects, from planetary science, smart farming and the energy transition to policing, artificial intelligence and gender equity. Over 100 research students completed their research degrees.

During the year, we have taken forward innovation in our teaching, research and professional services. When King Charles visited Milton Keynes in February 2023, he said 'that 25% of this urban area is covered in parkland and woodland, that there are over 22 million trees and shrubs across these urban spaces, that it is a home to innovation through The Open University, all distinguish this new city as something special'.

The OU's first Chancellor, Geoffrey Crowther, referred to Milton Keynes as 'where the tip of our toe touches the ground'. We now touch the ground in all four nations, although Milton Keynes is our original home city and main campus. The pandemic has had a big impact on how we use the campus and during the year work started on plans to consolidate our buildings and dispose of surplus property. During this work, the possibility

arose of relocating the campus as part of development plans for Milton Keynes city centre, presenting an opportunity not only to rebuild the University's estate for new ways of sustainable working but also to explore how we might offer our courses in-person on a new site. In May 2023, the University Council agreed to initiate work on a business case, potentially opening a new chapter in the OU's story of innovation and growth.

Professor Tim Blackman
Vice-Chancellor



Strategic Report

Introduction

Our 2022/23 Strategic Report provides an overview of the strategy and operating context for The Open University and reports on our achievements and performance during the year. We explain our distinctive mission and how we deliver this through our strategic objectives. We look at our charitable status and operational performance with regard to students, staff and research activities. We consider our financial performance over the past year and compare this to the financial strategy, and set out our approach to risk management. Finally, we look to the future as we consider the external environment and the opportunities and challenges posed by regulatory, economic, social and political change.

This Strategic Report has been prepared under the narrative disclosure requirements of the Statement of Recommended Practice (SORP), Accounting for Further and Higher Education Institutions. The financial review discussed within this Report has been presented in line with the accounting requirements of Financial Reporting Standard (FRS) 102.

About The Open University

The University was granted its Royal Charter on 23 April 1969. For over 53 years, we have pioneered distance learning, bringing university to our students wherever they are and enabling students to fit study around their life.

We are the largest university in the UK and one of the largest universities in Europe in terms of student numbers. Our distance learning model provides accessible study resources and expert tuition instruction, which means that our students have the flexibility to study when and where they want. We do not believe in barriers to Higher Education and most of our courses do not have entry requirements. We support our students to make informed decisions based on their determination to succeed and an understanding and preparation for the work required.

Through provision of inspiring learning and creating higher educational opportunities with no barriers to entry, we continue to adapt and innovate to meet the needs of our current and future students.

As a UK organisation, we operate within England, Scotland, Wales, Northern Ireland and, since 1996, in the Republic of Ireland. We are an integral part of the higher education sector in the UK nations and receive government funding for our operations from the Office for Students (OfS) in England, the Scottish Funding Council (SFC), the Higher Education Funding Council for Wales (HEFCW) and the Department for the Economy in Northern Ireland (DfE).



Delivery of core academic functions is coordinated through our four faculties, each led by an Executive Dean.

- Faculty of Arts and Social Sciences
- Faculty of Business and Law
- Faculty of Science, Technology, Engineering and Mathematics
- Faculty of Wellbeing, Education and Language Studies

Each faculty consists of a number of academic sub-units, schools or research centres, led and managed by a head or director. The core academic functions and line-management combine to form the academic structure of the University. Interdisciplinary and cross-disciplinary activities are coordinated and supported by the Pro-Vice-Chancellor Research and Innovation, and the Pro-Vice-Chancellor Students.

Academic activity is supported by a number of corporate activities within the Professional Services teams. These activities include:

- Front-line support to our students organised through contact centres aligned to the four faculties and specialist advisory teams.
- Materials design and production to enhance the learning experience.
- Access to knowledge and information through provision of library services and open access educational resources.
- Provision and maintenance of an IT infrastructure and technologies to deliver online distance learning and corporate systems.
- Other activities including marketing and communications, governance and corporate services.

Our agreed approach to enable individuals and teams to work in the best way for them and the work they do is hybrid working, with many activities undertaken from the campus in Milton Keynes, and our centres in Edinburgh, Cardiff, Belfast, Dublin, Nottingham and Manchester.

Ensuring academic quality

The University is regulated principally by the OfS. We also operate throughout the UK and, as described above, we receive direct funding from SFC, HEFCW and the DfE (Northern Ireland). We are subject to the external quality assessment requirements of our funders. This includes a five-yearly cyclical quality assurance and enhancement review (with the next one scheduled for 2026) and an annual quality report to the SFC in October each year.

In addition, much of our academic provision is accredited or recognised by various Professional, Statutory and Regulatory Bodies.

We maintain our own quality assurance and quality enhancement through a programme of internal periodic reviews and the use of external examiners and advisors.

Our strategy

Our Learn and Live strategy for 2022 to 2027 affirms the University’s commitment to its distinctive mission and vision with the aim to bring flexible, high-quality university education to even more people, achieving even greater societal impact as a social movement and not just a university.

Our strategy for 2022 to 2027

We are a university with an enviable reputation and scale, with over 150,000 students achieving their goals and aspirations, and with pioneering research that is advancing knowledge and improving lives.

Learn and Live sets out our plans to build on and progress our unique and enduring mission and will guide our decision-making and priorities for the period ahead.

Our strategy is one of both continuity and change, staying true to our enduring mission that has remained a constant since receiving our Royal Charter more than 50 years ago. It is more relevant now than it has ever been. However, these are times of significant environmental, economic and social change needing an informed public engaged in the solutions, and of an ever-faster pace of technological change demanding lifelong learning.

The strategy is built on five goals and seven enablers:



2022-27

LEARN AND LIVE:

Our five year strategy

Mission: Open to people, places, methods and ideas.

Vision: Life-changing learning that enriches society.

Values: Inclusive, Innovative, Responsive.

Our goals



Sustainability



Societal impact



Greater reach



Success for our students



Equity

OUR ENABLERS

Live our values

Support each other

Secure and effective technologies

Manage change well

Decisions and data

Four Nations

Steward our finances

Our Goals

Greater reach – Offering unrivalled choice, quality and flexibility to more people from all parts of society through a range of channels and learning opportunities, with the University's core offer of qualifications and accredited learning at its centre.

Success for our students – Supporting students to achieve their goals, whoever and whatever they are, with outcomes that are equitable and open up new opportunities in life and work.

Societal impact – Locally and globally through research, enterprise and skills development that shape the future. We are proud to contribute to the global pursuit of new knowledge and its translation into practice and we will be especially committed to developing deep expertise in interdisciplinary work to help solve complex societal challenges.

Equity – Greater diversity and inclusion in every aspect of how we work and what we achieve. We are committed to creating a culture of respect and belonging so that everyone is meaningfully included in the University's ways of working and way of life, addressing under-representation or exclusion of voices that should be heard.

Sustainability – Our commitment to environmental and social sustainability will continue to run through our education, research, enterprise, curriculum and public engagement work. Our global presence and profile give us a unique opportunity to drive thought leadership, and to lead mass public engagement with achieving sustainability.

Our Enablers

Living our values – Being inclusive, innovative and responsive in all we do. We value and respect each other for who we are and what we contribute, welcoming differences and building an inclusive community which enhances the wellbeing of students, learners and colleagues, and challenges us to do even better for our students and each other.

Support each other – Supporting each other to do our best work. We can only achieve our goals if we have people with the right skills, motivation and experience, and we support each other. This also depends on all colleagues having the working environment and tools they need: getting this right will be an important focus.

Manage change well – Continuously improving how we work and manage change. We need to change to accommodate shifts in student, learner and colleague needs and behaviour, to adopt new findings from research, to adapt to technological developments, and to respond to external factors such as changes in government policies, funding priorities, competition, demography or economic conditions.

Secure and effective technologies – Employing secure and effective technologies with the best possible user experience. We need to stay at the forefront of technologies that help our students to learn and succeed as well as invest in the best technologies available to support our professional services. We need our technology to be reliable, user-centred and fit for purpose.

Decisions and data – Using data and evidence in all our decision-making. We aim to consult widely and hear different points of view in all our decision-making, and to arrive at decisions that everyone gets behind because they can see the benefits and have the evidence.

Four nations – The Open University is unique in being a trusted partner and leading provider of higher education in England, Wales, Scotland and Northern Ireland, as well as having many students in the Republic of Ireland. Although we will continue to welcome students studying in countries around the world, our priority will be to strengthen our role in the four nations of the UK.

Steward our finances – Stewarding our finances so that we can invest in our goals. The purpose of our financial strategy is to achieve our mission and goals and to ensure that the University can pursue its mission long into the future. Our income will need to meet both the costs of current activities and those of future commitments.

Performance

Our progress

We have made progress in 2022/23 towards our strategic goals, as measured against our headline success measures.

Sustainability

- Our actions to reduce Scope 1 and 2 emissions to net zero by 2030 continue positively, informed by our Estates strategy.
- We have started to upskill and reskill our staff on carbon literacy, with 700 colleagues and students having completed training, and more than half becoming Carbon Literacy certified.
- Fossil fuel divestment is progressing as publicly stated.

Societal impact

- Our Open Societal Challenges programme is creating a rich resource of projects for mentoring, research impact and external fundraising in an increasingly competitive external environment.
- A new Knowledge Exchange plan was launched to stimulate more commercial activity across our research, along with the high-profile Open Business Creators initiative to support students from the idea stage through to those running an early-stage start-up.

Greater reach

- While performance for taught students and learners recruitment in 2022/23 was slightly adverse to plan, reaching close to 84,000 fte, there is increased confidence in achieving 2023/24 targets, which have factored in cohort depletion as well as economic and cost-of-living conditions.
- We continue to focus on our curriculum portfolio and to explore product diversification and innovation, aiming to maximise the attractiveness and performance of our offer and broadening our reach.

Success for our students

- We have continued to prioritise initiatives to improve student success and experience, focusing on the activities that deliver the best outcomes for students, such as the work we are doing to improve our students' first study experience.
- We have registered a decrease in undergraduate module return rate and module pass rates with the main contributors to this likely being the continuing uncertainty in post-Covid student behaviours coupled with the cost-of-living challenges our students are experiencing, requiring many of them to prioritise work over study time and impacting on their wellbeing.

Equity

- Our inaugural EDI Plan was published in February 2022. Sitting alongside our Equity Scheme, the Plan provides guidance and strategic direction on how we can work towards ingraining equity, diversity and inclusion within our structures, and sets out the actions we aim to achieve.
- We have seen a significant reduction in the gender and ethnicity pay gaps as recorded in March 2022. We remain committed to addressing our remaining pay gaps through long-term, meaningful actions.

Charity status and public benefit

As an exempt charity within the meaning of the Charities Act 2011, we set out how we meet the Charity Commission's public benefit test by reporting how our activities are of benefit to the public and that the opportunity to benefit is not unreasonably restricted.

The University's Council has taken into account the Charity Commission's guidance in exercising their powers and duties and in reporting of how the University operates for the public benefit.

The Charities Act 2011 provides that the Office for Students is our regulator. The University is also registered with the Office of the Scottish Charity Regulator under number SC038302.

Charitable aims

Our charitable aims are set out in our Royal Charter and encompassed in our mission and vision statement on page 12.



The advancement and dissemination of learning and knowledge by teaching and research by a diversity of means such as broadcasting and technological devices appropriate to higher education, by correspondence tuition, residential courses and seminars and in other relevant ways, and to provide education of University and professional standards for its students and to promote the educational well-being of the community generally.

University's Royal Charter



Public benefit

The direct beneficiaries of the University's activities are our undergraduate and postgraduate students, our apprenticeship students and their employers and the recipients of our research.

The provision of educational opportunity to all those who wish to realise their ambitions and fulfil their potential is core to our mission. Our open-entry policy means that it is potential that matters and most of our courses have no entry requirements. Our distance learning model means that the opportunity to benefit from our activities is not restricted by geography. Details of the numbers of students that benefit from our activities as well as our work on widening access and participation are set out on pages 20 to 21.

Our activities also have wider public benefit and impact deriving from the intrinsic value of education and the development of knowledge and understanding supported by the significant amount of learning materials freely available

through The Open University's OpenLearn platform, Open University iTunes services, YouTube, e-books through Amazon and Google, and through FutureLearn Limited, prior to its sale.

OpenLearn includes over 35,000 pages of free, high-quality resources, including around 900 free courses as well as educational games, videos and academic articles. It also utilises sites such as YouTube and Amazon and, in 2022/23, achieved more than 13 million visits across all platforms, bringing all-time visits to more than 111 million since 2006. This year, OpenLearn also achieved the landmark of having issued its 250,000th digital badge to learners completing badged courses.

We continue our partnerships with the BBC and other broadcasters to create educational programming, and have received a number of awards for co-productions, for example 'The Green Planet: Tropical Worlds' and 'We are Black and British'.

Information on research activities are set out on page 26. A number of our research projects provide wider public outreach, engagement and benefit. Examples include:

- ‘Empowering teachers to help children read for pleasure’ supports schools to better understand and address the root causes behind the diminishing number of children who read books. This groundbreaking research focuses on reading proficiency, supports teachers’ reading habits and their practice in extracurricula reading groups, both face to face and through digital technologies.
- A team of researchers studied children’s experience of death anxiety during the COVID-19 pandemic and called for early mental health support to address the effects on children. This research addressed the inconsistency in mental health support available through schools, youth clubs and charities and helped develop a national network of early intervention hubs of open-access mental health support in non-medicalised settings.

The results of the vast majority of the research carried out by the University’s academics is published in the public domain and freely available through Open Research Online – the University’s Open Access repository of research publications and research outputs.

Fees and funding

We are a fee-charging charity and the majority of our undergraduate students study part time. We receive grant funding from each of the four nations’ funding bodies in line with their devolved decisions on funding and financial support available to part-time students. This grant funding determines the fees we charge to students resident in each UK nation.

In England, although tuition fees are subject to statutory regulation, our fees in 2022/23 were set lower than the regulatory cap. The majority of our students are liable for annual tuition fees of £6,456 per Full-Time Equivalent, equating to £19,368 for an undergraduate degree.

The majority of our students in Scotland and Northern Ireland, and those in Wales who commenced study prior to the 2021/22 academic year, are liable for annual tuition fees of £2,154 per Full-Time Equivalent, or £6,462 to complete an undergraduate degree. In Wales, those who commenced study from the 2021/22 academic year are liable for annual tuition fees of £2,618 per Full-Time Equivalent, or £7,854 to complete an undergraduate degree.

Other UK universities charge higher fees to overseas students who study in the UK, whereas our overseas students are taught in the countries in which they are resident, either directly or in partnership with a range of educational and commercial organisations, at fee levels that are similar to England.

Financial support for students

Many students are able to access support with tuition fees and living costs through government-backed loans and grants through the Student Loans Company (SLC) or Student Awards Agency Scotland (SAAS) based on the UK nation in which they reside. For those students not eligible, or not wanting, to use the SLC and SAAS, our wholly owned subsidiary, Open University Student Budget Accounts Limited, offers students a deferred payment facility at a lower than market rate of interest.

Disabled Student Allowances are available to UK residents to assist with the extra study costs associated with their disability, and can help pay for specialist equipment and software, a study support helper and other extra costs. This is administered by SLC/SAAS.

In addition to government support, in 2022/23 we provided an additional £7.2m of direct or indirect funding to support students in their studies, including:

- £1.5m of study support grants to students with low incomes. This was consistent with the previous year, reflecting continuing cost-of-living pressures.
- £2.1m of tuition fee income was waived for low-income students beginning an Access module – an ideal starting point to develop study skills and build confidence prior to embarking on an undergraduate qualification. Some students in the UK on low incomes may be eligible to study an Access module for free if they meet certain criteria.
- £2.6m of support to students in Scotland in waiving the gap between the Part-time Fee Grant and the undergraduate fee, ensuring that our students on low incomes are not financially disadvantaged compared to full-time students for whom tuition is free.
- £1.0m of tuition fee or bursary payments were made in relation to our bursary and scholarship schemes, including Disabled Veterans Scholarships, Carers Scholarship, and for students of a minority ethnic background.

Fundraising activities

Over 10,000 University alumni, supporters, trusts and foundations, and corporate partners have supported the University's mission with their philanthropy and gifts in wills to reach more students with life-changing learning and to support our research and teaching. We thank our donors for their support and continue to build relationships with individuals and organisations whose values resonate with the values and vision of The Open University.

The Charities (Protection and Social Investment) Act 2016 requires us to set out our approach to fundraising activities. The primary responsibility for fundraising at the University is managed through our Development Office which leads, on donor cultivation, solicitation and stewardship across the University.

The Development Office is responsible for rigorous due diligence regarding potential philanthropic gifts.

A team of professional fund raisers is employed to raise funds from:

- individuals, trusts and foundations, commercial and charitable organisations
- alumni of the University via direct mail, telephone, or email to encourage regular, planned and legacy gifts.

All our alumni and supporters are treated fairly and without discrimination. We are registered with the Fundraising Regulator and adhere to the Institute of Fundraising code of practice, particularly in the protection of vulnerable supporters and other members of the public from persistent approaches or placing undue pressure on a person to give money or property. Activities carried out by our fundraisers are monitored through regular management oversight and the University's Performance and Development Reviews.

We do not employ external call centres and do not use commission-based incentives for our team. We use third-party design and print agencies for our direct mail appeals, for which we have clear systems and processes in place.

Four complaints in relation to fundraising activities including administrative practices or procedures were assessed and resolved in the year in line with The Open University's fundraising complaints policy. The University received no allegations or investigations from regulatory bodies about our fundraising practices.



Our students

Student success remains at the heart of what we do. We continue to seek feedback, listen and respond to our students to ensure the best experience possible.

During this year, we have focused on improving student outcomes and experience and ensuring that we continue to be compliant with the quality and standards requirements set by the OfS. We have achieved this whilst acknowledging the University’s financial position.

This year, many of our students have been challenged by the current economic conditions which has had an impact on the recruitment of new students, students continuing their studies and student success.

Reducing inequalities remains a priority and remains challenging. As a four-nations university, we address these issues through our Access, Participation and Success Strategy and on a nation-by-nation basis.

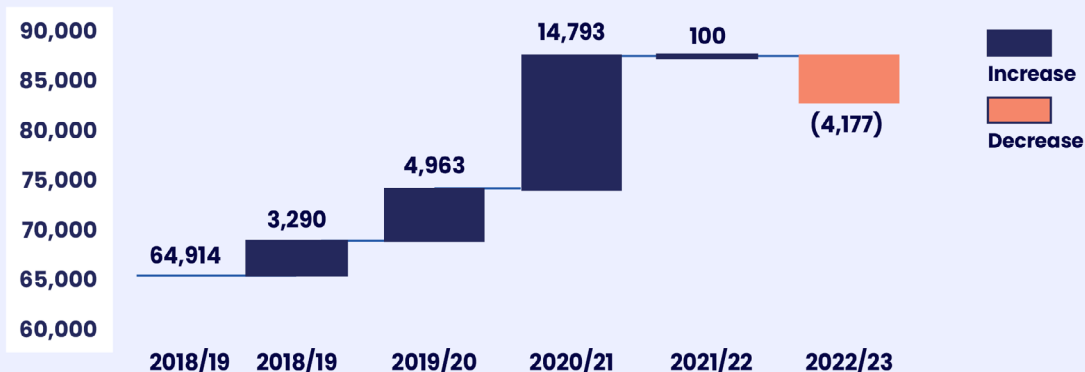
Student numbers

In 2022/23, our directly taught student numbers of 150,619 have decreased by 9,392 or 5.9% compared to 2021/22. The average intensity of student study, expressed in Full-Time Equivalents, fell by 4,177 or 4.7% to 83,883.

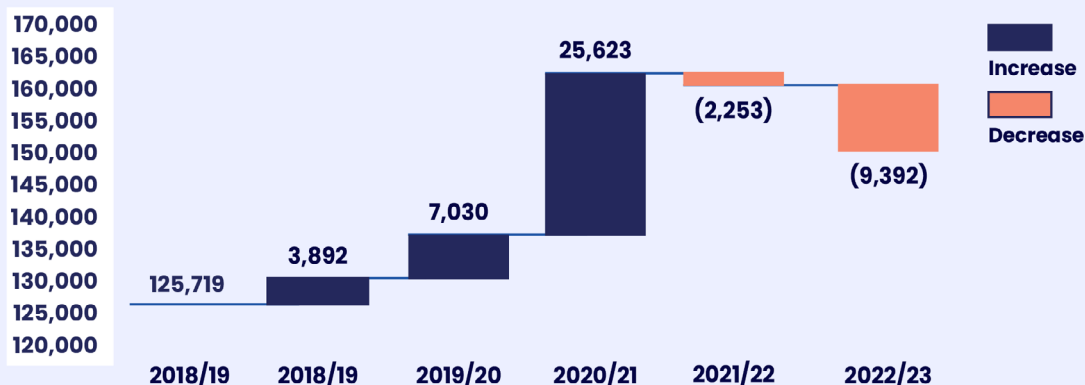
Our student numbers have fallen back from the exceptional growth seen in recent years, but remain above pre-pandemic levels, in particular for new student registrations.

In 2022/23, we had over 800 postgraduate research students, consistent with the previous year.

Annual change in student FTE



Annual change in student headcount



Student success

During 2022/23, we have awarded more than 13,000 undergraduate and postgraduate degrees.

In general, we have seen a slight fall in module pass and return rates this year. Contributors to this decline include the time pressures students are experiencing when balancing work, study and personal life. These are perennial issues for students undertaking distance and part-time study but are being amplified by cost-of-living challenges. In a survey of 2,688 OU students in April 2023, 73% reported at least one of a number of stressors, such as increased financial concerns and/or having to work additional hours, having an impact on their studies. We have seen a significant increase in students contacting us as a result of cost-of-living pressures. We have supported these students with funding from the Student Assistance Fund as well as through scholarships, bursaries and grants available to support students studying under specific circumstances.

Our data continues to highlight the importance of students' early study experience being a key factor in their ultimate success. We are focusing for the year ahead on improving this early study experience with improved induction programmes and continuing to scale up the use of predictive analytics so we can better identify and reach out to potentially struggling students in those first vital few weeks of study.

We have undertaken a review of our approach to academic conduct to improve the support and guidance students receive.

Improving assessment remains a priority for us. In the last academic year, we have developed an Assessment Framework to streamline our assessment strategies to deliver a more consistent student experience. We are working to embed the good practice learned from the switch to online exams during the pandemic whilst retaining robust quality assurance.

Some face-to-face tuition events were reintroduced last year following changes we made during the pandemic, where this was pedagogically appropriate. We are now exploring and evaluating a range of face-to-face formats.

Developing our students' employability skills is a vital component of their success. Alongside our work with employers, our Employability Framework is embedding higher-level skills within our curriculum design and study support, and our award-winning Careers and Employability Services are utilising artificial intelligence-powered diagnostics, digital platforms and tailored services to support students to build confidence and navigate their future.

Digital inclusion remains a barrier for some of our students and we have increased flexibility and visibility of our study-related costs funding for students.

Access, Participation and Success

Our Access, Participation and Success (APS) strategy provides the strategic framework to deliver our ambition to remove inequalities in access and outcomes for students from underrepresented and disadvantaged backgrounds. We are updating the APS strategy to ensure that our priorities are current. The four-nation by design strategy will provide the flexibility to respond to the requirements of nation funding bodies across our priority areas.

Each nation responds to the priorities as set out by their funding body and related to their own national context, and these are summarised later in the document.

We will be using the themes outlined in the APS strategy, to write our new Access and Participation Plan to cover academic years 2025/26 to 2028/29. This is the agreement with the OfS that defines how we direct our resources to tackling inequality. The APP agreement with OfS is a mandatory requirement for our registration as a higher education provider.

Student satisfaction

We aim to provide the best learning experience for our students and are proud of the feedback we receive from them. In the results of the National Student Survey (NSS) 2023, we received scores higher than the sector average for academic support, teaching, organisation and management, assessment and feedback, learning resources, and learning opportunities. We continued to perform extremely well for our teaching and learning offer, with 92% of students responding positively when asked about receiving their assessment feedback, and more than 90% of students also said they are often challenged to achieve their best at the OU. In January 2023, the University submitted its first TEF (Teaching Excellence Framework) submission which consisted of a provider and student submission. We received its confirmed results in September 2023, and are delighted to have been recognised as overall TEF Gold, with a Gold rating for Student Outcomes and a Silver rating for Student Experience. This outcome recognises the commitment and dedication of all our staff and students.

Our revised Student Charter was approved by Council in June 2023, and we continue to work hard to embed its values to support inclusive communities and to enhance students' sense of belonging and access to group sessions. Working with the Open University Students' Association (OUSA), we have delivered a wide range of student engagement opportunities including student consultations, ambassador roles and a Student Voice Week, with over 3,000 students registered. Student Voice is directly informing our priorities in improving student experience and student outcomes.

Our continued investment in supporting our students' digital experience will be progressed in the year ahead as we develop and leverage new technologies and data science capabilities to:

- Deliver a new personalised student portal website.
- Automate targeted, intelligent, one-to-many communications and support interventions to students.
- Implement new online exams services which meet the needs of students, faculties and professional bodies.



Access, Participation and Success priorities across the four nations

The Access and Participation Plan – England

The Access and Participation Plan (APP) is our agreement with the OfS and is a condition of our registration. Delivering the commitments within the APP is important to our mission to promote educational opportunity and social justice.

Our current plan runs until academic year 2025/26 and sets out targets for increasing the proportion of students from under-represented and disadvantaged backgrounds and reducing the gaps between the most and least represented groups of students regarding continuation of studies, module pass rates and good pass rates and progression to highly skilled employment or further study.

In compliance with OfS directions, spend on access, financial support and research and evaluation activities in England is reported in these financial statements. This does not include our expenditure on activities addressing gaps in the awards made and progression for these students.

In the summer of 2024, we will be submitting a new APP to the OfS, laying out our plans for academic years 2025/26–2028/29. The OfS has asked all higher education providers to take a risk-based approach to the new APPs, referring to the national Equality of Opportunity Risk Register they have produced. They have asked all institutions to include details on the approach to supporting students with mental health declarations, working in partnerships to support pre-16 attainment, and ensuring diverse pathways into and through higher education.

The Widening Access and Participation Plan – Northern Ireland

The Open University in Northern Ireland has identified several key targets for widening access and participation activity based on the Department for the Economy's 'Access to Success' HE strategy (currently under review), the Skills Strategy for Northern Ireland (NI), and analysis of our own student data and wider institutional priorities. The Open University in Northern Ireland submits an annual Widening Access and Participation Plan to the Department for the Economy outlining these target areas and ongoing progress towards them, although we currently have no formal requirement to do so due to not being a part of the higher fee regime in Northern Ireland.



Outcome Agreement – Scotland

All of Scotland's universities and colleges, including The Open University in Scotland, are required to develop an annual Outcome Agreement with the Scottish Funding Council (SFC) to give assurance on the use of public funding. The Outcome Agreement sets out the University's commitment to a range of priorities and includes a series of widening access and success measures reflecting Scottish Government aspirations around reducing inequalities for students from the most deprived Scottish Index of Multiple Deprivation quintiles and from care-experienced backgrounds among others. Outcome Agreements are published on the SFC website and are open to view by government, stakeholders and the general public. Outcome Agreement Self-Evaluation reports are returned in October each year to provide evidence of the institution's progress towards national measures. Where appropriate, The Open University and SFC have agreed a set of parallel bespoke measures that align with national priorities.

The SFC Review of Tertiary Education and Research has signalled a move to changes in the approach to accountability and a new National Impact Framework. The 2023–24 Outcome Agreement process is therefore intended as a transitional arrangement.

HEFCW Monitoring – Wales

HEFCW monitors both Higher Education Institutions and Further Education Institutions in Wales on a range of national measures relating to both sector and individual institutional performance. These include widening access and participation from students in the bottom two quintiles of the Wales Index of Multiple Deprivation: student retention and progression, and the proportion of part-time students.

The Welsh Language Standards are a legal framework giving people in Wales the right to receive public services through the medium of Welsh. They replace our previous Welsh Language Scheme and apply to the whole University. We have established an oversight group to help ensure ongoing compliance with the standards and promote best practice.

The Commission for Tertiary Education and Research (CTER) will be established in September 2023 and will be operational in April 2024, replacing the Higher Education Funding Council for Wales (HEFCW). CTER will be responsible for the strategy, funding and oversight of further education, including colleges, school sixth forms and higher education. It will also include research and innovation, adult education and adult community learning along with apprenticeships and training. It will have specific strategic duties to encourage participation in tertiary education, promote lifelong learning and to promote equality of opportunity.

Our research activities

We are distinctive among UK universities in combining our mission to widen access to higher education with research excellence. Research and knowledge exchange are important elements of our founding principle: to be 'open to people, places, methods and ideas'.

Our research shapes policy and practice, drives innovation and changes lives for the better. It addresses government research and knowledge exchange priorities in all four UK nations through a comprehensive approach across our faculties.

Our Research Plan was launched in September 2022 and a key priority is to enhance collaboration and interdisciplinary approaches across the research community, especially where we can break down equality barriers and make our research open to everyone who can benefit from it.

We launched the Open Societal Challenges (OSC) programme in September to provide a focal point in which to do this. OSC is designed to enhance the impact of our research and help interdisciplinary teams focus on some of the key challenges facing us all. It has proved to be very popular with 137 projects submitted for support and funding since its inception.

Following our good REF 2021 results, we are engaged in many activities to strengthen our research performance including enhancing our support to improve our research income and considering investment and divestment opportunities.

We have introduced a Quarterly Review of Research which reports on performance across faculties as well as highlighting publications produced, and data downloads and publication deposition through our Open Research Online and Open Research Data Online services.

Our cohort of over 800 postgraduate students continued to generate outstanding research. Career development and training, fulfilling our commitment to the Concordat to support the career development of researchers, has continued with a good mix of online and face-to-face activity on campus.

Income from research grants and contracts was £15.9m, an increase of £1.3m from 2021/22.

We have seen pleasing success with research funding, and hope this will continue now it has been announced that UK HEs now have access to the Horizon Europe funding.

Notable award achievements in 2022/23 include:

- £2.4m from the latest Planetary Studies Consolidated grants round from the Science and Technology Funding Council (STFC).
- £836k from UK Space Agency (UKSA) to establish a probability approach to planetary protection.
- £812k from UKSA for the Centre for Electronic Imaging's work on the Solar wind Magnetoscope Ionosphere Link Explorer (SMILE) mission plus £220k for work on the related Advanced Telescope for High ENergy Astrophysics (ATHENA) mission.
- £620k from Horizon Europe for the Countering Oppositional Political Extremism Through Attuned dialogue (OppAttune) research project.
- £365k from UKSA to look at isotopic variations in the Martian atmosphere.
- £411k from UKSA for continued post-launch support for the ExoMars space mission.
- £341k for an Economic Social Research Council Senior Fellowship for research into the strategic development on the UK-EU relationship.
- £273k from UKSA to continue work on the Euclid space mission.
- £270k from the Scottish Government to extend work on ZEST (Zambian Education School-based Training).
- £265k for the Horizon Europe project on Augmenting participation, co-creation, trust and transparency in Deliberative Democracy at all scales.
- £200k from Arts and Humanities Research Council (AHRC) for work on The Environmental Impact of Filmmaking Using Star Wars to Improve Sector Sustainability Practices.

Our people

Engagement summary

This year, Marketing and Communications and People Services have worked collaboratively to deliver the first year of the new employee engagement framework, focusing on building our capability in capturing colleague voice, including sentiment. This has utilised new technology and real-time results sharing with colleagues, managers and leaders alike.

Working with an external partner, we have piloted a new Colleague Engagement survey ahead of an organisational rollout in Spring 2024. The survey allows us to understand and manage the key experience factors that are impacting colleagues experience the most, both locally and at an organisational level. We have also hosted three town hall events, which continue to evolve and offer colleagues an opportunity to engage with and hear directly from our leadership team about topics that are important to us all.

Our focus for the coming year is to bring our multiple listening activities together, aligned to the colleague journey to enable data-led decision-making to build on our colleague experience and engagement across the organisation and locally.

Reward summary

Building upon our work in 2021/22, we have continued to evolve our reward offering. Over the course of 2023 and into the next academic year we are focusing on a holistic approach to reward. We have built strong links between reward and our employee value propositions. We have expanded our benefits portfolio to include an electric vehicle scheme, offering our colleagues a flexible way to afford a new vehicle and supporting our sustainability efforts.

Our reward schemes included merit awards, additional and discretionary increments, for which any member of staff employed on support, academic-related or academic contracts could be considered for their contribution in the previous academic year. We continued to scrutinise pay award data to determine if the reward schemes were being applied consistently and equitably.

Looking forward to future reward schemes, it has been decided by VCE to pause most reward elements in the reward schemes when considering contribution in the academic years 2022/2023 and 2023/2024. This is one of the initiatives to support the financial recovery process for the University.

As part of our review of reward offering, in the latter half of academic year 2022/23, we introduced a reward working forum with our union colleagues to explore recognition, both financial and non-financial. The forum continues to review our current offering and is looking at sector best practice and practice outside the sector to build on future reward foundations.

We have continued to find ways to support staff through the cost-of-living crisis and, in keeping with other Higher Education Institutions (HEIs) that made the decision to enact it, we have implemented the 2023/24 pay rise in two parts with an initial 2% increase delivered in February 2023 and the remainder 3% applied in August 2023. We have also explored financial wellness products and advice for colleagues and will be expanding this offering into the new academic year.

Behavioural Framework

Building on the good initial progress made in 2022, we expect to finalise and launch our new Behavioural Framework later in 2023. We will also launch practical and useful supporting tools for colleagues based upon the framework, starting in late 2023.

The framework sets clear expectations and provides greater transparency and clarity for our colleagues, supporting our need for sustainable high performance and a healthy and supportive working environment.

The framework and supporting tools are being created through significant collaboration and engagement with colleagues across the University.

They will be embedded in the colleague journey and their impact will be assessed through our colleague listening strategy.



Associate Lecturers (AL) summary

On 1 August 2022, we delivered on our promise to AL colleagues to move them to enhanced terms and conditions, giving our tuition and teaching workforce greater financial and job security.

Since moving to the new terms and conditions, the focus has been on evolving the way in which we deliver tuition to students, developing and growing our people, and iteratively improving the processes, systems and ways of work that underpin the student experience.

Faculties, Schools and Professional Services teams are now focused on further integrating Associate Lecturers into our academic communities, and responding to their feedback about how we can make their working life better. Whilst this is an iterative and evolving journey, we have already seen great strides in the right direction, and we are confident with the collaboration of all involved, we can further improve both the colleague and student experience.

Executive recruitment

The Vice-Chancellor's Executive (VCE) comprises 16 senior leader positions from across the University including the Nation Directors. The purpose of this leadership team is to provide strategic and operational advice to the Vice-Chancellor in his capacity as Chief Executive of The Open University.

During 2022/23, there have been the following changes in senior leaders across the University:

Caragh Molloy, Group People Director, left and Paul Boustead joined as Interim Group People Director. In August 2023, Vikki Matthews became our new permanent Chief People Officer.

Professor Fary Cachelin, Executive Dean WELS, left and Dr Klaus-Dieter Rossade was appointed as Interim Executive Dean of the Faculty of Wellbeing, Education and Language Studies.

Dr Liz Marr, Pro-Vice-Chancellor for Students, left and Professor Ian Pickup joined as Pro-Vice-Chancellor (Students).

Louise Casella, Director of The Open University in Wales, left and David Price joined as Interim Director of The Open University in Wales. In November 2023, Ben Lewis will join as the new permanent Director of The Open University in Wales.

Professor Marcia Wilson, Dean for Equality, Diversity and Inclusion, left and Lorraine Jones, Deputy Dean of EDI, became the Director of EDI as of 1 August 2023 to continue work on delivering EDI. We have now decided to replace this position with a Pro-Vice-Chancellor role following an internal audit review and an assessment of the best way to achieve equity by design.

Professor Ian Fribbance, Executive Dean of the Faculty of Arts and Social Sciences, will come to the end of his term and be replaced in late 2023.

Professor Devendra Kodwani, Executive Dean of the Faculty of Business and Law, will come to the end of his term and be replaced in late 2023.



Equality, Diversity and Inclusion

Key milestones in the 2022/23 academic year include:

- Developed Athena Swan and Race Equality SharePoint sites to support education and improve understanding of gender and race equality at the University.
- Celebrated our first International Women's Week and, with People Services, launched the Women's Development Community for the personal and professional development of women to progress into leadership or access other career prospects.
- Administered the application process and provided support for 30 applicants to the Advance HE Aurora Leadership Development Programme for Women.
- Supported eight of our staff in attending the 100 Black Women Professors' Now Programme, a change programme delivered by the Women's Higher Education Network to increase Black women in the academic pipeline.
- Supported and engaged with Black History Month, Race Equality Week, the United Nations Day of the Elimination of Racial Discrimination and South Asian Heritage Month as ways of improving the understanding of Race Equality at the University.
- Published a report about racism at the University in March – recommendations will be progressed by the Race Equality Charter Self-assessment Team.
- Produced the first year's report for Report + Support, the online reporting tool to record, action and monitor incidences of discrimination, bullying and harassment. The report comprises lessons learned and recommendations for action.
- Looking to increase the number of students and staff who use Report + Support, and provide a more comprehensive, data-driven annual report to explore bullying and harassment at the University.
- We continue to celebrate the diversity of our community through participating in events such as Pride Month, National Day of Staff Networks and Carers Week.
- Engaged with Warwick University's Communities Values in Action 'Say My Name' Project to enable a more positive experience for our graduating students attending their ceremonies.

Ongoing areas of work for 2023/24:

- Continuing working to close the gender and ethnicity pay gaps by introducing pay consistency panels to review pay proposals across all staff groups, and by providing units with pay gap data for their business area.
- Evaluating the University's policies and practices to ensure they are inclusive.
- Working towards submissions in 2025 for our first Silver Athena Swan Charter and Race Equality Bronze Charter.
- Schools for Health, Wellbeing and Social Care (WELS), Psychology and Counselling (FASS), and Social Sciences and Global Studies (FASS) are planning their first Athena Swan submissions in Spring 2024.
- Planning an EDI survey for staff and students to understand the perceptions of racism at the University.
- Developing an Allyship programme with online content and interactive workshops for a pilot in November 2023.
- Raising the profile of Equality Impact Assessment and providing an increased number of online workshops to support staff in completing equality analysis.
- Reviewing the 'Supporting Self Managing Staff Network Groups Framework'.
- Provided training for Staff Network Leads building on their existing skills and experience to effectively lead their respective networks.

Further information is available on the University's equality and diversity website



www.open.ac.uk/equality-diversity/

Gender, ethnicity and disability breakdown

At 31 July 2023, the gender, ethnicity and disability breakdown of Council members, senior managers (comprising the members of the Vice-Chancellor's Executive), and of staff were as follows:

Gender	Employees		External		Total	
	Male	Female	Male	Female	Male	Female
Council members	5	2	9	4	14	6
Senior managers (excluding Council) ¹	10	4	0	0	10	4
All other employees	3,868	6,637	0	0	3,868	6,637

Ethnicity	Employees				External		Total
	BAME*	White**	Refused	Unknown	BAME*	White**	
Council members	1	6	0	0	2	11	20
Senior managers (excluding Council) ¹	2	12	0	0	0	0	14
All other employees	1,310	8,614	347	234	0	0	10,505

* does not include 'White-Other'

** includes 'White-Other'

Disability	Employees			External		Total
	Disabled	Non-disabled	Unknown	Disabled	Non-disabled	
Council members	1	5	1	2	11	20
Senior managers (excluding Council) ¹	0	14	0	0	0	14
All other employees	912	9,360	233	0	0	10,505

The staff numbers above are based on staff in-post as at 31 July 2023, whereas the staff numbers in Note 8 are the average FTE over the entire financial year.

¹ Senior managers comprise members of the Vice-Chancellor's Executive. The Vice-Chancellor is included in the lines for 'Council Members' above.

Trade union facility time

We recognise the benefits to both the employer and employees when the University and the Trade Unions work together effectively. There are two Unions which are recognised for the purposes of consultation and negotiation: the UCU (University and College Union) and UNISON. Facility time is time spent by individuals on carrying out their representative duties in respect of their trade union role. In accordance with The Trade Union (Facility Time Publication Requirements) Regulations 2017, we report for the period 1 April 2022 to 31 March 2023 as follows (comparators for the period 1 April 2021 to 31 March 2022 are in brackets):

Relevant union officials	There were 50 (2022: 56) individual employees equating to 42.59 (2022: 30.62) Full-Time Equivalent (FTE) employees, who were relevant trade union officials during the period.
Percentage of time spent on facility time	Of the 50 (2022: 56) employees, 43 (2022: 48) staff spent less than 50% of their working hours on facility time, and 2 (2022: 5) staff spent 100% of their working hours on facility time during the relevant period.
Percentage of pay bill spent on facility time	The pay amount relating to the total percentage of working hours spent on facility time is 0.1% (2022: 0.1%) of the total staff costs for the University during the relevant period.
Paid trade union activities	The number of hours spent by employees who were relevant trade union officials on paid trade union activities is 16.0% (2022: 11.4%) of the total paid facility time hours during the relevant period.

Public interest disclosure

We ensure that our Whistleblowing Policy and associated procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risk we face. The Policy is reviewed annually by the Audit Committee on behalf of Council to ensure fitness for purpose.

The Policy and procedures were reviewed to ensure accessibility and consistency with other student-facing policies, and were approved by the Audit Committee in June 2022.

In the period from 1 August 2022 to 31 July 2023, there have been five disclosures made through the Whistleblowing mailbox. Each of these was considered and either investigated directly or referred to be dealt with through other established University procedures. The results of concluded investigations determined that there was no further action to take following the investigation.

No common themes arise from the cases.

Financial Review

Our adjusted operating financial performance reflects the challenging financial situation faced by both the University and our students as the cost-of-living crisis continues. We failed to reach our original student number targets in October 2022 as we saw student behaviours change and we recognised that student number growth was unlikely. We undertook immediate action to control our costs with Council-approved adjusted operating deficits for 2022/23 and 2023/24 and a return to adjusted operating surplus in 2024/25. Our financial statements are also impacted by the Associate Lecturers contracts which has created a challenge of managing costs when set against a fall in student numbers.

Our financial statements comprise the consolidated results of the University and trading subsidiaries, Open University Student Budget Accounts Limited (OUSBA) and Open University Worldwide Limited (OUW). Together, these form the Group.

Financial Highlights and Results for the Group

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Accounting surplus/(deficit)	19.9	(233.1)
Adjusted operating (deficit)/surplus (see page 34)	(25.1)	23.0
Adjusted operating (deficit)/surplus as a % of income	(4.5%)	4.0%
Total cash and current asset investments	314.7	382.1
Net current assets	237.5	302.3
Net assets	218.3	198.4

¹ Any unrealised investment gains or losses have been removed from total revenue in calculating adjusted operating surplus as a % of income.

The adjusted operating deficit of £25.1m reflects the reduction in income as we did not achieve the original target student numbers at the October 2022 registration. The cost-of-living crisis and student behaviours post-pandemic meant a reversal of the growth in student numbers seen in recent years. As a result, we have focused our efforts on cost reduction and income diversification activity. The change of contractual arrangements of Associate Lecturers (page 8) has meant we are less agile in managing this element of our cost base against a fall in students numbers. We recognise it is essential to be able to manage our cost base in proportion to our income to maintain financial stability.

In reporting, we also disclose an accounting surplus of £19.9m, which includes a number of non-operating costs totalling £51.2m and includes £15.3m of restructuring, and £35.9m of strategic change costs. These are supporting both future year cost savings and our Live to Learn strategy. Our USS pension provision remains calculated on the March 2020 valuation and the resulting credit of £104.5m is also reported within the accounting surplus; a reconciliation of these is disclosed at the start of page 34.

The increase in staff and non-pay costs and the resulting adjusted operating deficit has been driven by inflation on our pay and non-pay cost base which has been unable to respond to the immediacy of the October 2022 student numbers (our student numbers are reported on page 20). This illustrates the fluctuations over recent years. COVID-19 resulted in a significant increase in student numbers, but in 2021/22 this changed and we failed to reach our target. Whilst fee income includes some inflationary increase, the underlying student numbers are now expected to fall again in 2023/24.

We have continued investment in our strategic change programme to ensure business readiness for the future. The spend continued during the year through the enhancement of staff welfare and technologies, and the planning and commissioning for the change in delivery of some student services.

Our key financial performance measure is a target of an adjusted operating surplus of 2% of income. We also monitor our liquidity and our reserves. Our unrestricted reserve has increased by £19.0m to £209.2m as a result of the accounting surplus in the year. In determining our financial sustainability and available reserves, we exclude the USS provision as this is a non-cash transaction which will unwind over the next 18 years. We report against our financial strategy targets on page 39.

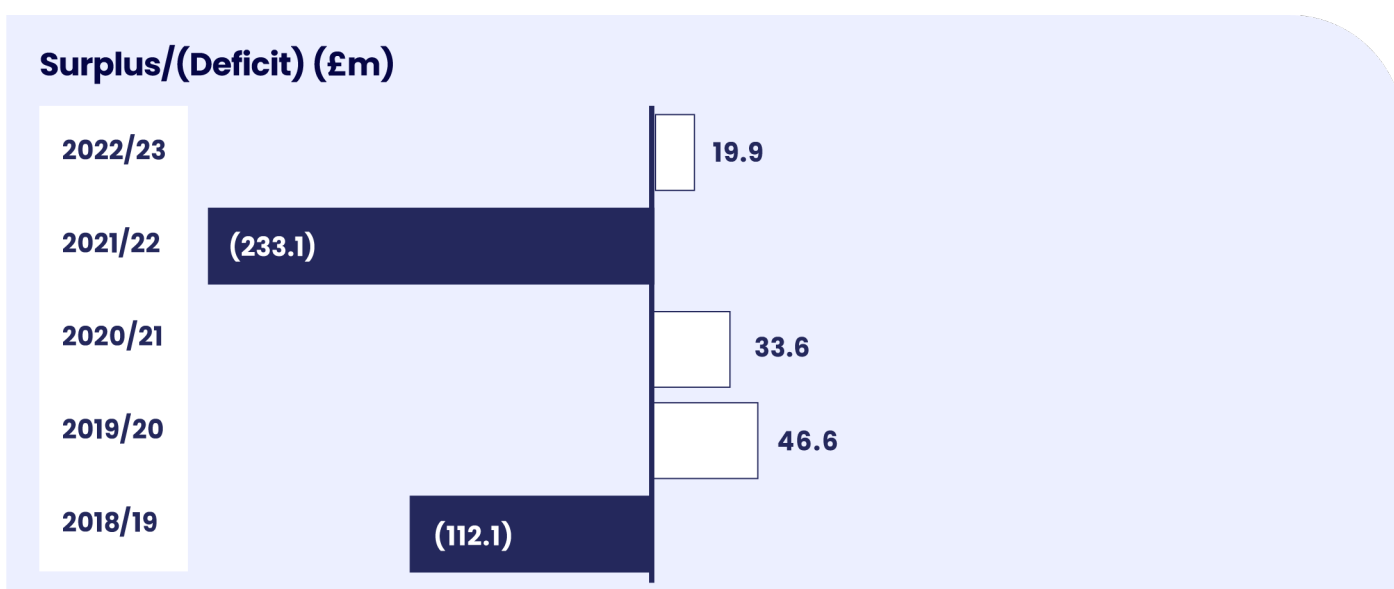
These headlines are explored in more detail in the following sections.

Group financial outturn

We report an accounting surplus for the year of £19.9m, which includes a net credit adjustment for USS of £104.5m and this compares to an accounting deficit of £233.1m last year after a debit adjustment for the USS provision of £181.4m.

Reported surpluses/(deficits) over the last five years are set out below. For both 2022/23 and 2021/22, the USS pension adjustments have had a substantial impact on this metric following the approval of the March 2020 USS valuation.

Year-on-year fluctuations, excluding the USS pension adjustment, are due to variations in both non-recurrent and recurrent income and expenditure, including pay awards, inflation and the transfer of AL staff to substantive contracts, along with investment in strategic change activities.



Adjusted Operating (deficit)/surplus

To better understand our underlying operational financial performance, we report the adjusted operating surplus. This is a non-GAAP measurement and excludes items not influencing the day-to-day operations of the Group as set out in the table below.

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Accounting surplus/(deficit) for the year	19.9	(233.1)	19.5	(232.4)
USS deficit provision adjustments	(104.5)	181.4	(103.6)	179.3
Restructuring and strategic change	51.2	42.4	51.2	42.4
Unrealised investment losses	1.6	22.2	1.6	22.2
Share of deficit of joint venture	6.7	10.1	0.0	0.0
Impairment of investment in joint venture	0.0	0.0	6.7	10.5
Adjusted Operating (deficit)/surplus	(25.1)	23.0	(24.6)	22.0

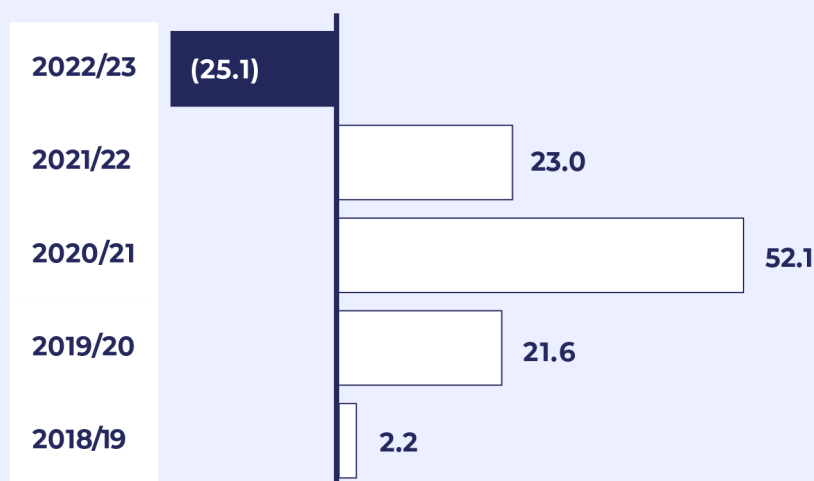
Restructuring and strategic change include the residual elements of the Core Systems Replacement project, the ongoing Student Services Portfolio activity and the Mutually Agreed Resignation Scheme (MARS) restructuring costs, of which MARS is part of the return to surplus activity. Other costs include unrealised investment losses (£1.6m) and the disposal of our investment in FutureLearn following its sale to a third party (£6.7m). The restructuring and change activities are expected to continue, but with reduced financial commitment, for at least three more years.

The movement from a £23.0m adjusted operating surplus in 2021/22 to a £25.1m deficit in 2022/23 is disclosed below. This movement reflects the financial impact of the reduced student numbers during 2022/23, the increase in cost following the introduction of substantive contracts for ALs who were assimilated to a full-time equivalent when student numbers were at a historical peak and part of the 2023/24 pay award that was backdated to 1 February 2023 due to exceptional cost-of-living pressures.

	Year ended 31 July £m
Adjusted Operating surplus – 2021/22	23.0
Decrease in Tuition Fee Income	(25.9)
Increase in Funding Body Grants	9.6
Increase in Research Grants, Other Income, Investment Income and Donations	3.6
Increase in Operating Staff Costs	(49.7)
Decrease in Non-Staff Costs	14.3
Adjusted Operating (deficit) – 2022/23	(25.1)

The view below of the adjusted operating surplus/(deficit), eliminating the non-operational items, provides a better measure of our underlying financial performance. The driver for the varying underlying financial performance is the fluctuations in student numbers over this period. The 2019/20 and 2020/21 results include financial impacts of the COVID-19 pandemic, including increased new student registrations for 2020/21 and reduced operational expenditure as a number of activities were paused.

Adjusted operating surplus/(deficit) (£m)



Income

In 2022/23, the Group's total income from all sources increased year on year by £7.9m (1.4%) to £561.9m. Our adjusted operating income was £563.5m, £12.7m (2.2%) lower than last year. This excludes transactions not part of day-to-day operations, including unrealised investment losses of £1.6m (2021/22, a loss of £22.2m). Tuition fee income decreased by £25.9m (6.1%) following the reduced student intake, notably in October 2022. A fuller description of the variations with last year is reported on the next page. Fee and funding body income fell year on year by £16.3m.

Total Income and Adjusted Operating Income

Total Income (£m)
 Total Adjusted Operating Income (£m)



<p>Tuition fee income Page 72</p>	<p>Our tuition fee income decreased by £25.9m (6.1%) to £397.2m. This is a result of the reduction in student numbers following the exceptional growth seen through the pandemic. Note 1 sets out tuition fee income by UK nation.</p>
<p>Funding body grants Page 72</p>	<p>Grant funding from the four UK nations' higher education funding bodies and from Research England increased by £9.6m to £123.4m. The changes in grant funding set out in Note 2 to the financial statements reflect each nation's funding methodology and priorities for higher education and are largely a result of increased student numbers and an increase in funding from HEFCW.</p>
<p>Research grants and contracts Page 73</p>	<p>In addition to Research England's Quality Research (QR) and UK Research Partnership Investment Fund grants included in funding body grants, our academics submit grant applications to UK Research and Innovation (UKRI) funders, European Research funders, and other charitable and commercial bodies to fund specific research projects. Income from research grants and contracts increased by £1.3m to £15.9m.</p>
<p>Other income, donations and endowments Page 73 & 74</p>	<p>In 2022/23, income from other sources decreased by £2.2m to £18.2m. This reflects the challenging commercial environment and the continuing impact of the pandemic in restricting income-generating activities.</p>
<p>Investment income Page 74</p>	<p>We report income of £7.2m, against a loss of £17.9m the previous year. The increase reflects the rise in interest rates and modest investment gains as equity markets have consolidated in the last 12 months. Losses made in 2021/22 were unrealised following the fall in the value of equity-based funds.</p>

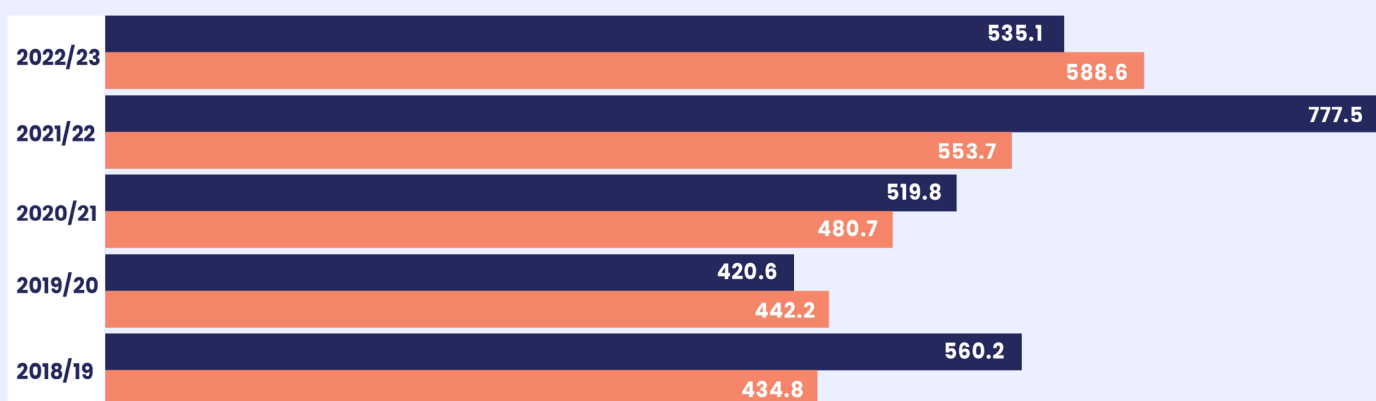
Expenditure

In 2022/23, total Group expenditure from all sources was £535.1m, a £242.4m (31.2%) decrease on 2021/22. Excluding only the change to the USS pension provision, total group expenditure increased by £43.5m (7.3%).

The operating expenditure excludes transactions not part of day-to-day operations, including the USS pension provision of £104.5m (2021/22, £181.4m), and expenditure on time-limited strategic change activities of £51.2m (2021/22, £42.4m). The £34.7m increase from £553.7m to £588.6m (6.3%) is a direct response to general inflationary pressures, including staff costs which, following the adoption of the new AL contracts, has not flexed with the fall in student numbers.

Total Expenditure and Adjusted Operating Expenditure

Total Expenditure (£m)
 Total Adjusted Operating Expenditure (£m)



Staff costs

Page 75

Total staff costs decreased by £245.7m to £352.9m, of which the movement in the USS pension provision amounted to £114.0m (per Note 8).

Excluding this pension adjustment, underlying staff costs have increased by £49.7m (11.9%). This underlying increase includes:

- Associate Lecturer costs that increased by around £10.0m. The new contracts are for a fixed number of hours (fte); this does not flex with a fall in student numbers as it would have previously.
- The part-year impact of 2023/24 national pay award effective from 1 February 2023, estimated at £5.4m.
- £15.3m of severance costs as a result of the Mutually Agreed Resignation Scheme (MARS) introduced as part of the return to surplus activity. Approximately 450 staff will leave the University during 2023/24, having reached agreement with the University before 31 July 2023.

Non-staff costs

Pages 80 and 81

Non-staff costs including operating expenses, depreciation and interest payable decreased by a combined total of £14.1m (10.5%), reflecting the cost control measures put in place following the reduction in student numbers.

Cash and cash flow

Total cash balances as at 31 July 2023 were £133.5m, £54.0m less than at 31 July 2022.

On page 71 of the financial statements, our reported net cash outflow from operating activities (financial statements definition) of £66.7m (2021/22, £21.9m) was due to our adjusted operating deficit plus the expenditure outflows on strategic change activities.

Net cash inflows from investing activities of £14.3m reflects movements in the investment in equity funds (see Note 16) and investment income, as discussed below.

Assets and liabilities

Our intangible assets decreased by £1.8m to £15.9m as a result of the write-off of some of the costs of the Core Systems Replacement programme, part of our strategic change programme, as explained in Note 12.

Tangible assets totalled £223.2m at 31 July 2023, and the net decrease of £5.4m compared to 2021/22 was largely due to the depreciation charge for the year. The additions to land and buildings in the year of £0.4m (2021/22, £2.7m) were in respect of the investment in our estate.

Net current assets decreased by £64.8m to £237.5m. This is represented by the decrease of £67.4m in cash and current asset investments (gilts, equities and term deposits), as described in Note 16. This was partly offset by a £7.0m reduction in creditors due in less than one year as a result of the reduction in fee income in advance as our student numbers reduced.

It is our policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later. There are no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998.

Pensions

The University and its wholly owned subsidiaries participate in the sector-wide USS for the benefit of our UK-based staff. The USS is completely independent of the Group and provides a hybrid scheme with both a defined benefit and defined contribution elements. A full actuarial valuation of the USS was undertaken at March 2020 and then triennially thereafter.

In addition to the USS, a small number of employees are members of defined contribution pension schemes. Details are provided in Note 26.

USS – 2020 actuarial valuation

The results of the last triennial review and the resulting scheme changes were agreed by the USS Trustee were reported in 2021/22 and again in these financial statements. These include our estimated contributions to support the clearance of the whole scheme deficit of £14.1bn (equivalent to a funding level of 83%). Our estimated share of the USS deficit provision is £182.9m, a decrease of £104.5m from £287.4m at 31 July 2022.

The provision is reviewed every year and pensionable pay assumptions are updated. The main sensitivities are modelled on page 66.

The 2020 valuation led to changes in contribution arrangements and member benefits, as follows:

Contribution rates	From 1 April 2022
Employee contribution rate	9.8%
Employer contribution rate	21.6%

USS – 2023 actuarial valuation

The USS 2023 actuarial valuation is currently in progress with the Trustee consulting with members and employers through their representative bodies. Indications are positive with the Trustee consulting on a scheme surplus of £7.4bn based on a return to previous levels of benefits for members along with reduced contributions.

Reduced contributions would have a positive impact of the financial results of the University provided they are not eroded by future pay awards. It is anticipated the 2023 valuation will be approved in late 2023 and become effective in spring 2024 and will therefore be reflected in the University financial statements for 2023/24.

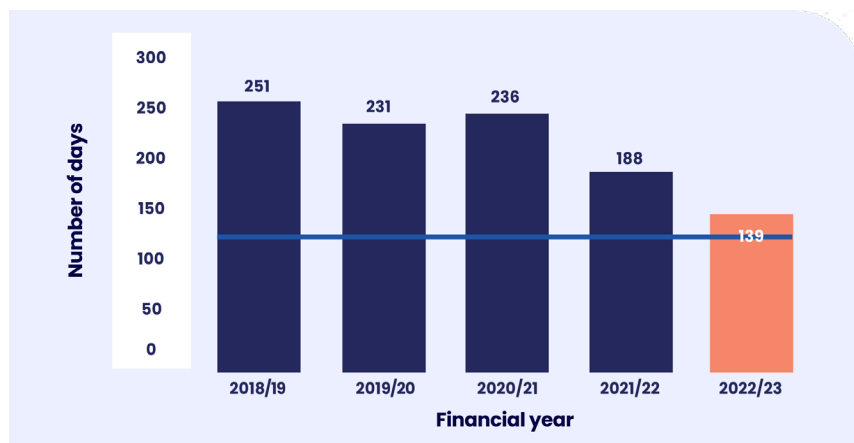
Our financial strategy

Our financial strategy ensures that available financial resources are used to best effect to achieve the University's objectives whilst maintaining financial sustainability and resilience. The financial strategy is monitored through three performance measures.

► **Net current assets:** To maintain net current assets at a minimum of 120 days expenditure (excluding non-cash transactions).

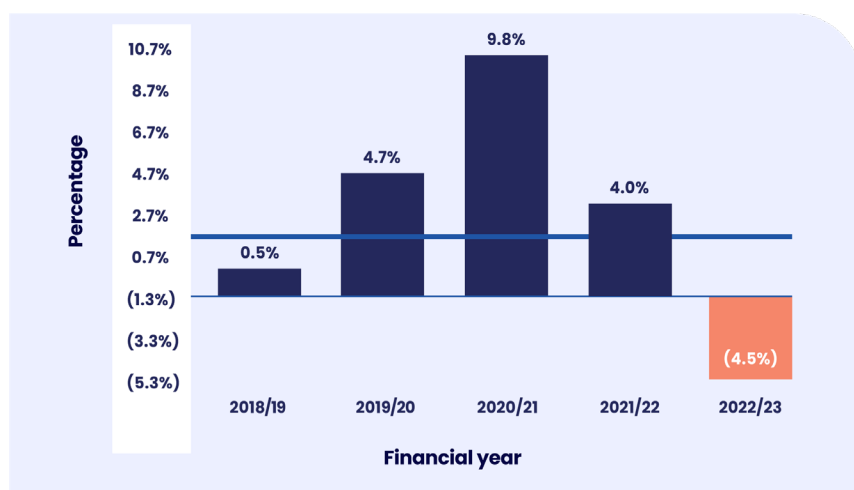
The target represents the required level of expenditure cover based on consideration of financial risk. Our performance against this measure over the past five years is set out in the graph below.

At 31 July 2023, net current assets were £237.5m, a decrease of £64.8m (21.4%) from the previous year's figure of £302.3m. The 2023 figure represents 139 days of expenditure (excluding non-cash transactions).



► **Income and expenditure:** To at least balance normal recurring income with normal recurring expenditure, taking one year with another, over the medium term and to aim for an adjusted operating surplus of 2% of income.

The history of the operating surplus or deficit is shown in the graph, along with the financial strategy target of 2%. The operating deficit as a % of income for 2022/23 is 4.5%, a reversal of the 4.0% surplus reported for 2021/22.



► **Reserves:** To maintain available reserves at a level that exceeds required reserves. Required reserves are calculated to provide for financial sustainability through consideration of liquidity, infrastructure contingency and financial risk. Available reserves are defined as unrestricted reserves excluding the accounting impact of pension provisions.

This measure, aligned to methodology provided by the Charity Commission, determines the target level of reserves. For 2022/23, this target level was £295.0m, and our actual unrestricted reserves are £209.2m, adjusted for the USS pension provision they increase to £392.1m, which is in excess of the required reserves target.

Treasury and Investment Management

At 31 July 2023, our cash and current asset investments were £314.7m.

Our investment strategy and performance is reviewed by the Finance and Investment Committees. We have a Responsible Investment Framework which Investment Committee use to select all fund managers.

Following the selection of a fund manager, Investment Committee meets with every fund manager at least annually to review their financial performance and fund outlook. At these meetings, the Committee also discuss the Environmental, Social and Governance (ESG) practices of each fund manager to ensure they continue to satisfy the criteria of the Responsible Investment Framework.

Exposure to financial risk is mitigated through appropriate treasury and investment policies providing for diversification and capital protection of our assets after considering changing economic conditions. Daily cash flows are managed to ensure sufficient liquidity whilst providing appropriate interest returns and minimising counterparty risk.

We manage our current investment assets on two bases:

Short-term fund

This portion of our financial resources is managed by the treasury team to ensure capital protection and the availability of liquidity in the short term.

It is invested in bank deposits with the largest UK banks and building societies and money market liquidity and sterling government funds, which are split between three fund managers. The University also has the option to purchase and hold gilts with a maturity of less than five years, however, at present the University does not hold any gilts.

The treasury team has reduced the number of notice accounts in the period to shorten the average term of the portfolio. This means that rising rates feed through into interest received more quickly whilst reducing our exposure to interest rate risk.

Equity-based long-term portfolio

This portion of our financial resources targets a long-term investment return of three percentage points above the UK Retail Price Index, with short-term volatility being accepted. In 2022/23, this portfolio produced a gain of £1.6m compared to a net loss in 2021/22 of £18.9m, as explained in Note 6.

During the year, the Investment Committee, as part of the University's commitment to divest from fossil fuel, has reviewed the current equity fund holdings and started to look for alternative options. Although this review is still underway, we have taken the decision to divest one of the funds that cannot satisfy the fossil fuel free criteria. In addition, the Investment Committee selected on 1 August 2023 an alternative ethical fund at one of the existing fund managers, and the process of transferring the funds is underway.

The two investment managers are selected for their contrasting approaches. This split is designed to provide a measure of capital protection in different market conditions whilst providing an above-inflation return over the long term. Both managers invest on behalf of a wide range of charitable clients and have well-developed mechanisms to invest in a socially responsible manner. We do not directly invest in offshore funds.

Our foreign currency earnings form a very small proportion of total income and the exposure to exchange rate risk remains small. It is therefore not appropriate to adopt particular strategies to reduce this risk, although this policy is kept under review.

The profile of the University's gilts, equity-based investment funds and term deposits as at 31 July 2023 is set out in Note 16.

Risk and management

Our approach to risk management supports the delivery of our Strategy.

Governance mechanisms are in place to provide assurance to our Council and Audit Committee that our risk management policy and framework, and risk appetite guide, are followed and remain fit for purpose.

Our risk management processes are cascaded through the University and inform decision-making at strategic and operational levels. Use of a Risk Management System provides for the consistent capture of risk information, the ability to view risks in real time across the University and to produce aggregate data to inform the Strategic Risk Register.

The key elements of our system of risk identification and management includes the following:

Risk appetite	Defining the University's appetite for risk, setting parameters for acceptable levels of risk-taking in key risk categories.
Links to objectives	Linking the identification and management of risk to the achievement of institutional and unit objectives through the annual planning process.
Evaluation of likelihood and impact	Evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls.
Continuous improvement	Periodically reviewing risk management documentation and processes to ensure appropriateness and drive continuous improvement.
Embedding the risk process	Embedding risk assessment and internal control processes in the ongoing operations of all units, at all levels.
Reporting	Reporting regularly to the University's Vice-Chancellor's Executive, Audit Committee and to Council to ensure appropriate attention and action to strategic threats and opportunities.

Our management of strategic risk focuses on decreasing the impact and/or the likelihood of threats being realised and increasing the likelihood and/or impact of opportunities being realised. The strategic risks currently being managed are:

Strategic risk	Steps being taken to mitigate these risks include
Challenges in attracting students due to marketing conditions and curriculum offer	<ul style="list-style-type: none"> Continued building of The Future is Open brand platform. Continuing conversion improvement activities. Launching commercially driven microcredentials and short courses in line with agreed plans. Development of an Apprenticeships roadmap and go-to-market plans to support further product development and launch.
Student retention, progression and experience	<ul style="list-style-type: none"> Development of consistent induction experience to prepare students for online distance study and development of business processes to recognise the success of all students via the awarding of milestone qualifications. Delivery of the Student Services Portfolio to enable more responsive, timely, targeted, personalised and data-driven interventions. Implementation of the University's Access and Participation Strategy and Access and Participation Plan with continued coordination between all four nations. Implementing the Mental Health and Wellbeing Strategy.
Staff capacity, capability and wellbeing	<ul style="list-style-type: none"> Communicating and promoting the mental health and wellbeing resources available through the Employee Assistance Programme (EAP) and sharing data to identify trends and enable proactive interventions. Reviewing the current Reward Scheme alongside Ways of Working to assist in the attraction and retention of employees and candidates. Ensuring close working with the Universities and Colleges Employers Association (UCEA) and Universities UK (UUK) to avoid or resolve local industrial disputes and secure the optimal outcomes for the OU and its staff.
Challenges in the delivery of strategic change initiatives	<ul style="list-style-type: none"> Progressing the smooth integration of Associate Lecturers into faculties. A student-led, incremental development approach within the Student Services Portfolio to deliver improved student outcomes. Developing improved oversight of institutional project and programme expertise and resource.
Financial sustainability	<ul style="list-style-type: none"> Development of a multi-year budget approach, with planned measures, including staff restructuring where required, to achieve a financial adjustment which ensures a return to target operating surplus by financial year 2024/25.
Quality and development of the University's research and enterprise	<ul style="list-style-type: none"> Continuing the implementation of the Research Plan, the Knowledge Exchange Plan and associated Research and Academic Excellence Communication Plan. Investing in impactful research through the Open Societal Challenges Programme, which aims to empower research teams to mature their ideas in tackling some of the key societal challenges of our time. Development and delivery of a series of activities, collectively named Post-Graduate Research (PGR) Futures, to understand current PGR programmes and consider future developments in the context of the changing external environment.

Strategic risk	Steps being taken to mitigate these risks include
Information security	<ul style="list-style-type: none"> • Continuous exploration of effective ways to identify, prevent, respond and recover from cyber-attacks. • Continuous improvement of detection capabilities. • Continuing to roll out Mobile Device Management security processes for all staff.
Changing policy, funding and regulatory environments	<ul style="list-style-type: none"> • Early engagement with the OfS to ensure new regulatory requirements are incorporated into business-as-usual and reporting requirements maintain OfS registration. • Continued participation in Data Futures roll-out and engagement with the OfS and the funding bodies in each of the four nations.
Breaches in compliance and regulatory requirements	<ul style="list-style-type: none"> • Embedding data protection impact assessments in projects and change processes. • Ensuring timely responses are provided to all circulars and consultations carried out by funding bodies. • Driving continual, iterative improvement to the Business Continuity Management Programme, aligned to best practice and ISO standard 22301:2019.
Technology and data	<ul style="list-style-type: none"> • Working toward migration of legacy bespoke systems to secure cloud platforms to ensure optimum service availability. • Improving data quality across The Open University.
Challenges in achieving sustainability and climate change objectives	<ul style="list-style-type: none"> • Development of an Estates Strategy to specify energy and carbon reduction actions for all buildings. • Providing Carbon Literacy training to colleagues and students. • Launched the Sustainability Planning, Action and Reporting Kit (SPARK) in April 2023. • Developing an action plan to adopt Responsible Futures, a structured framework of criteria to embed sustainability, inclusive of climate justice into formal and informal learning. • Development of an Open University Climate Adaptation plan in line with the Department for Education's (DfE) 'sustainability leadership and climate action plan' initiative.

Sustainability

Our delivery of sustainability firmly draws on our unique characteristics: our pioneering provision of distance learning; our mass public engagement reach, often in partnership with the BBC; and our four-nations presence.

We build on our long-standing social justice mission to enable environmental justice.

Our VCE sponsor for sustainability, Professor Nick Braithwaite, Executive Dean of STEM, and our Director of Sustainability, Dr Victoria Hands, direct, coordinate and empower a matrix-team of senior colleagues to deliver on sustainability.

Our approach emphasises that **sustainability is 'everyone's job'** and we involve our staff and students in collaborative projects to integrate sustainability in all that we do. Over the last year, we have:

- Upskilled and reskilled close to 700 of our staff and students through our free 8-hour Carbon Literacy training, with half becoming Carbon Literacy Project certified.
- Launched our co-produced Sustainability Planning, Action and Reporting Kit (SPARK) for units/sub-units. It enables teams to tailor actions, be creative in embedding sustainability in their daily work and form sustainability working groups for continuous improvement and impact prioritisation.
- Empowered our pan-OU Sustainability Coordination Group and our Sustainability Steering Group (a subset of VCE) in monthly briefings and meetings.
- Learned from best practice across the four nations, establishing a nations sustainability working group. We transferred good practice in Scotland to input into consultations in Northern Ireland and develop an institutional adaptation policy. We joined a group of all nine universities in Wales pioneering a collaborative Masters in Sustainability Leadership and are members of the Wales Innovation Network Net Zero steering group.

Institutional progress on our sustainability commitments means we have:

- Continued to reduce our greenhouse gas emissions from our energy use ('Scope 1 and 2') including building fabric upgrades, winter closures, server rationalisation, laboratory improvements and Electric Vehicle charging point installation for fleet.

- Made sustainability a guiding principle for our emerging Campus 2030 plan.
- Collated data on emissions from procurement of goods and services ('Scope 3') including high spend/high carbon digital and travel.
- Trained our Central Procurement team to embed carbon reduction, sustainability and modern slavery prevention in procurement processes.
- Created internal guidance on responsible procurement for all buyers of goods and services, encouraging reuse wherever possible via our reuse portal (Warp-It).
- Made progress on completing our divestment from fossil fuels by the end of 2023.
- Drafted a Climate Risk Plan and processes ahead of Climate Risk Disclosure requirements in 2024.
- Left much of our Milton Keynes campus unmown to enhance biodiversity and support wildlife, whilst still being part of Britain in Bloom.
- Continued communications to all staff and students in a monthly sustainability bulletin, a 600+ Viva Engage community monthly Go Green staff champion events.
- Led multi-stakeholder discussions on sustainability and green skills through our Open Conversations and 'Net Zero Skills and the Role of Universities' public event, bringing together the OU family of students, graduates and professors.
- Collaborated with Students Organising for Sustainability (SOS-UK) on inclusive and equitable sustainability, acknowledging the intersectionality with EDI.
- Collaborated on BBC co-productions including Wild Isles, a series that celebrates the wonders of British wildlife and Earth, a landmark series following Chris Packham as he revisits Earth's most epic moments to tell the incredible story of our home planet. The supporting online content also includes an interactive interview exploring Earth's history. The series 'What They Really Mean For You' delves into the depths of some of the key challenges facing society's quest for better travel and heating in the context of meeting Net Zero. Part of the supporting online content is an interactive quiz by the OU, 'Are you a NetZero Hero?', allowing us all to learn how we can contribute to climate safety.

We believe that our major net-positive impact is through our role as an Educator.

We are committed to embedding sustainability in our curriculum, research and knowledge exchange. We aim to support our learners, their families, communities and organisations to transition to a renewable energy economy, building long-term resilience and adapting to climate change impacts. In the last year, we have:

- Initiated our Research Plan 2022–27, aligned with the United Nations Sustainable Development Goals (SDGs) and welcomed UKRI’s draft Sustainability Concordat.
- Hosted a Sustainability Research Festival welcoming 63 staff and coordinated 100 projects with interdisciplinary teams to respond to global societal challenges which we frame as ‘living well, equality and sustainability’.
- Embedded sustainability in our offer to public sector, business and enterprise promoting our popular Microcredential (100 hours of learning) ‘Climate Change: Transforming your Organisation for Sustainability’ and initiating an ‘Environmental, Social and Governance’ (ESG) campaign to highlight our commitment to sustainable business, culminating in the Green Skills Careers show in Glasgow in Autumn 2023.
- Trained 13 of our careers service staff on climate and green careers to ensure our students receive advice and support on jobs in sustainability and net zero.
- Worked closely with the OU Students’ Association to embed sustainability in the formal, informal and subliminal curriculum and respond to student concerns.
- Engaged 90 students to map all OU modules against the SDGs and UNESCO 21st century competencies to inform curriculum design and course revalidation.
- Developed guidance for module writers so that our students are encouraged to think about sustainability whatever they study.
- Shared with the wider FE/HE community our Learning Designers good practice as finalists in the Green Gown Awards 2023 for team sustainability initiatives.
- Reviewed Professional Statutory and Regulatory Bodies accrediting processes which support sustainability and collaborated with the Alliance for Sustainability Leadership in Education (EAUC) on enhanced engagement and guidance.
- Embedded sustainability in the Inclusive Curriculum framework to shape course content across all disciplines and produced a sustainability resource list. Surveyed our students for the second time via the 2022 National Student Survey optional questions on sustainability and embedded student voice in our activities.



Forward Look

Our expectations for 2023/24 and beyond recognise significant continuing financial challenges, including inflation above historical levels, and therefore cost-of-living pressures impacting on student demand. Equally, the changing UK population demographics reduces the size of our traditional student market. We are working to control our costs and are planning for an adjusted operating deficit, before returning to an adjusted operating surplus in 2024/25.

Our underlying financial health remains robust, with significant net current assets as a result of strong financial performance from growth in student numbers in earlier years.

In late 2022, we adopted a four-year cost reduction and income diversification plan to right size our cost base against its student numbers. Our return to surplus plan includes some actions such as the MARS severance scheme, which has already generated savings in future years, but more activity is being undertaken in both Faculties and Professional Service units to deliver further cost reduction and income diversification. Many of these activities support our Live and Learn strategy with its focus on improved student experience through more efficient operations and student number growth.

Our Learn and Live strategy, described on pages 14 and 15, aims to bring flexible, high-quality university education to an even wider range of people. Operating at scale in all four nations of the UK and with our open access policy, we continue to promote fair access for all who want to study higher education courses, making a substantial and unique contribution to widening participation in the UK.

Our plans recognise the uncertainty and volatility of the external environment. The significant financial challenges from the current UK economic position are expected to impact recruitment of students and means costs will have to be carefully managed in proportion to our income. We hope that following the announcement of the provisional 2023 USS valuation results the recent industrial action seen across the HE sector will reduce. It is acknowledged the provisional USS position has the potential to reduce our costs going forward, but equally this will play into pay negotiations so there is still uncertainty of the true impact of this valuation to our total cost base. Uncertainty also exists on the outcome of the Lifelong Learning (Higher Education Fee Limits) Bill, which seeks to reform post-18 education through the delivery of high-quality courses meeting the needs of employers and is planned to be introduced in 2025. Indications are this will be beneficial to the University, creating the opportunity for us to further develop our education provision and grow our student numbers.

Our plans are to mitigate where there are uncertainties and equally exploit opportunities for diversification with our alternative provision of high-quality, lower-cost education.

Financial sustainability

As described in the Financial Review on page 32, despite the reported deficit, we have a strong underlying financial position which provides us with a level of resilience. We have not been complacent, responding promptly to the reduced student numbers in October 2022 and introducing the four-year cost reduction and income diversification activity. It is vital we focus on delivering these savings whilst at the same time making our offer more attractive. We acknowledge the challenges on our traditional market base caused by the changing population demographics and by the increase in the proportion of the population who have first degrees. Equally, we understand this sector will be significantly impacted by the ongoing UK cost-of-living crisis.

Whilst we have recruited over 14,000 new undergraduate students and over 48,000 continuing undergraduates for our October 2023 modules, this is slightly below our planning targets. Early research suggests that student confidence has been impacted by increased costs of living, reducing time available for part-time study, along a reducing demographic for our traditional student market. Our October modules represent around 80% of planned student registrations.

The implementation of the new Associate Lecturer contract improved the job security and terms and conditions for these colleagues. However, we now need to focus on ensuring this work force is complementary to our student numbers and that we have processes and procedures in place to create efficiency and flexibility in this cost base. Some operational changes have already been introduced such as removing the geographical allocation of students to Associate Lecturers and others will be introduced

during the current year so that our costs are appropriate to our income, and we can also mitigate against inflationary costs.

We are planning an operational deficit in 2023/24, returning to operating surplus during 2024/25. The return to surplus activity has committed to using some of our reserve funds, but our planning shows we have sufficient reserves built up over the past years to allow us to operate on this basis.

Our Live and Learn strategy is designed to support our long-term financial sustainability, building on the trend of underlying growth with prudent and efficient cost management. Our systems replacement and technology development activities, focusing on improving our student experience, are expected to deliver more students through improved conversion and retention and contribute to a return to surplus activity.

Campus 2030

The University has an opportunity to relocate to a site in Milton Keynes city centre. This creates the potential to offer an extended range of teaching options, including face-to-face teaching. We are embarking on creating a detailed business case for this, along with the option of remaining on our current Walton Hall site, acknowledging that both our new hybrid working practices and our Net Carbon Zero commitments will mean that in future we will be using the Walton Hall site differently. These business cases will be presented to Council in summer 2024, although a decision not to proceed might be taken earlier if the financial case for the relocation cannot be made.

The key areas of future financial risk and opportunity that are particularly relevant to consideration of our financial sustainability are discussed below:

Future financial risks and opportunities

Reduction in student numbers

As described above, for our autumn 2023 modules we saw a shortfall to our student recruitment growth targets through the continuing cost-of-living crisis.

Our continued work to deliver on the Learn and Live strategy, especially our two strategic goals that focus on greater reach and success for our students, supported with the managed cost reduction activity being introduced, will mitigate the short-term financial impacts and will position the University to respond as new market opportunities arise.

Cost-of-living crisis

The high rates of inflation experienced across the UK since spring 2022 have had a direct impact on our students in the last two years.

With reliance on income from student fees and government grants, the actions taken by government to address the general economic conditions will be key to future years planning. We have developed and are implementing a series of actions to enable us to return to an operating surplus position by 2024/25.

Costs of pensions

The financial impact of the 2020 USS valuation is summarised on page 38. The provisional results of the 2023 valuation have been released showing a surplus position. Consultation on proposed benefits and contributions is taking place through the autumn with a potential implementation date of 1 January 2024.

Expansion of our Arts curriculum

On 1 August 2023, we acquired the OCA. This will enable our curriculum in the arts to expand, developing a direct creative industry offering.

Use of our estate

Much of workforce continues to opt for hybrid working, so we are looking to ensure we are using our estate to the best effect. We are developing plans to reduce the impact of the estates on our costs and, where possible, realise income opportunities.

Future financial risks and opportunities

Climate change and our impact on the environment

We are committed to achieving net zero greenhouse gas emissions by 2030. This requires investment to decarbonise our estate. Our work to deliver this is being developed in parallel with the Campus 2030 initiative. The costs of decarbonising will exceed ten times the current annual energy bill. At the same time as decreasing our carbon footprint, we are expanding our educational impact in matters of environmental sustainability.

Future funding of higher education

The pressures on public funding in all four UK nations, and decisions about prioritisation of its use for higher education may present challenges.

In addition, across the four nations there are changes impacting both our regulation and funding. In England, we wait the completion of the Lifelong Learning (Higher Education Fee Limits) Bill which is currently progressing through Parliament. In Scotland, the SFC's recent review of tertiary education and research is now being taken forward. In Wales, the role of HEFCW will be taken on by the new CTER. Each of these changes impacts on the policies of the nations and through this the funding allocations received by the University.

We continue to monitor the political and economic environment and, where we can, shape this for the future. Through consultation and active engagement, we are able to develop our own scenario planning and understanding of the potential financial impact.

Going concern review

We have a reasonable expectation that our underlying financial position provides a sound base to enable us to deliver on our Live and Learn strategy and that we will deliver our return to adjusted operating surplus in 2024/25. Our financial reserves and cash balances provide resilience for unpredicted changes in revenue streams or cost base in the short term, allowing us time to plan appropriate responses.

Our financial plans incorporate consideration of the potential impact of operational, economic, government and financial risks on our financial sustainability, as described on the previous pages. We forecast and evaluate our future financial position over a period of five years, including income and expenditure statements, cash flows and a summarised balance sheet.

We have carried out sensitivity analysis on our forecasts which flex our main planning assumptions including inflation, changes in government funding, under achievement of student recruitment targets, and other pressures on planned income and expenditure. Our risk analysis of these financial forecasts also identifies opportunities through student number growth and income diversification through new learning products, however, we focused on the downside risks that are outside our control and that may impact our current planning assumptions.

The proposed reduction in contributions to USS are currently expected to be implemented from 1 April 2024. This will result in the removal of the USS pension provision and a significant reduction in our costs.

We discussed plausible downside scenarios and possible responses to these scenarios with the Vice-Chancellor's Executive, Finance Committee and Council. These include:

- Inflation, including pay inflation, increasing beyond our current planning assumptions.
- Reduction in planned student numbers, both in-year withdrawals and later years recruitment, as a result of a continuing economic downturn.
- Reduction in teaching and other specific grants as a result of government response to the economic crisis.

- Delivery of cost-saving reductions or income diversification only with high and medium confidence levels.

We also considered the impact of the more extreme scenarios on our liquidity position and undertook month-by-month stress testing to understand their cumulative impact. The strength of our cash and current asset investments allows for sufficient time to respond to the downside risks. Our review of liquidity over the next 12 months provides assurance that even in the most extreme scenario, and without further interventions to reduce expenditure, we have sufficient cash and investments to continue to operate without increasing borrowings.

Our forecasts and projections to 2027/28, taking account of reasonable sensitivities in relation to the key risks, indicate that we can operate within our current facilities and available headroom. Accordingly, Council continues to adopt the going concern basis in preparing the financial statements and considers that the University has adequate resources to continue in operational existence for the foreseeable future.

Approved by Council on 21 November 2023 and signed on its behalf by:

ANDREW DICKINSON
Chair of Audit Committee

PAUL TRAYNOR
Chief Financial Officer

TIM BLACKMAN
Vice-Chancellor

Corporate Governance Statement

Constitution, Governance and Regulation

This Corporate Governance Statement covers the period from 1 August 2022 to the date of signing of these financial statements.

The Open University was incorporated by Royal Charter on 23 April 1969. It is registered at Companies House under number RC 000391 and its registered address is Walton Hall, Milton Keynes, MK7 6AA. Certain parts of the Charter, and the Statutes appended thereto, have been amended by the Privy Council with the last amendments being made in December 2005.

The Open University is regulated principally by the OfS, which defines the conditions under which the University receives public funds. Operating throughout the UK, the University also receives funding from the Higher Education Funding Council for Wales, the Scottish Funding Council and the Department for the Economy, Northern Ireland.

As a condition of OfS funding, the University subscribes to the designated data body – the Higher Education Statistics Agency.

The University's principal advisors are listed on page 97.

Senate

The Senate is the academic authority of the University, responsible for promoting our academic work, both in teaching and research. Subject to the powers of the Council, it oversees academic management, including curriculum and all aspects of quality and standards associated with the University as a degree-awarding body. Senate meetings concentrate on academic strategy, policy, priority and performance.

Council

The University's main governing body is Council, supported by a number of subcommittees. Council is particularly concerned with strategy, finances, property and staff. It has ultimate authority within the University but must respect the views of Senate in academic matters.

The membership of Council is set out in the University Statutes. At the date of approval of these financial statements, there are 22 members. Since the University is an exempt charity, Council members are the charity trustees. The roles of Chair and Vice-Chair of Council are separated from the role of the Chief Executive, the Vice-Chancellor.

Council has adopted a statement of primary responsibilities, which is published on our Freedom of Information and Governance websites. This statement sets out Council's responsibilities in respect of The Open University Charter, the proper conduct of public business, human resources, finance and the law, mission and strategy, monitoring effectiveness and performance, the appointment of Officers and Council members, ensuring the welfare of students and the quality of institutional educational provision, and the Students Association. It also outlines Council's regulatory powers and its delegation of powers.

At the date of signing these financial statements, Council has the following committees: an Audit Committee; a Finance Committee; a Governance and Nominations Committee; an Investment Committee (a subcommittee of the Finance Committee); a Remuneration Committee; and a Strategic Planning and Resources Committee (a joint committee with the Senate). All of these committees are formally constituted with terms of reference. The Chair of each committee is an external Council member, with the exception of the Strategic Planning and Resources Committee, which is chaired by the Vice-Chancellor. Council, on the recommendation of the Governance and Nominations Committee, appoints all members of Council who sit on these committees.

Council also appoints external members co-opted to Council committees. The corporate governance disclosures in respect of these committees follow those in respect of Council itself.

Responsibilities of the University's Council

As the executive governing body of the University, Council is responsible for the administration and management of the University's affairs and is required to present audited financial statements each year.

Council is responsible for ensuring that proper accounting records are kept that disclose with reasonable accuracy, at any time, the financial position of the University and enable the financial statements to be prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions, and other relevant accounting standards. Under the conditions of registration between the OfS and the University, including the Accounts Direction, Council, through

its designated office holder, is required to prepare financial statements for each financial year that give a true and fair view of the University's state of affairs and the surplus or deficit and cash flows for that year. Council considers that the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to understand the University's performance, business model and strategy.

Membership of Council

The following members of Council retired from office during the year ending 31 July 2023:

Rachel Lock, Gary Elliot-Cirigottis, Nick Barratt, Catherine Halliwell and Kara Chiana Dique.

Further information on Council and Committee remit appears in the following pages of this report. Attendance information can be found on page 95.

In causing the financial statements to be prepared, the Council has ensured that:

Accounting policies	Are selected and applied consistently.
Judgements and estimates	The assumptions used are reasonable and Council review that these have been fully disclosed.
Accounting standards	Are followed, subject to any material departures disclosed and explained in the financial statements.
Going concern basis	Is used and the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. As indicated on page 48, Council is satisfied that it 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.

The Council has taken reasonable steps to:

Use funds properly	Ensure that funds from OfS, SFC, HEFCW, the Department for the Economy (Northern Ireland) (DfE) and UKRI are used only for the purposes for which they have been given and in accordance with the OfS Accounts Direction and the Funding Agreements with SFC, HEFCW, DfE and UKRI, and any other conditions which the five funding bodies may, from time to time, prescribe.
Implement controls	Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
Manage risks	Ensure that there are effective systems of risk identification and management that cover all risks, produce a balanced portfolio of risk exposure, are based on a clearly articulated policy and approach, are monitored and reviewed regularly, are integrated into normal business processes and aligned to the University's strategic objectives, and are managed by heads of units and senior managers.
Safeguard assets	Safeguard the assets of the University and prevent and detect corruption, fraud, bribery and other irregularities.
Manage resources	Secure the economical, efficient and effective management of the University's resources and expenditure.

Internal controls

The University procedures for managing risk are discussed on page 41. For the period covered by these financial statements to the date of signing, the key elements of the University's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

Defining responsibilities	Definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative units.
Medium and short-term planning	A medium and short-term planning process, with key roles defined for heads of academic and administrative units, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
Performance review	Regular reviews of academic performance and quarterly financial reviews involving variance reporting and updates of forecast outturns.
Expenditure and investment appraisal	Defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Council.
Financial regulations	Financial regulations, including financial controls and procedures, are approved by the Finance Committee and their application monitored.
Audit	A professional internal audit team whose annual programme is approved by the Audit Committee.

Internal controls are reviewed annually by the Chief Internal Auditor and the Audit Committee. Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Through the internal audit process, internal control issues have been routinely identified and improvements made by management. The Chief Internal Auditor reported to the Audit Committee that the arrangements for governance, risk management and internal control including value for money relating to the routine operations of the University were, in his opinion, satisfactory.

In relation to the University's financial statements published on its website, the University's management is responsible to Council for the maintenance and integrity of our website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Committee remit

Audit Committee

The Audit Committee comprises wholly external members drawn from both within and outside of the Council, and so has no executive responsibility. Its remit is as follows:

Risk management	Reviewing the effectiveness of the Group's arrangements for risk management, control and governance.
Financial statements	Reviewing the University's accounting policies and consolidated financial statements and recommending them for approval to Council. Reviewing with the external auditors the scope and nature of their audit of the financial statements, including their report to the Audit Committee.
Value for money and data quality	Satisfying itself and reporting to Council, with advice from the Chief Internal Auditor and other internal and external sources of assurance as appropriate, that satisfactory arrangements are in place to promote economy, efficiency and effectiveness, and the quality of data submitted to the various funding bodies and the SLC.
Internal audit	Reviewing and approving the terms of reference of the internal audit function and monitoring its performance and effectiveness.
External audit	Advising the Council on the appointment in accordance with the Committee of University Chairs (CUC) Audit Code of Practice, and remuneration of the external auditors, and monitoring their performance and effectiveness through consideration of their reports and discussion with both management and the auditors.
Regulatory compliance	In addition to seeking assurance on risks associated with non-compliance generally for the University, the Committee also assesses its own compliance with the regulatory framework relating to the CUC Audit Code of Practice.

The Audit Committee relies substantially on the work of the internal and external auditors, on the information provided by management and on the response of management to the questions it raises. The University's external audit has historically been tendered every seven years in accordance with the requirements of the OfS Terms and Conditions of Funding for Higher Education Institutions, and the PricewaterhouseCoopers LLP (PwC) partners responsible for the external audit are rotated regularly in accordance with PwC's own policies and required regulations.

The Audit Committee has discussed with management and the external auditors the key financial risks and uncertainties impacting on the preparation of the financial statements and the financial position of the University. These areas have been considered in the audit planning and scoping and they related to:

Core systems replacement programme	The implementation of a new system resulted in challenges associated with data migration, documenting understanding of the new system, and the reliance on reports from the system proposed to be used for our audit.
Change in Associate Lecturer contract arrangements	Transitional arrangements from October 2021 and subsequent changes to payroll processing.
Investment in FutureLearn Limited	The arrangements for the disclosure of the sale of this investment.
USS pensions provision	The accounting treatment adopted for the provision of the costs related to the Group's commitment to fund the deficit in the USS.
Compliance	Compliance with terms and conditions associated with the application of funds received from various funding bodies and with other regulatory requirements.
MARS	Appropriateness of the accounting for the costs of the scheme.

The Group financial statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 60 to 67 which are in accordance with applicable United Kingdom accounting standards. Audit Committee has reviewed the Group's accounting policies and considers them to be the most appropriate to the Group's operations.

Governance and Nominations Committee

The Governance and Nominations Committee is responsible for recommending to Council the appointment of external co-opted members to Council and the Council's Committees. It also makes recommendations to the Council for the appointment of Council members to committees of Council and to other committees of the University. It monitors the effectiveness of Council membership and advises the Council on matters relating to the role of Council members. It is also responsible to the Council for assuring the effectiveness of Council's governance arrangements.

Remuneration Committee

In fulfilment of its terms of reference, the Remuneration Committee is responsible for determining the remuneration and rewards of the University's most senior staff, specifically the Vice-Chancellor and those whose Full-Time Equivalent basic annual salary exceed £100,000 per annum. It is committed to best practice in all aspects of corporate governance and application of reward practices. It applies the guidance contained in the Higher Education Senior Staff Remuneration Code and will follow the recently approved Open University Reward Principles in its decision-making and reporting.

Strategic Planning and Resources Committee

The Strategic Planning and Resources Committee is a joint committee of Council and Senate; it is convened annually to consider and recommend the University's Fee and Financial Support Strategy. It also has delegated responsibility from Council for recommending and agreeing redundancies for academic and academic-related staff.

Finance Committee

The Finance Committee reviews and then recommends to Council the annual revenue and capital budgets and longer-term financial strategy and plans, and monitors performance in relation to the approved budgets. It reviews and then recommends to Council the financial regulations and financial policies that are applied by management.

The committee receives reports and recommendations from the Investment Committee on the performance of long-term and short-term investment portfolios.

Investment Committee

The Investment Committee advises the Finance Committee on investment strategy, recommends appropriate funds and investment managers, and monitors their performance. The committee recommends to Finance Committee our Responsible Investment Framework and reviews the ethical, social and governance (ESG) policies of the long-term Investment fund managers and the money market fund managers.

Corporate governance and accountability arrangements

Council is committed to achieving high standards of corporate governance in line with accepted best practice, and reviews its performance and effectiveness on a regular basis.

The Governance and Nominations Committee reviews external developments in governance, including HE codes of governance, and makes recommendations to Council as required. The Committee monitors practice in light of the CUC Higher Education Code of Governance (2020), the Scottish Code of Good HE Governance (revised 2017), the Welsh Governance Charter for Universities in Wales and Commitment to Action, regulatory interventions by the OfS, and the requirements of other funding bodies.

A review of the schedule of delegation is currently being overseen by the Governance and Nominations Committee with the aim of improving decision routes through governance bodies.

We strive to be an exemplar of good governance and with respect to these codes we have regard to them and consider that our practices are consistent with requirements. We meet the requirements of the Scottish Code of Good HE Governance on a comply or explain basis as a condition of our SFC grant.

Performance evaluation of Council and its committees

Council supports ongoing review of the role and performance of governance and reflects on its effectiveness annually.

Council holds an annual event which focuses on members' roles and responsibilities as governors of the University, as well as the external environment and regulatory requirements.

The 2022 event was an opportunity for members to discuss student outcomes and retention strategies, and the OU's market context post-pandemic.

A review of individual members of Council, based on a short self-assessment questionnaire, is undertaken at the end of each Committee year and each Council member has a biennial appraisal with the Chair or Vice-Chair of Council. Any concerns and recommendations are reported to Council through the Governance and Nominations Committee.

Independent Auditors' Report to the Council of The Open University (the 'institution')

Report on the Audit of the Financial Statements

Opinion

In our opinion, The Open University's group financial statements and institution financial statements (the 'financial statements'):

- give a true and fair view of the state of the group's and of the institution's affairs as at 31 July 2023 and of the group's and of the institution's income and expenditure, gains and losses and changes in reserves, and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law)
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41)
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Financial Statements for the year ended 31 July 2023 (the 'Annual Report'), which comprise the Consolidated and Institution Statements of Financial Position as at 31 July 2023; the Consolidated and Institution Statements of Comprehensive Income, the Consolidated and Institution Statements of Changes in Reserves, and the Consolidated Statement of Cash Flows for the year then ended; the Statement of Principal Accounting Policies; and the Notes to the Financial Statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 institution's ability to continue as a going concern for a period of at least 12 months from the date on which 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and institution's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion, the information given in the Trustees' Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Responsibilities of The Open University's Council set out on page 51, Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they 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 is responsible for assessing the group's and institution's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group and institution or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the institution/industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and data protection regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation laws, pension regulations, the Office for Students' Accounts Direction (OfS 2019.41) and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Detailed discussions with management and walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing legal expenses to identify any inconsistencies with other information provided by management;
- Assessing significant judgements and estimates including those relating to the provision in respect to the USS (Universities Superannuation Scheme) defined contribution scheme and the disclosures included on these balances within the financial statements;
- Incorporating elements of unpredictability; and,
- Identifying and testing unusual journal entries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with Section 10 of the Charters and Statutes of the institution and Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under that Act (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The institution's grant and fee income, as disclosed in Note 3 to the financial statements, has been materially misstated; or
- The institution's expenditure on access and participation activities for the financial year, as disclosed in Note 23 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Opinion on other matters required by the funding agreement between The Open University and Higher Education Funding Council for Wales ('HEFCW')

In our opinion, in all material respects:

- funds provided by HEFCW have been applied in accordance with the funding agreement between The Open University and HEFCW and any other terms and conditions attached to them; and
- funds provided by HEFCW have been used for the purposes for which they were received.

Charities Accounts (Scotland) Regulations 2006 (as amended) exception reporting

Under the Charities Accounts (Scotland) Regulations 2006, we are required to report to you if, in our opinion:

- sufficient accounting records have not been kept by the institution; or
- the institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
21 November 2023

Statement of Principal Accounting Policies

1 Basis of Preparation

The Open University is incorporated by Royal Charter and is registered with the OfS, the University's principal regulator. The Open University is an exempt charity in England and Wales and a registered charity in Scotland.

The financial statements have been prepared on a going concern basis, in accordance with FRS 102, the University's Charter and Statutes, OfS Accounts Direction, Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice, Accounting for Further and Higher Education Institutions (SORP 2019 edition). The historical cost convention has been used as modified by the revaluation of land and buildings, and with the exception of some financial assets as described in paragraph 17.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. These accounting policies were approved by the Audit Committee on 13 June 2023 and have been applied consistently throughout the year.

2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the University and its subsidiary undertakings, together with a share of the results of joint ventures, for the financial year ended 31 July 2023.

The consolidated financial statements do not include those of the Open University Students Association, as the University has no control or significant influence over policy decisions of the Association.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal or loss of controlling interest. Intra-Group transactions are eliminated on consolidation.

Balances between the University and its joint ventures are not eliminated. Normal trading transactions that are not settled at the balance sheet date are included as current assets or liabilities.

Joint ventures are determined where control over an entity is jointly shared with a third party. Associates are determined where there is significant influence but not joint or overall control. Joint ventures and Associates are accounted for using the equity method.

3 Recognition of Income

Tuition fees and education contracts

- a. Fee income is credited to income over the period in which the students are studying. This is achieved by using an apportionment basis over the period of the relevant module, or in the case of apprenticeships the full period of study. Any fee income carried forward to a future financial year is included in creditors as deferred income.

Any refunds and discounts to tuition fees are applied to the fee that is receivable. This fee is recognised as income; any further financial assistance to students, other fee waivers and provision for bad debts are included in other operating expenses.

Where students have registered for modules that begin in a future financial year and have already paid or intend to pay using an instalment credit agreement from the University's subsidiary, Open University Student Budget Accounts Limited, the income is included in creditors as student fee income in advance. Where these fees have not been paid wholly or partly in advance by the end of the financial year in which registration takes place, the amount not received at the end of the financial year is included in trade receivables.

Where students are intending to pay for their study using part-time tuition fee loans from the SLC, their liability for the fee is created when their attendance is confirmed.

Funding body grants and research grants and contracts

- b. Recurrent grants from funding bodies are credited to income in the period in which they are receivable.
- c. Non-recurrent grants and donations are recognised when they are receivable and when performance conditions have been met. Income received in advance of performance conditions being met is included in creditors as deferred income. Where there are no performance conditions, income is recognised when it is receivable.
- d. Research and Development Expenditure Credits are included in research grants and contracts.

Other income

- e. Income from the sale of goods or services is credited to income when the goods or services are supplied to the external customers against the orders received or the terms of the contract have been satisfied.

Investment income

- f. Interest receivable is credited to income on a daily basis.

Donations and endowments

- g. Donations and endowments with donor-imposed restrictions are recognised in accordance with accounting policy 3c. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer.

Amounts received as an agent

- h. Where the University acts solely as paying agent to disburse bursaries and grants on behalf of a third party, the grants and bursaries received and the disbursements made are excluded from the Income and Expenditure Account. The balances carried forward are included in both current assets and in creditors falling due within one year.

4 Recognition of expenditure

- a. Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.
- b. Module development costs are charged to expenditure as they are incurred.
- c. The University has a maintenance plan designed to keep its estate in a constant state of good repair. The cost of maintenance is charged to expenditure in the period in which it is incurred.
- d. Loan interest and/or facility fees are charged to expenditure on a daily basis.

5 Liabilities and provisions

- a. Provision is made when a present obligation exists for a future liability in respect of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and where the amount of the obligation can be reliably estimated.
- b. Restructuring costs are recognised in respect of the direct expenditure of a reorganisation where plans are sufficiently detailed and well-advanced, and where appropriate, communication to those affected has been undertaken at the balance sheet date.

6 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 at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

7 Leasing costs

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the lease.

8 Taxation status

The University is potentially exempt from taxation on income or capital gains 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 and any tax incurred is either expensed or capitalised according to the nature of the underlying expenditure.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences that exist at the balance sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

9 Pension schemes

In the United Kingdom, the University participates in two schemes to provide retirement and death benefits for its employees, namely, the USS, and for a small number of staff the Federated Superannuation System of Universities (FSSU), a defined contribution scheme. In the Republic of Ireland, a small number of employees are members of the defined contribution Open University Retirement Solution Plan (OURSP).

Defined benefit scheme (USS)

The assets of the scheme are held in a separate trustee-administered fund. Due to the mutual nature of the scheme, the scheme's 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 and, as required by FRS 102, the University accounts for the scheme as if it were a defined contribution scheme. The University also makes a provision for its estimated share of any deficit in the USS; changes in the provision are reflected in the income and expenditure account. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period, along with changes in the level of the deficit provision.

The costs of the USS deficit recovery plan following the March 2020 valuation are estimated based on a model devised by the USS and the British Universities Finance Directors Group (BUFDG). The model uses the additional costs included in the deficit recovery plan and discounts based on corporate bond levels having a maturity similar to the length of the recovery plan (15 years as at 31 July 2023). The scheme actuary reviews the funding of the USS every year and normally undertakes a formal actuarial valuation every three years, at which time the deficit recovery plan may be amended.

Defined contribution schemes

The cost charged to the expenditure account is equal to the total of contributions payable in the year.

10 Intangible assets

The Group capitalises costs relating to the purchase and implementation of software packages as intangible assets. Software development costs, in-house or outsourced, are charged to expenditure as incurred. Intangible assets purchased are initially recognised at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The useful economic lives of intangible assets are as follows:

Software packages	10 years
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Assets under construction are not amortised until they are ready for use and are represented as costs incurred to date.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period, previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

11 Land and buildings

Land and buildings held at 31 July 2014 are shown in the balance sheet at the valuation on that date less accumulated depreciation and accumulated impairment losses. Land and buildings acquired after 31 July 2014 are shown at cost less accumulated depreciation and accumulated impairment losses. The revaluation at 31 July 2014 was undertaken in accordance with the appraisal and valuation manual prepared by the Royal Institution of Chartered Surveyors. The Walton Hall campus was valued on the basis of depreciated replacement cost and all other buildings on the basis of existing use value. The valuation was conducted by Gerald Eve LLP, a regulated firm of Chartered Surveyors.

On adoption of FRS 102, the Group adopted the transitional provisions to measure land and buildings at fair value on the date of transition, and to use that fair value as its deemed cost.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated on a straight-line basis over their expected useful lives of 40 years. Where buildings have a major refurbishment to adapt them for another use or extend their original useful life, the refurbishment cost is depreciated over their revised expected useful lives, which is a maximum of 40 years from date of the adaptation. Minor refurbishments to buildings are depreciated over the remaining expected useful life of the building, with a maximum period of 10 years; repairs and maintenance are expensed immediately.

12 Equipment

Equipment costing less than £50,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost. The equipment is depreciated on a straight-line basis over its expected useful life as follows:

Telephone equipment	5 years
Motor vehicles	4 years
Computing equipment	3 years
Other equipment	3 years

Assets under construction are not depreciated until they are ready for use and are represented as costs incurred to date.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above. The related grants are recognised in accordance with accounting policy 3 (recognition of income).

13 Heritage assets

Heritage assets costing or valued at over £50,000 are capitalised at cost or value on acquisition, where such a valuation is reasonably obtainable. Such assets are not depreciated. Other heritage assets are not capitalised. All costs incurred in relation to preservation and conservation of heritage assets are expensed as incurred.

The University library holds in its archives a small collection of personal and public papers and documents bequeathed to it by persons connected to the University, and a collection of historical documents related to the University. These items are not included in the financial statements since the University considers that it would not be practical to obtain a meaningful valuation.

14 Investments

- a. Investments in subsidiaries are shown at cost less accumulated impairment.
- b. Investments in joint ventures and associates are accounted for at cost less impairment.

15 Stocks of finished goods

- a. Stocks of module materials are valued at the lower of cost and net realisable value. Provision is made for obsolete or surplus module materials.
- b. Stocks of materials for use at residential schools are written off when purchased.

16 Cash, cash equivalents and liquid resources

Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. Cash equivalents are highly liquid investments that are repayable within three months and are subject to insignificant risk of changes in value; they can include term deposits at banks or investments in gilts. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits with maturities of greater than three months and other instruments held as part of the University's treasury management activities and are included within gilts, equities and term deposits.

17 Financial instruments

The Group has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of financial instruments. Financial assets and liabilities are recognised when the Group becomes party to the contractual provision of the instrument, and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured, the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include student fee income received in advance or for study partially complete, trade and other payables, bank loans, and intra-Group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. The Group does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled or expires.

18 Accounting for donations and endowments

a. Donations

Donations are recognised in the financial statements when the donation has been received or if, before receipt, there is sufficient evidence to provide necessary certainty that the donation will be received and the value of the incoming resource can be measured with sufficient reliability.

Where a donor has specified that a donation must be used for a particular objective, it is classified as a restricted donation. Income is retained within the restricted reserve until such time that it is utilised in line with the restrictions, at which time it is released to general reserves.

b. Endowments

Where donations are to be retained to the benefit of the University for more than five years for purposes specified by the donors, other than the purchase or construction of tangible fixed assets, they are accounted for as endowments. Income is retained in the endowment reserve until such time that it is utilised in line with the terms of the endowment, at which time it is released to general reserves.

Where the University has the power to use the capital portion of an endowment, it is categorised as an expendable endowment; where the capital portion must be retained indefinitely, it is categorised as a permanent endowment.

Critical accounting estimates and judgements

The University prepares its consolidated financial statements in accordance with FRS 102 as issued by the UK Financial Reporting Council, the application of which often requires judgements to be made by management. Under FRS 102, management is required to adopt those accounting policies most appropriate to the circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows. 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. It may later be determined that a different choice would have been more appropriate.

Management has discussed its critical accounting estimates, judgements and associated disclosures with its external auditors, its Finance Committee and its Audit Committee.

Accounting estimates

Retirement benefit obligations

The costs of the USS defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to uncertainty. Further details are given in Note 26.

Management is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

As the University is contractually bound to make deficit recovery payments to the USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2038. The provisional results of the 2023 actuarial valuation are referenced on page 38, which indicates the scheme is currently in surplus.

The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount based on corporate bond levels having a maturity of a similar length to the recovery plan. Further details are set out in Note 26.

Any change in the quantum of the provision is charged to staff costs. A sensitivity analysis of the approximate effects of changes in future staffing levels and changes in the discount rate has been carried out as follows:

USS deficit sensitivity analysis:

	Effect on total provision at 31 July 2023	Effect on expenditure in year ended 31 July 2023	Notes
For every 1% increase in staff costs	Increase by £1.8m	Increase staff cost by £1.8m	The effect is reversed if staff costs decrease, and diminishes the further in the future the change occurs.
For every 0.1% increase in discount rate	Decrease by £1.2m	Decrease staff cost by £1.2m	The effect is reversed if discount rates decrease.

Access and participation expenditure

As a requirement of the OfS Accounts Direction, we are required to disclose in a note to the financial statements certain expenditure aligned to our 2019/20 Access and Participation Plan which covers English students. Further information is provided in Note 23.

As a four-nation university, many of the costs relating to disabled student support and financial support schemes cannot be directly attributed to England students. Management considers that as these costs apply across the four nations an appropriate basis of calculation of relevant expenditure in England is a pro rata of England students as a percentage of total students. For 2022/23, this represents 71.3% of relevant expenditure (2021/22, 71.9%).

Access and participation expenditure sensitivity analysis:

	Effect on APP expenditure in year ended 31 July 2023	Notes
For every 1% increase in proportion of spend allocated to England	Increase APP expenditure by £0.05m	The effect is reversed if England share of spend decreases.

Accounting judgements

Revenue

Revenue received in respect of tuition fees forms the largest category of revenue for the University. The time period over which the modules are taught varies from 12 weeks for modules of ten credit points to over 60 weeks for some postgraduate modules. The University considers that the costs of the services delivered to support the modules are spread reasonably evenly over the life of the module. Whilst there may be peaks and troughs in activities over the life of any module, and differences in activity between modules, the time-apportion methodology has been used for many years as a practical methodology for recognising tuition fee revenue.

Statements of Comprehensive Income

	Note	Consolidated		University	
		Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Income					
Tuition fees and education contracts	1	397.2	423.1	397.2	423.1
Funding body grants	2	123.4	113.8	123.4	113.8
Research grants and contracts	4	15.9	14.6	15.9	14.6
Other income	5	15.0	14.6	14.0	13.5
Investment income	6	7.2	(17.9)	13.0	(12.5)
Donations and endowments	7	3.2	5.8	3.2	5.8
Total income		561.9	554.0	566.7	558.3
Expenditure					
Staff costs	8	352.9	598.6	348.1	591.0
Other operating expenses	9	160.9	168.7	177.9	189.5
Depreciation and amortisation		9.7	8.9	9.7	8.9
Interest and other finance costs	10	11.6	1.3	11.5	1.3
Total expenditure		535.1	777.5	547.2	790.7
Surplus/(Deficit) before other gains and losses		26.8	(223.5)	19.5	(232.4)
Share of deficit of joint venture	14	(6.7)	(10.1)	0.0	0.0
Surplus/(Deficit) for the year before taxation		20.1	(233.6)	19.5	(232.4)
Taxation	11	(0.2)	0.5	0.0	0.0
Surplus/(Deficit) for the year		19.9	(233.1)	19.5	(232.4)
Total comprehensive income/(expense) for the year		19.9	(233.1)	19.5	(232.4)
Represented by:					
Endowment comprehensive income for the year		0.0	0.9	0.0	0.9
Restricted comprehensive income for the year		0.9	2.0	0.9	2.0
Unrestricted comprehensive income/(expense) for the year		19.0	(236.0)	18.6	(235.3)
Total comprehensive income/(expense) for the year		19.9	(233.1)	19.5	(232.4)

All amounts relate to continuing operations.

The accounting policies on pages 60 to 67 and the Notes on pages 72 to 94 form an integral part of these financial statements.

Statements of Changes in Reserves

Income and expenditure reserve

	Endowment £m	Restricted £m	Unrestricted £m	Total £m
Consolidated				
Balance at 1 August 2021	1.9	3.4	426.2	431.5
Surplus/(deficit) for the year	0.9	2.0	(236.0)	(233.1)
Balance at 31 July 2022	2.8	5.4	190.2	198.4
Surplus for the year	0.0	0.9	19.0	19.9
Balance at 31 July 2023	2.8	6.3	209.2	218.3

Income and expenditure reserve

	Endowment £m	Restricted £m	Unrestricted £m	Total £m
University				
Balance at 1 August 2021	1.9	3.4	420.5	425.8
Surplus/(deficit) for the year	0.9	2.0	(235.3)	(232.4)
Balance at 31 July 2022	2.8	5.4	185.2	193.4
Surplus for the year	0.0	0.9	18.6	19.5
Balance at 31 July 2023	2.8	6.3	203.8	212.9

The accounting policies on pages 60 to 67 and the Notes on pages 72 to 94 form an integral part of these financial statements.

Statements of Financial Position

	Note	Consolidated		University	
		Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Non-current Assets					
Intangible assets	12	15.9	17.7	15.9	17.7
Tangible assets	13	223.2	228.6	223.2	228.6
Investments	14	0.0	0.0	1.3	1.3
Total Non-current Assets		239.1	246.3	240.4	247.6
Current Assets					
Stock		3.0	3.2	3.0	3.2
Trade and other receivables due within one year	15	44.0	47.8	37.0	41.2
Trade and other receivables due after one year	15	0.0	0.0	5.5	5.3
Equities and term deposits	16	181.2	194.6	181.2	194.6
Restricted cash		0.0	0.4	0.0	0.4
Cash and cash equivalents		133.5	187.5	126.2	179.9
Total Current Assets		361.7	433.5	352.9	424.6
Less creditors: amounts falling due within one year	17	124.2	131.2	124.9	132.3
Net current assets		237.5	302.3	228.0	292.3
Total Assets Less Current Liabilities		476.6	548.6	468.4	539.9
Less creditors: amounts falling due after more than one year	18	60.5	60.5	60.5	60.5
Less provisions for liabilities	20	197.8	289.7	195.0	286.0
Total Net Assets		218.3	198.4	212.9	193.4
Restricted Reserves					
Income and expenditure reserve – endowments	21	2.8	2.8	2.8	2.8
Income and expenditure reserve – donations		6.3	5.4	6.3	5.4
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		209.2	190.2	203.8	185.2
Total Reserves		218.3	198.4	212.9	193.4

The accounting policies on pages 60 to 67 and the Notes on pages 72 to 94 form an integral part of these financial statements, which were approved by Council on 21 November 2023 and signed on its behalf by:

ANDREW DICKINSON
Chair of Audit Committee

PAUL TRAYNOR
Chief Financial Officer

TIM BLACKMAN
Vice-Chancellor

Consolidated Statement of Cash Flows

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Cash flows from operating activities		
Surplus/(deficit) for the year before tax	20.1	(233.6)
Adjustment for non-cash items		
Depreciation and amortisation	9.7	8.9
Impairment of asset	0.0	6.7
Decrease/(increase) in stock	0.2	(0.6)
Decrease in debtors	3.6	1.4
(Decrease) in creditors	(7.2)	(13.8)
(Increase)/decrease in provisions	(101.4)	182.0
Share of deficit in joint venture	6.7	10.1
Adjustments for investing or financing activities		
Investment income	(7.2)	17.9
Interest payable	11.6	1.3
Endowment income	(0.1)	(1.1)
Capital grant income	(2.5)	(1.6)
Cash (Outflow) from Operating Activities	(66.5)	(22.4)
Taxation	(0.2)	0.5
Net Cash (Outflow) from Operating Activities	(66.7)	(21.9)
Cash flows from investing activities		
Capital grants receipts	2.9	2.1
Investment income receipts	5.6	1.3
Payments made to acquire tangible assets	(2.2)	(3.9)
Payments made to acquire intangible assets	(0.3)	(0.7)
Cash outflow from investment in joint venture	(6.7)	(2.5)
Sale of gilts, equities and fixed-term deposits	15.0	8.5
Net Cash Inflow from Investing Activities	14.3	4.8
Cash flows from financing activities		
Interest paid	(2.1)	(0.4)
Inflow/(outflow) to restricted cash asset	0.4	(1.1)
Endowment cash received	0.1	1.1
Net Cash (Outflow) from Financing Activities	(1.6)	(0.4)
(Decrease) in cash and cash equivalents in the year	22	(54.0)
Cash and cash equivalents at beginning of the year	187.5	205.0
Cash and cash equivalents at end of the year	133.5	187.5

The accounting policies on pages 60 to 67 and the Notes on pages 72 to 94 form an integral part of these financial statements.

Notes to the Financial Statements

1 Tuition Fees and Education Contracts: Consolidated and University

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Student fees – United Kingdom		
Taught degrees:		
England	312.7	336.2
Scotland	22.5	24.9
Wales	21.5	20.1
Northern Ireland	9.8	11.1
Research degrees	2.7	2.5
Total Student Fees – United Kingdom	369.2	394.8
Student fees – overseas	26.1	26.1
Research training support grants	1.9	2.2
Total Tuition Fees and Education Contracts	397.2	423.1

2 Funding Body Grants: Consolidated and University

	Year ended 31 Jul 2023 £m	Year ended 31 July 2022 £m
Recurrent grants		
Office for Students/UK Research & Innovation	53.6	51.9
Scottish Funding Council	25.4	25.3
Higher Education Funding Council for Wales	20.8	17.4
Department for the Economy (Northern Ireland)	7.2	7.3
Total Recurrent Grants	107.0	101.9
Specific grants		
Office for Students/UK Research & Innovation	7.7	4.2
Scottish Funding Council	4.5	4.5
Higher Education Funding Council for Wales	3.6	2.9
Department for the Economy (Northern Ireland)	0.6	0.3
Total Specific Grants	16.4	11.9
Total Funding Body Grants	123.4	113.8

3 Details of Grant and Fee Income: Consolidated and University

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Grant income from the OfS	59.1	55.5
Grant income from other bodies	64.2	58.3
Fee income for taught awards (exclusive of VAT)	392.2	417.7
Fee income for research awards (exclusive of VAT)	2.7	2.5
Fee income from non-qualifying courses (exclusive of VAT)	2.4	2.9
Total Grant and Fee Income	520.6	536.9

4 Research Grants and Contracts: Consolidated and University

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Research Councils	5.2	5.2
Other sources, including industrial companies	10.7	9.4
Total Research Grants and Contracts	15.9	14.6

5 Other Income

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Other grants and contracts	6.4	6.1	6.4	6.1
Validation fees	3.8	3.8	3.8	3.8
Other learning services	3.5	1.0	0.9	0.6
Other income	1.3	3.7	2.9	3.0
Total Other Income	15.0	14.6	14.0	13.5

6 Investment Income

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Change in value of equity-based funds	1.6	(18.9)	1.6	(18.9)
Interest receivable on gilts, bank deposits and money market funds	5.4	0.8	11.4	6.4
Interest on student loans	0.2	0.2	0.0	0.0
Total Investment Income	7.2	(17.9)	13.0	(12.5)

The change in value of equity-based funds was an increase of £1.6m resulting from an increase in book cost of £3.2m as a result of dividends reinvested, a £2.0m realised loss on disposal of a fund and a £0.4m increase in fair value determined with reference to the quoted market price at 31 July 2023.

7 Donations and Endowments: Consolidated and University

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Unrestricted donations	0.9	1.7
New endowments	0.1	1.1
Restricted donations	2.2	3.0
Total Donations and Endowments	3.2	5.8

All endowments are held as cash.

8 Staff Costs

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Salaries and other payments to employees	343.7	313.5	339.2	309.4
Social security costs	31.9	29.3	31.4	28.8
Pension costs	64.9	58.3	64.1	57.6
Movement on USS provision – see Note 26	(114.0)	180.5	(113.0)	178.4
	326.5	581.6	321.7	574.2
Other staff costs, including casual staff	10.2	11.9	10.2	11.8
Early retirement and voluntary severance	16.2	5.1	16.2	5.0
Total Staff Costs	352.9	598.6	348.1	591.0

Included within Staff Costs is £16.9m (year ended 31 July 2022, £16.7m) of restructuring and strategic change costs which are deemed not to be day-to-day operational costs.

	Consolidated		University	
	Year ended 31 July 2023	Year ended 31 July 2022	Year ended 31 July 2023	Year ended 31 July 2022
Staff numbers expressed as monthly average Full-Time Equivalents (FTEs) during the year (including higher paid staff)				
Full-time and part-time staff at Milton Keynes, Wellingborough, national and regional centres	5,699	5,307	5,613	5,226
Associate Lecturers and residential school staff	1,996	2,101	1,996	2,101
	7,695	7,408	7,609	7,327

Compensation for loss of office

The total amount of compensation for loss of office payable across the University was £16.2m for 478 staff. This includes a provision of £14.9m for future restructuring commitments through voluntary severance schemes, including MARS (year ended 31 July 2022, £5.1m for 237 staff, including provision of £2.3m).

Remuneration of Higher Paid Employees

The Vice-Chancellor

The Vice-Chancellor, Professor Tim Blackman, was appointed to the role beginning 1 October 2019.

Remuneration of the Vice-Chancellor ¹	Year ended 31 July 2023	Year ended 31 July 2022
Basic salary	£284,400	£276,200
Pension allowance	£25,700	£37,600
Pension costs	£20,600	£nil
Other: Life assurance premium	£3,200	£3,200
Total	£333,900	£317,000

Pay multiple – based on Full-Time Equivalent multiple of median for all staff:

Basic salary	6.7	6.7
Total remuneration	7.4	7.5

¹From 1 October 2020, the University and Vice-Chancellor signed a Service Occupancy Agreement, under which the Vice-Chancellor is permitted to reside at the Property as a licensee, whilst the University reserves the right to continue to use the property for business events. Under the agreement the Vice-Chancellor pays a market rent, reflecting the University's permitted usage, and the value of the benefit in kind to 31 July 2023 was nil (year ended 31 July 2022, nil).

Vice-Chancellor Pay Justification

Professor T Blackman	
Annual salary	£285,825
Performance-related pay	<p>Eligible to be considered for discretionary merit award (based on previous year's performance).</p> <p>Remuneration Committee agreed to pause the senior staff pay review scheme, including merit awards and discretionary increments. This action was brought about by the OU facing significant financial challenges over the next four years.</p>
Benefits	<p>£25,700 pension allowance, for the period to 31 March 2023.</p> <p>A pension allowance was offered and accepted by the Vice-Chancellor due to tax charges associated to excess pension lifetime allowances. However, the government announced that from 6 April 2023 the lifetime allowance charge would be removed, allowing individuals to retire without tax charges on their overall pension rights.</p> <p>The Vice-Chancellor joined USS in April 2023 and the payment of the pension allowance ceased. From this date, USS employer contributions of 21.6% of pensionable pay were made.</p> <p>£3,200 Life Assurance Premium.</p>
Salary benchmark against UCEA¹ data £400m revenue higher education provider	Lower quartile – £288,750
Salary benchmark against CUC² data +£400m revenue higher education provider	Lower quartile – £292,321
Context	<p>Start date October 2019</p> <p>Not eligible for national cost-of-living award, however, eligible for an annual salary review. It remains the Remuneration Committee's intention to position the Vice-Chancellor closer to the median salary benchmarks over time.</p>

¹ UCEA : Universities and Colleges Employers Association

² CUC: Committee of University Chairs

Process for judging performance

Consideration is given to a number of factors in determining the Vice-Chancellor's pay. This includes the following:

- **Pro-Chancellor's report** – summary of performance against agreed Career Development and Staff Appraisal objectives. Pro-Chancellor seeks feedback from all Council members.
- **Institutional performance report** – institutional performance based on key performance indicators and metrics agreed by Council is the second performance-related factor considered in reviewing the pay of the Vice-Chancellor annually. There are 12 success measures, aligned to the University's five key strategic objectives:
 - a. Student success
 - b. Excellent teaching and research
 - c. Growth and sustainability
 - d. Technology that enables success
 - e. Dynamic and inclusive culture.
- **Comparative pay and market data – including pay multiples**
Universities need to show that they are benchmarking against appropriate comparators. Given the distinct nature of The Open University, identifying appropriate comparators is not straightforward; the approach taken is to utilise the UCEA data for large institutions as this most accurately reflects the scale, complexity and reach of the institution. The Open University continue to include Higher Education institutions whose turnover is £150m more or less than that of The Open University, along with the current benchmarking group (pre-92 institutions with income over £400m).
- **External market conditions** – The Open University in Milton Keynes operates within a competitive local employment market with fierce competition from local high-quality employers as well as its proximity to the London labour market. In this context, the University's ability to attract and retain talented individuals in professional and commercial roles can prove challenging, but all remuneration packages where the salary is recommended above £100k are scrutinised by the Remuneration Committee to ensure that market data and internal comparators are fully considered before approval is given.

Higher paid employees*

The number of staff with a Full-Time Equivalent basic annual salary of over £100,000 per annum, including the Vice-Chancellor, who received salary in a full year broken down into bands of £5,000, for the Group and the University, were:

	Consolidated		University	
	Year ended 31 July 2023	Year ended 31 July 2022	Year ended 31 July 2023	Year ended 31 July 2022
	Number	Number	Number	Number
£100,000 – £104,999	12.6	14.0	12.6	13.0
£105,000 – £109,999	14.0	3.0	12.0	3.0
£110,000 – £114,999	2.0	4.0	2.0	3.0
£115,000 – £119,999	1.0	5.0	1.0	5.0
£120,000 – £124,999	4.0	0.0	4.0	0.0
£125,000 – £129,999	2.0	2.0	1.0	2.0
£130,000 – £134,999	1.0	0.0	1.0	0.0
£135,000 – £139,999	0.0	4.0	0.0	4.0
£140,000 – £144,999	2.0	1.0	2.0	1.0
£145,000 – £149,999	1.0	0.0	1.0	0.0
£175,000 – £179,999	0.0	2.0	0.0	2.0
£180,000 – £184,999	2.0	0.0	2.0	0.0
£190,000 – £194,999	1.0	1.0	1.0	1.0
£195,000 – £199,999	1.0	1.0	1.0	1.0
£200,000 – £204,999	0.0	0.2	0.0	0.2
£205,000 – £209,999	1.2	0.0	1.2	0.0
£275,000 – £279,999	0.0	1.0	0.0	1.0
£280,000 – £284,999	1.0	0.0	1.0	0.0
Total	45.8	38.2	42.8	36.2

*The Full-Time Equivalent staff numbers above are based on the current OfS disclosure guidance to express basic salaries at their full-time equivalent amount, for staff employed for the full year.

One employee included in the table above was also engaged as an Associate Lecturer in addition to the duties as a senior member of staff.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the University. This comprises the 15 members of the Vice-Chancellor's Executive (year ended 31 July 2022, 16 members). The total compensation for key management personnel for the year ended 31 July 2023 (including any severance payments and employers' pension contributions) was £3.3m (year ended 31 July 2022, £2.9m).

9 Other Operating Expenses

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Teaching materials and expenses	16.2	15.4	16.1	15.5
Student recruitment	18.5	19.9	18.5	19.9
Financial assistance, bursaries and prizes	15.9	13.3	15.9	13.3
Grants to Open University Students Association	1.9	1.9	1.9	1.9
Bad debt provisions and expenses	1.0	2.9	1.0	2.9
Total Student-Related Other Operating Expenses	53.5	53.4	53.4	53.5
Staff support and consumables	59.0	58.4	58.3	57.7
Equipment purchase, rental and lease	14.1	14.7	14.1	14.7
Repairs and maintenance	8.1	8.2	8.1	8.2
Academic resources and subscriptions	11.0	10.6	11.0	10.6
Estate utilities and services	7.6	6.7	7.6	6.7
Rent and rates	1.1	3.1	1.1	3.1
Broadcast media production	3.2	3.3	3.2	3.3
Impairment on intangible assets (Note 12)	0.0	6.7	0.0	6.7
Impairment on investment (Note 14)	0.0	0.0	6.7	10.5
Auditors' remuneration – audit fees	0.5	0.4	0.5	0.4
Other expenses	2.8	3.2	13.9	14.1
Total Non-Student-Related Other Operating Expenses	107.4	115.3	124.5	136.0
Total Other Operating Expenses	160.9	168.7	177.9	189.5

Included in the above are audit fees in respect of the University only of £0.5m (year ended 31 July 2022, £0.4m) and its subsidiaries of an aggregate of £0.05m (year ended 31 July 2022, £0.05m). Fees paid to the auditors for non-audit services was £nil (year ended 31 July 2022, £nil).

The total expenses paid to or on behalf of the members of Council in the year was £nil (year ended 31 July 2022, £nil). No payments or other benefits for being a member of Council were paid to, or waived by, Council members. Seven members of staff served on Council; the expenses paid to these staff specifically for serving on Council are included in the figure above. No other supplementary payment was made to these staff in their capacity as members of Council.

Operating lease rentals included above are £0.7m (year ended 31 July 2022, £2.5m), comprising £0.4m property leases (year ended 31 July 2022, £2.3m) and £0.3m equipment and machinery (year ended 31 July 2022, £0.2m).

Included within Other Operating Expenses is £17.0m (year ended 31 July 2022, £24.1m) of restructuring and strategic change related costs which are deemed not to be day-to-day operational costs.

10 Interest Payable and Other Finance Costs

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Finance charge on USS deficit provision (Note 20)	9.5	0.9	9.4	0.9
On loans not wholly repayable within five years	2.1	0.4	2.1	0.4
Total Interest Payable and Other Finance Costs	11.6	1.3	11.5	1.3

11 Taxation

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Deferred tax	0.2	(0.5)	0.0	0.0
Total Taxation	0.2	(0.5)	0.0	0.0

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is also a charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (charity no. SC038302). Therefore, the University is 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 Section 287 of the Corporation Tax Act 2009 (CTA 2009) and Sections 471, and 478–488 of the CTA 2010, or 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 (VAT) and VAT incurred is either expensed or capitalised according to the nature of the underlying expenditure.

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Surplus/(deficit) before taxation	20.1	(232.6)	19.5	(221.9)
Taxation at 21% (2022: 19%)	4.2	(44.2)	4.1	(42.2)
(Deficit)/surplus falling within charitable exemption	(4.2)	44.2	(4.1)	42.2
Deferred tax movement	0.2	(0.5)	0.0	0.0
Tax charge/(credit) for the year	0.2	(0.5)	0.0	0.0

12 Intangible Assets: Consolidated and University

	Software £m	Asset under construction £m	Total £m
Cost and valuation			
At 1 August 2022	20.2	0.2	20.4
Additions	0.1	0.2	0.3
At 31 July 2023	20.3	0.4	20.7
Accumulated amortisation			
At 1 August 2022	2.7	0.0	2.7
Charge for the year	2.1	0.0	2.1
At 31 July 2023	4.8	0.0	4.8
Net book amount			
At 31 July 2023	15.5	0.4	15.9
At 31 July 2022	17.5	0.2	17.7

Intangible assets represent costs incurred in relation to the Core System Replacement programme, which is delivering systems to support finance, people services and payroll.

13 Tangible Assets: Consolidated and University

	Land and buildings £m	Equipment £m	Asset under construction £m	Total £m
Cost and valuation				
At 1 August 2022	275.5	15.0	1.5	292.0
Additions	0.1	0.3	1.8	2.2
Transfers	0.3	1.1	(1.4)	0.0
At 31 July 2023	275.9	16.4	1.9	294.2
Accumulated depreciation				
At 1 August 2022	49.9	13.5	0.0	63.4
Charge for the year	6.5	1.1	0.0	7.6
At 31 July 2023	56.4	14.6	0.0	71.0
Net book amount				
At 31 July 2023	219.5	1.8	1.9	223.2
At 31 July 2022	225.6	1.5	1.5	228.6

At 31 July 2023, land and buildings included £40.1m (31 July 2022, £40.1m) in respect of freehold land which is not depreciated.

The unamortised value of OfS capital grants amounted to £24.5m (31 July 2022, £29.6m). In the event that the related assets were either to be sold or ceased to be used for the provision of publicly funded higher education, the University would either have to surrender the proceeds to OfS or use them in accordance with the terms and conditions of funding for Higher Education Institutions issued by OfS.

14 Investments

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
(a) Investments in Subsidiaries				
Open University Student Budget Accounts Limited	0.0	0.0	1.0	1.0
Open University Worldwide Limited	0.0	0.0	0.3	0.3
Total ordinary shares in wholly owned subsidiary companies	0.0	0.0	1.3	1.3
Total Investments in Subsidiaries	0.0	0.0	1.3	1.3
(b) Investment in Joint Venture				
At 1 August 2022	0.0	7.6	0.0	8.0
Addition	6.7	2.5	6.7	2.5
Impairment of carrying value	0.0	0.0	(6.7)	(10.5)
Share of deficit of joint venture	(6.7)	(10.1)	0.0	0.0
Investment in Joint Venture at 31 July 2023	0.0	0.0	0.0	0.0
Total Investments	0.0	0.0	1.3	1.3

The University's investments are for its subsidiaries.

The University's subsidiaries are Open University Student Budget Accounts Limited (OUSBA) and Open University Worldwide Limited (OUW). The carrying value of investment in subsidiaries is supported by the subsidiaries' net assets.

OUSBA is registered in England and Wales and was established to provide students with a deferred payment facility. Around 2.5% of tuition fees are funded in this way. The company operates under the Consumer Credit Act.

OUW is registered in England and Wales and is engaged in the commercial exploitation of the University's intellectual property assets through collaboration with partners overseas or direct sales of course materials.

At 31 July 2022, the University had impaired the carrying value of FutureLearn to £nil and stated its intention to find an alternative investment or a buyer for its share, whilst supporting FutureLearn with an injection of short-term working capital. On 30 November 2022, the University sold its share in FutureLearn Limited to Global University Systems (GUS). In the period leading up to the sale, both the University and SEEK Ltd provided additional funding to FutureLearn to ensure that the company had sufficient short-term working capital to allow it to operate. This amounted to £6.7m for the University. This investment was then impaired to £nil at the point of sale to GUS.

The University also provided a further £0.7m funding to FutureLearn Limited during the year. As at 31 July 2023, £0.6m of this has been repaid by FutureLearn following receipt by it of tax credits. £0.1m remains outstanding and is recorded with other debtors and accrued income.

15 Trade and Other Receivables

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Amounts falling due within one year				
Student Loans Company	5.0	8.8	5.0	8.8
Students' loan accounts with Open University Student Budget Accounts Limited	6.3	5.7	0.0	0.0
Fee debtors	3.4	2.2	3.4	2.2
Amounts due from subsidiaries	0.0	0.0	1.1	0.6
Other debtors and accrued income	13.8	17.7	12.6	16.2
Prepayments	15.5	13.4	14.9	13.4
Total due within one year	44.0	47.8	37.0	41.2
Amounts falling due after one year				
Amounts due from subsidiaries	0.0	0.0	5.5	5.3
Total falling due after one year	0.0	0.0	5.5	5.3

Debtors in the consolidated balance sheet are shown net of the provision for bad debts of £4.9m (31 July 2022, £4.2m).

16 Equities and Term Deposits: Consolidated and University

	As at 31 July 2023 £m	As at 31 July 2022 £m
Equity-based funds	181.2	179.6
Fixed-term deposits maturing in one year or less	0.0	15.0
Total Equities and Term Deposits	181.2	194.6

The market value of equity-based investments at 31 July 2023 was £181.2m (31 July 2022, £179.6m), an increase of £1.6m. This increase is the result of an increase in book cost of £3.2m as a result of dividends reinvested, a £2.0m realised loss on disposal of a fund and a £0.4m increase in fair value determined with reference to the quoted market price at 31 July 2023. The increase in value from reinvested dividends and market valuation is included in the income and expenditure account and shown in Note 6.

The fixed-term deposit was moved to shorter dated liquidity options that yielded higher interest rates, as the term of the previous product delayed rate rises from being realised.

Fixed-term deposits of three months or less to maturity at inception are recognised as 'Cash or Cash Equivalents' on the balance sheet.

17 Creditors: amounts falling due within one year

	Consolidated		University	
	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Student fee income in advance	3.9	29.1	3.9	29.1
Student fee income deferred	20.0	19.7	20.0	19.7
Grants and other contracts in advance	9.3	11.1	9.3	11.1
Trade creditors	14.9	15.6	14.8	15.7
Other creditors and accruals	76.1	55.7	75.5	55.1
Amounts due to subsidiaries and joint venture	0.0	0.0	1.4	1.6
Total amounts falling due within one year	124.2	131.2	124.9	132.3

Student fee income deferred refers to tuition fees for curriculum modules partially completed at 31 July.

A provision for fee debts of £0.2m (31 July 2022, £0.5m) in respect of student loans in the financial statements of Open University Student Budget Accounts Limited is included in other creditors and accruals in the University's balance sheet, as the University bears the ultimate liability for the company's bad debts.

There are no material creditors denominated in currencies other than sterling.

18 Creditors: amounts falling due after more than one year: Consolidated and University

	As at 31 July 2023 £m	As at 31 July 2022 £m
Long-term loans	60.0	60.0
Salix revolving green fund	0.5	0.5
Total amounts falling due after more than one year	60.5	60.5

The Group has one long-term loan facility: a bank loan to the University of £60.0m (31 July 2022, £60.0m). This loan is secured on a part of the University's Walton Hall campus, denominated in sterling and repayable in October 2033. The interest margin of 0.233% over the Sterling Overnight Industry Average is fixed over the life of the loan. At 31 July 2023, the interest rate on this loan was 5.15% per annum.

The Salix revolving green fund is an OfS backed fund to encourage investment in energy-saving projects in the higher education sector. Funds will be repaid to Salix at the point when there are no more suitable eligible projects in which to invest.

19 Financial Instruments

	Note	Consolidated		University	
		Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Financial Assets					
Financial Assets at fair value through Statement of Comprehensive Income					
Gilts, equities and term deposits	16	181.2	194.6	181.2	194.6
Financial Assets measured at undiscounted amount receivable					
Cash and cash equivalents		133.5	187.5	126.2	179.9
Long-term loans receivable	15	0.0	0.0	5.5	5.3
Trade and other receivables	15	28.5	34.4	22.1	27.8
Financial Liabilities					
Financial Liabilities measured at undiscounted amount payable					
Loan and Salix revolving green fund	18	60.5	60.5	60.5	60.5
Trade and other creditors	17	82.3	63.1	82.4	63.4

The carrying values of the Group's and University's financial assets and liabilities are summarised by category above.

20 Provisions for Liabilities

	Obligation to fund USS deficit £m	Restructuring £m	Total £m
Consolidated			
At 1 August 2022	287.4	2.3	289.7
(Decrease)/increase in provision	(95.3)	14.9	(80.4)
Unwind of finance charge	9.5	0.0	9.5
Utilised in year	(18.7)	(2.3)	(21.0)
Total Change in the year	(104.5)	12.6	(91.9)
At 31 July 2023	182.9	14.9	197.8
University			
At 1 August 2022	283.7	2.3	286.0
(Decrease)/increase in provision	(94.5)	14.9	(79.6)
Unwind of finance charge	9.4	0.0	9.4
Utilised in year	(18.5)	(2.3)	(20.8)
Total Change in the year	(103.6)	12.6	(91.0)
At 31 July 2023	180.1	14.9	195.0

The obligation to fund the past deficit on the USS arises from the contractual obligation with USS to meet deficit payments in accordance with the deficit recovery plan. The provision has been calculated by estimating future employer pension payments and applying the deficit recovery contributions required from the March 2020 valuation. The weighted average discount factor that has been applied over the remainder of the deficit recovery plan is 5.52% (31 July 2022, 3.31%).

The restructuring provision relates to the MARS severance scheme. Of the total provision, majority will be utilised by 31 July 2024 with £1.4m remaining in respect of staff leaving in the year ending 31 July 2025.

21 Endowment Funds: Consolidated and University

	Restricted permanent £m	Restricted expendable £m	2023 Total £m	2022 Total £m
At 1 August 2021				
Capital	0.1	3.6	3.7	2.6
Accumulated income	0.0	(0.9)	(0.9)	(0.7)
Opening balance at 1 August 2022	0.1	2.7	2.8	1.9
Additions	0.0	0.1	0.1	1.1
Expenditure	0.0	(0.1)	(0.1)	(0.2)
Balance at 31 July 2023	0.1	2.7	2.8	2.8

Balance at 31 July 2023 represented by:

Capital	0.1	3.7	3.8	3.7
Accumulated income	0.0	(1.0)	(1.0)	(0.9)
Total	0.1	2.7	2.8	2.8

22 Reconciliation of Cash Flow to Statement of Financial Position: Consolidated

	At 1 August 2022 £m	Cash flows £m	Non-cash- movements £m	At 1 August 2023 £m
Cash at bank and in hand	187.5	(54.0)	0.0	133.5
Gilts, fixed-term deposits and equities	194.6	(15.0)	1.6	181.2
Loans	(60.5)	0.0	0.0	(60.5)
Total	321.6	(69.0)	1.6	254.2

Non-cash movements relate to the increase in value of equity investments of £1.6m (Note 6).

23 Access and Participation

This note is in response to the OfS Accounts Direction and sets out expenditure on activities that support the ambitions in our 2020/21 to 2024/25 Access and Participation Plan for England approved by the OfS. Further information is on page 67 and this document is available at <https://www.open.ac.uk/about/wideningparticipation/>.

We are required to disclose expenditure on access activities; financial support provided to under-represented and disadvantaged groups of students; support for disabled students including the disabled students' premium; and the expenditure on research and evaluation related to access and participation activities in the financial year.

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Access investment	1.7	1.1
Financial support provided to under-represented and disadvantaged students	5.0	4.0
Support for disabled students in the financial year	3.0	2.9
Research and evaluation related to access and participation activities	0.7	0.7
Total Access and Participation Expenditure	10.4	8.7

£2.3m (year ended 31 July 2022, £2.4m) of these costs are included in the overall staff costs figures included in the financial statements within Note 8.

As a four-nation University, certain elements of this expenditure are attributed based on an estimate of England expenditure which is pro-rated by the numbers of England students. For 2022/23, this is 71.3% (year ended 31 July 2022, 71.9%). Additionally, some expenditure is also an attribution of students meeting the criteria of widening participation as a percentage of total England students. For 2022/23, this is 61.5% (year ended 31 July 2022, 59.5%).

The 2022/23 Access and Participation Plan forecast expenditure of £5.0m but did not include expenditure on disabled students support, student assistance funds, scholarships and study cost financial support schemes funded from other sources. Alongside additional expenditure on Access activity and Research and Evaluation, this has the impact of increasing reported expenditure on Access and Participation by £4.2m above the basis used for the plan.

24 Lease Obligations

During the year ended 31 July 2023, the Group recognised £0.7m (year ended 31 July 2022, £2.5m) in respect of operating leases on lease payments made during the year.

The Group has obligations for total lease payments due to end under non-cancellable operating leases as follows:

	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
Payable during the year	0.7	2.5
Future minimum lease payments due:		
Not later than one year	0.4	0.3
Later than one year and not later than five years	0.8	1.0
Later than five years	0.1	0.1
Total lease payments due	1.3	1.4

25 Related Party Transactions

Due to the nature of the University's operations and the composition of the Council (being drawn from both public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions in which a member of Council may have an interest are conducted at arm's length, in accordance with the University's financial regulations and normal procurement procedures, and are not material to either party.

The Standing Orders of the University's Council specify that the President and one other member of the Open University Student's Association (OUSA) shall serve on Council. OUSA is a charity independent from the University that supports the University's students. The University provides funding to OUSA, which is shown in Note 9.

No other material transactions have taken place.

The University has taken advantage of the exemptions within FRS 102 and has not disclosed transactions with other Group entities where it holds 100% of the voting rights, and has not disclosed key management personnel compensation in accordance with FRS 102 paragraph 33.7.

26 Pension Schemes

The USS is the main scheme covering most of our staff and provides benefits based on final pensionable salary. The USS is a multi-employer-defined benefit scheme which is contracted out of the State Second Pension (S2P). A small number of employees are members of defined contribution schemes.

Defined contribution schemes

A small number of employees are members of the Federated Superannuation System for Universities (FSSU), which is administered by trustees and has assets independent of the University.

Employees in the Republic of Ireland are members of The Open University Retirement Solution Plan. It is established under irrevocable trusts, of which the University is a co-trustee.

Following the implementation of the auto-enrolment pension scheme, some employees are members of the National Employment Savings Trust (NEST).

The total pension cost for all these defined contribution schemes was £0.04m (year ended 31 July 2022, £0.02m).

Defined benefit scheme

The Group participates in the externally managed USS, a defined benefit scheme with a defined contribution element for earnings above a salary threshold (£41,004 at 31 July 2023). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the UCU, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The trustee's role is to set risk and return parameters that reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust higher education sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timber-land). A diversified portfolio helps to spread investment risk across different asset classes and boost the level of confidence in maintaining sufficient investment returns from the funds as a whole.

The Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the expenditure account represents the contributions payable to the scheme in respect of the accounting period, along with the adjustment for the provision for the scheme deficit, as discussed below.

The total pension cost for the Group was a credit of £49.1m (year ended 31 July 2022, expense £238.8m). This includes £5.5m outstanding contributions as at 31 July 2023 (year ended 31 July 2022, £5.1m). The total pension cost for year ended 31 July 2023 is after a £114.0m reverse charge related to adjustments to the USS deficit provision (year ended 31 July 2022, a charge of £180.5m).

USS actuarial valuation

The latest available complete actuarial valuation that is included in the Statement of Financial Position is as at 31 March 2020, which was carried out using the projected unit method. This is the sixth valuation for USS under the new 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. The value of the assets of the scheme as at 31 March 2020 (the valuation date) was £66.5bn and the value of the scheme's technical provisions was £80.6bn, indicating a deficit of £14.1bn and a funding level of 83%.

Our Group's share of the deficit has been modelled based on additional contribution rates along with an estimate of future staff costs, and a discount factor based on high-quality corporate bonds. The discount factor used to calculate the provision at 31 July 2023 was 5.52% (31 July 2022, 3.31%), and the total provision at 31 July 2023 was £182.9m (31 July 2022, £287.4m). The provision for the deficit is shown in Note 20.

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

Key financial assumptions used in the 2020 valuation

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

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

Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

Employer and employee contributions

As part of the 2020 valuation, the trustees determined, after consultation with employers, a revision to the existing recovery plan to pay off the revised shortfall by 30 April 2038; the previous (2018 valuation) recovery plan was for recovery by 31 March 2028. The changes required to meet the funding shortfall include changes to the employer covenant support to the scheme, along with increases in employer and employee contributions and changes to scheme benefits as follows:

Contribution rates	From 1 April 2022
Employee contribution rate	9.8%
Employer contribution rate	21.6%

Changes to member benefits

For the defined benefit element of the scheme the pension accrual rate was changed from 1/75th of salary (up to the salary threshold) to an accrual rate of 1/85th. The salary threshold itself was changed from approximately £60,000 per annum to £40,000. A cap on inflationary increases to benefits of 2.5% per annum will be introduced in 2026. These changes affect future benefits from 1 April 2022; all past service rights remain unchanged.

27 Post Balance Sheet Event

Universities Superannuation Scheme

The USS pension provision at 31 July 2023 as in Note 20 is £182.9m and this is based on the USS 2020 valuation. USS undertook a valuation at March 2023 and the results are being consulted; and this concludes 24 November 2023 with an announcement of the outcome expected shortly afterwards to implement changes from 1 January 2024. The results of this valuation show the USS scheme in surplus and based on the reduced contributions that are currently being consulted on we estimate that the liability of £182.9m will be released in full against our staff costs in our financial statements for 2023/24.

Council and Committee Membership and Attendance

The members of the University's Council and Committees during the year ended 31 July 2023, and their attendance at the meetings held during their membership in that year, together with members serving in the period after 31 July 2023 and up to the date on which the financial statements were approved, are shown below.

	Council	Governance & Nominations	Remuneration	SPRC ¹⁶	Finance	Investment	Audit
Council Members							
Officers of the University							
Malcolm Sweeting, Chair	7/7	6/6	4/4	2/3	7/7		
Robert McCracken, Treasurer	6/7		4/4	3/3	7/7	3/3	
Tim Blackman, Vice-Chancellor	7/7	6/6		3/3	7/7		
President, Open University Students Association							
Margaret Greenaway	6/7	2/4		2/3			
Elected Members: Staff							
Sas Amoah	6/7	6/6					
Mary Shek	0/0						
Tony Cox (from 1 July 2023)	0/1						
Hossam Kassem	0/0			0/0			
Catherine Halliwell (to 30 June 2023)	5/6						
Carol Howells	7/7			2/3			
Rob Parker	6/7			0/0			
Eileen Scanlon	6/7	5/5		3/3			
Nick Barratt (to 31 July 23)	7/7			3/3			
Gary Elliott-Cirigottis (to 6 June 23)	6/6			2/2			
Elected Members: Open University Students Association							
Kara Chiana-Dique (from 23 November 2022 to 10 February 2023)	0/0						
Matt Porterfield (from 20 September 2023)	0/0						
External members Co-Opted by Council							
John Brooks	4/7	4/6	1/4	1/3			
Andrew Dickinson	5/7						4/4
Ceri Doyle	6/7	5/6					
Thomas Frawley	4/7	1/5					
Julia Goodfellow	7/7	5/5	0/0				
Paul Gray	5/7	0/1		3/3		4/4	
Paul Kett	7/7						2/2
Nikki Humphrey	0/0						
Rashik Parmar	5/7						1/4
Tevin Tobun	4/7						
Rachel Lock (to 31 July 2023)	7/7		4/4				3/4

¹⁶ Strategic Planning and Resources Committee

Non-Council Members	Governance & Nominations	SPRC⁵	Finance	Investment	Audit
Vice-Chancellor's Executive membership of committees					
Paul Traynor, Chief Financial Officer			7/7	3/3	
External membership of committees					
Paras Anand				3/3	
Julie-Ann Ashcroft				3/3	
Caroline Banzky				2/3	
Fabiana Fedeli				2/3	
Brian Larkman				2/3	
Jas Mann			7/7		
Phillip Robert-Tissot			7/7	3/3	
Kelly Smith			7/7	2/3	
Suresh Patel					3/4
Ahmer Huda					4/4

Principal Advisors

Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes MK9 2DF	
Bankers	National Westminster Bank 1st Floor Silbury House 300 Silbury Boulevard Milton Keynes MK9 2AZ	
Fund Managers	Baillie Gifford Calton Square 1 Greenside Row Edinburgh EH1 3AN	BlackRock Investment Managers 33 King William Street London EC4R 9AS
	Insight Investment Management Ltd 33 Old Broad Street London EC2N 1HZ	Ruffer LLP 80 Victoria Street London SW1E 5JL
	Legal and General Investment Management Ltd One Coleman Street London EC2R 5AA	BNY Mellon Fund Managers Ltd BNY Mellon Centre 160 Queen Victoria Street London EC4V 4LA
	Troy Asset Management Ltd 33 Davies Street London W1K 4BP	
Solicitors	Anderson Law LLP Manor House Wallingford Oxfordshire OX10 8BA	Eversheds Sutherland LLP 1 Wood Street London EC2V 7WS
Taxation Advisors	KPMG LLP St James Square Manchester M2 6DS	

Further information about the governance structure and the business of each of the committees is available at the internet site



www.open.ac.uk/about/main/governance-ou/government-structure

