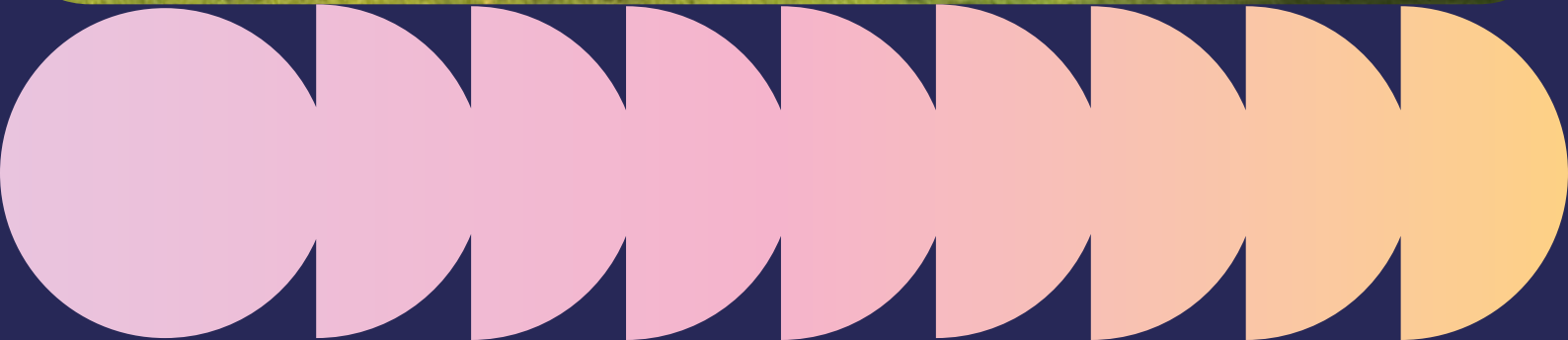




Financial Statements

For the year ended 31 July 2024



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Foreword

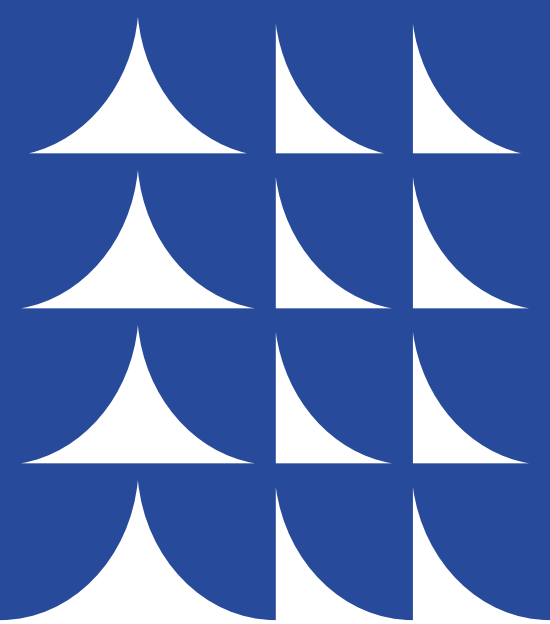
In our fifty-fifth year, The Open University (OU) is as much a social movement as it is a university. Our reach means that we matter to many people, having helped them change their lives with education that is provided with a flexibility and quality unrivalled at our scale.

The news in September 2023 that we had achieved a Gold award in the national Teaching Excellence Framework (TEF) was testament to our dedication to our unique mission to be ‘open to people, places, methods and ideas’, while providing excellent educational quality. We were established not to require any formal entrance requirement, to be open to everyone. I doubt that even our founders realised what an avalanche of social mobility we would create. Our graduates are often passionate about others having the same opportunity. One, who very sadly passed away this year, left a gift of £0.5m because they believed ‘the OU raised me up to where I belong’.

The importance of the OU to changing lives is why we called our current five-year University Strategy ‘Learn and Live’. We are now halfway through the strategy and continue to focus on the delivery of our five goals: greater reach, success for our students, societal impact, equity and sustainability.

Being ‘open’ brings its challenges as well as opportunities. We registered a surge of new students during the COVID-19 pandemic and increased our staffing spend substantially, only for new student numbers to fall back in following years. The financial challenge of adjusting to this change was compounded by high inflation. We have engaged in a major savings programme, necessitating drawing on reserves, which were already being deployed for big investments in our IT systems and supporting the transition of almost 5,000 Associate Lecturers to improved terms and conditions. Working to grow income and remove costs has not been easy, but along with much of the higher education sector, we continue to make difficult savings, seek income growth opportunities, and exercise the discipline to stop doing some things.

Within these financial statements, you will see that we have made good progress narrowing gender and ethnicity pay gaps; however, this has not been so true of gaps in student achievement. And while we can be proud of how in our most recent staff survey so many colleagues reported satisfaction with the OU as a place to work and high levels of engagement, results were not as good for views about how we manage change, our systems and processes, and reward and recognition. Some of these results reflect the realities of working in a large and complex organisation at a time of financial restraint, and others give us food for thought for how we can better ourselves, including how we can become a community where support and challenge are balanced in the right way.



A new People Plan, renewal of our Access and Participation Plan, focus on equity, diversity and inclusion as we deliver on our EDI Plan, and other measures will support the changes we need.

Due to ill-health, our Vice-Chancellor Professor Tim Blackman has made the difficult decision to step down, and I write this as the newly appointed Interim Vice-Chancellor. It has been a remarkable five years under Tim's leadership but, as this report testifies, the OU is above all a team effort, and I feel privileged to lead this institution surrounded by dedicated and talented colleagues.

Like many universities, we are feeling the impact of a crumbling higher education funding model, the damage done to the UK economy by lockdown and a changing consumer market. While our brand and heritage remain strong, our proposition is no longer the differentiator it once was, with many other institutions focused on flexibility and support for working students. Now more than ever we must be doing all we can to recruit, support and retain each student, in an ever more competitive market, offering the learning that diverse students need for their life goals, in ways that allow them to flex their pace of study and develop their skills.

The OU, since inception in 1969, has never stopped evolving and engaging with the world. As you look through these pages, the numbers tell an important story, but the words bring to life the incredible richness of what the OU does and why we do it. Our strategy and the times we are in demand evolution and growth that will require difficult decisions, agility and a focus on delivery, from all of us who uphold the mission of our amazing institution.

Professor Josie Fraser

Interim Vice-Chancellor



Financial Highlights

The OU's financial results this year reflect the outcome of our return to surplus plan, introduced in 2022/23, following the reduction in student numbers experienced after the pandemic. This plan introduced cost saving and efficiency targets across the organisation for the four-year period ending July 2027. This year represents the second year of the plan, and we can report an adjusted operating deficit of £10.3m against a budgeted deficit of £18.2m. This improvement is evidence that we have achieved our plans this year and are well placed to achieve our savings targets in future years, improving our financial sustainability. Equally, we continue to invest to improve the quality of our offering to students.

Our current financial forecasting indicates we will return to an adjusted operating surplus in 2025/26 and an accounting surplus the following year, recognising that we continue to invest in strategic activity for the benefit of our students and staff.

Our accounting surplus, as disclosed in the Statements of Comprehensive Income including the release of the Universities Superannuation Scheme (USS) pension provision, is £141.4m against a budget of £35.9m.

Results, Assets and Reserves

	Year ended 31 July 2024 £m	Year ended 31 July 2023 £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 	582.3 407.5 123.4 16.4 35.0	561.9 397.2 123.4 15.9 25.4
Total Expenditure <ul style="list-style-type: none"> Expenditure before USS pension provision adjustment USS pension provision adjustment 	440.2 623.1 (182.9)	535.1 639.6 (104.5)
Accounting Surplus for the year	141.4	19.9
Adjusted Operating Deficit (reconciliation of measure on page 33)	(10.3)	(25.1)
Net Current Assets	195.2	237.5
Total Reserves	359.6	218.3

Other Key Statistics

	Total number of students Directly taught students Validated students Number of Full-Time Equivalent (FTE) students (directly taught only)	198,721 144,506 54,215 81,219	199,400 150,619 48,781 83,883
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University Highlights

Awards

With the Queen's Anniversary Prize award for our OpenSTEM Labs and TEF Gold leading the way in confirming the excellent standard of our teaching, the recognition continues with two Advance HE Teaching Excellence Awards. Additionally, the positive feedback from our students through the OfS National Students Survey (NSS), where we outperformed the sector average in many areas, shows we are in good shape for a confident future.



For the third year running, our colleagues have been recipients of Advance HE Teaching Excellence Awards.

Recognition

Sally Jordan, Professor of Physics Education in the Faculty of Science, Technology, Engineering and Mathematics, has been awarded the prestigious 2023 Institute of Physics Lawrence Bragg Medal and Prize for her contribution to physics education.

Mark Brandon, Professor of Polar Oceanography, has been awarded The Polar Medal in the New Year's Honours list in recognition of his outstanding work and contribution to scientific knowledge.

Professor Clara Mancini received the Animal-Computer Interaction (ACI) Outstanding Career Impact Award for her contribution to scholarship, leadership, mentoring, and in helping the growth and vibrancy of the ACI community.

This year, six professors delivered their Inaugural Lecture, including Professor Rachel Hilliam, Head of the School of Mathematics and Statistics, who was awarded The Chambers Medal by the Royal Statistical Society for her significant contribution to data science; and Professor Olga Jurasz, Professor of Law, who designed and led the largest-ever UK study into online violence against women and girls leading to a £7.7m award to create a new centre for protecting women against violence online.

OpenLearn celebrated two prestigious Open Education Awards for Excellence as its 'Responsive OER for Ukrainians collection' was recognised, alongside Head of OpenLearn Patrina Law, who received the individual 'Leadership Award' for 2023.

The continuing relationship with the BBC has resulted in further awards including the Royal Television Society Programme Awards for 'Once Upon a time in Northern Ireland' and 'Inside our Autistic Minds' as well as Learning On Screen Awards – Best online educational resource for 'The unexpected places we choose to lay our dead to rest', an animation produced to support our BBC2 co-production 'Inside the Undertakers'.

We received the Queen's Anniversary Prize for our world-leading OpenSTEM Labs, changing the way scientists and engineers of the future are educated by making authentic laboratory experience online and at scale.

Dr Cora Beth Fraser, Associate Lecturer in Classical Studies – FASS, was awarded a National Teaching Fellowship (NTF), and the Fieldcast Team in STEM received a Collaborative Award for Teaching Excellence (CATE); this recognition was through the Advance HE Teaching Excellence Awards.

Equality, Diversity and Inclusion (EDI)

This year, we strengthened our commitment to EDI and our work continues to support our strategic goal of Equity. We formed working groups to evaluate progress and develop evidence-based, comprehensive action plans for our submissions for Disability Confident Level 2, a Bronze Race Equality Charter in 2025 and an institutional Athena Swan Silver (gender equality) award.





We have introduced new programmes to foster an inclusive and supportive work environment for both staff and students. This includes a reverse mentoring programme to help colleagues understand and engage with employees from diverse backgrounds in order to foster empathy and dismantle unconscious biases. Our first-ever EDI Student Survey was designed to help us better understand our approach to EDI and identify any barriers that our students may face.

We launched our Carer Passport to help unpaid carers have meaningful conversations about their caring responsibilities at work.

This year, we launched a new initiative designed to empower the next generation of Black leaders in business and the community. The 'Black Leadership and Empowerment Programme' (BLEP) is a product of our Business School and will equip participants with the skills needed to thrive in leadership roles.

Research at the heart

We are one of ten UK institutions to have retained the HR Excellence in Research Award as the outcome of a review of progress against our 10-year institutional plan.

Our Research Plan focuses on Open Societal Challenges covering research themes of Living Well, Sustainability and Tackling Inequalities.

Our research was awarded £640k to study prostate cancer through our Open Societal Challenges programme, and the project received a Prostate Cancer UK Research Innovation Award.

A £1.3m grant was awarded by the UK Space Agency to revolutionise planetary imaging. In collaboration with the University of Arizona and BAE Systems, we aim to develop the next-generation HiRISE2 imager, enhancing our understanding of the Moon and Mars.

A new research centre for the School of Arts and Humanities was launched. 'OpenARC' is a hub to grow world-leading research within the School and its disciplines. OpenARC will champion the value of arts and humanities research in a world where there is increasing inequalities of access to the positive influence of this field.

Benefitting society

Children in Scotland and the OU in Scotland have signed a Memorandum of Understanding cementing a partnership which will draw on the expertise of both organisations to upskill practitioners in the sector and improve the lives of children and young people across Scotland.

Academics at the Faculty of Wellbeing, Education and Language Studies were commissioned by Youth Support Services to evaluate their Families First project and assess the need for similar provisions across the UK. The report, 'From arrest to release, helping families to feel less alone', was launched in the Houses of Parliament with opening remarks from Caroline Nokes MP.

Moon experts from across the globe (including NASA) attended the European Lunar Symposium in June 2024. Hosted by the OU in Scotland and one of the world's leading space conferences, it brought together around 150 delegates across Moon science and exploration to exchange ideas and discuss latest research findings.

Our enduring partnership with the BBC continues and this year there has been a focus on bringing our sustainability research to a global audience with additional content on OU Connect to help viewers delve deeper.

We launched a new website with the OU in Wales and Wales Trade Union Congress to support more people to engage with lifelong learning. unionlearning.wales gives information about our degrees and free courses, as well as funding available for all workers in Wales.

Students

New student undergraduate and postgraduate registrations at course start reduced by 812 Full-Time Equivalent (FTE) students, a 3.6% decrease compared to 2022/23.

Graduation ceremonies continued with 27 in-person and one virtual ceremony across all four nations and in 12 different towns and cities. During the year, 7,462 graduates presented for their qualifications with 26,223 guests in attendance. Eighteen honorary degrees were conferred and prison graduation ceremonies were held in eight prisons for a total of 14 graduates. Students learning through the Open College of the Arts crossed the stage at the Royal Festival Hall in the first graduation ceremony since it became part of the OU family.

Laura Ripley from Aberdeenshire, who is studying an Open Degree with the OU, won the Royal Bank of Scotland Female Entrepreneurship Award. Her business 'Northern Frights' is a horror and fantasy events company using props, special effects and skilled actors to create immersive and thrilling events in the North of Scotland.

Social Work student Hannah Wright won the Apprenticeship Determination of the Year award at the Avon and Wiltshire Mental Health Partnership Apprenticeship awards 2023/24.

Lucy Duke, an OU Nurse Graduate and a Registered Mental Health Nurse in the SHSCT, and Shelley Taylor, an OU Nurse Graduate and a Registered Adult Nurse in the NHSCT, were both honoured with the prestigious Northern Ireland Practice Education Council for Nursing Student Excellence Award.

Teaching and learning

We were successful in the highly competitive AI Fairness Innovation Challenge delivered by the Department of Science, Innovation and Technology (DSIT) and Innovate UK. Out of 75 submissions nationwide, we were one of only four selected for funding. This achievement underscores our pioneering role in Learning Analytics and positions us as a frontrunner in shaping the future of education through AI-driven solutions.

In Northern Ireland, all six further education colleges have joined the OU as validated partners, with 957 students enrolled on OU-validated programmes, generating £500k of income.

A memorandum of understanding has been signed with Open College Network NI promoting greater access for learners to OU higher education programmes.

Investing in the future of The Open University

Our marketing efforts have continued to successfully reach core audiences while also focusing on increasing awareness among younger, Black and Asian audiences. Our approach has shown positive results, maintaining overall key brand metrics and growing consideration from Black audiences over the past two years. This was recognised with two awards at The Pros Awards for 'Best Diverse Audience, Research and Planning' and 'B2C Campaign of the Year' both for 'Smartest in their Space'.



Strategic Report

Introduction

Our 2023/24 Strategic Report provides an overview of the strategy and operating context for the OU 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

We were granted our Royal Charter on 23 April 1969. For over 55 years, we have pioneered distance learning, bringing a university study experience 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 there should be 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) (Medr from 1 August 2024), and the Department for the Economy (DfE) in Northern Ireland.



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. 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 digital services infrastructure and technologies to deliver online distance learning and corporate systems.
- Other activities including marketing and communications, business development, 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

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

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

At the OU, we recognise the transformative power of education. Our mission is to be open to people, places, methods and ideas. The Learn and Live strategy for 2022 to 2027 reaffirms this commitment, aiming to make high-quality, flexible university education accessible to even more people, creating significant societal impact not just as a university, but as a social movement.

Our strategy for 2022 to 2027

We are proud of our extensive reach and excellent reputation, with close to 200,000 students pursuing their goals across all four nations of the UK and beyond. The Learn and Live strategy progresses our unique mission to tackle societal challenges and improve lives through innovative education, research and enterprise.

Our strategy embraces both continuity and change. In April 2024, we celebrated the 55th anniversary of our Royal Charter, but our mission is more vital than ever. As we navigate significant environmental, economic, social and technological challenges, our goal is to provide solutions. Through the delivery of inclusive lifelong learning, we aim to foster informed and engaged societies ready to tackle these challenges and seize emerging opportunities.

The strategy is built on five goals and seven enablers:



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 – We are 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 2023/24 towards our strategic goals, as measured against our headline success measures.
Greater reach	<ul style="list-style-type: none"> • Performance for taught student recruitment was close to the anticipated level, the year ending with a student population of 81.2k FTE, which was 1.7% lower than our overall target due to slower than anticipated economic recovery and a decline in our core market share. • We continue to impact the lives of people across the UK and internationally, exceeding targets and increasing compared to last year OpenLearn enrolments and the OU/BBC Events audience. • Overall Brand Health remains strong across all audiences, with 61% likelihood to recommend or consider the OU as a place to study, partner or work with. This is both above the 53% planned for this year and the 2027 planned target. • New markets such as school leaver/youth market are being explored alongside qualification development for full-time and part-time study intensity, and a strengthening of our curriculum portfolio including a BA (Hons) Sociology first presented in September 2023.
Success for our students	<ul style="list-style-type: none"> • In the National Student Survey (NSS) results, we were ranked top for overall satisfaction in Wales, Northern Ireland and Scotland. The OU has received the TEF Gold award, and more recently the Daily Mail's 'University of the Year for Teaching Excellence', having received NSS scores higher than the sector average for teaching, organisation and management, assessment and feedback, and learning resources. • 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' readiness to study and early student engagement, particularly at Level 1. • Pass rates for Level 1 students have stabilised, with improvements shown at Level 2 and 3.
Societal impact	<ul style="list-style-type: none"> • Our External Research Income outturn for 2023/24 came in at £16.4m, with the Open Societal Challenges programme continuing to deliver strong income generation and societal impact across all four nations. • We have created a new way of partnering with OU researchers through the 'Challenge Us' competition. 58 charities and businesses took part. • The Knowledge Exchange Plan has stimulated additional commercial activity and innovation through the Open Business Creators (OBC) entrepreneurial project across the UK nations.
Equity	<ul style="list-style-type: none"> • A new Equitable Outcomes Board is being formed to combine reporting for Access and Participation Plan (APP) and Office for Students (OfS) B3 Student Outcomes ensuring a cohesive approach to addressing inequity. • New analysis shows our ethnicity pay gap has narrowed to 6.2% following a rise in declared ethnicity among staff due to a HESA initiative. We can now be more targeted in action planning.
Sustainability	<ul style="list-style-type: none"> • The OU successfully achieved Responsible Futures accreditation via a student led audit. • Scope 1 and 2 Carbon Emissions continue to reduce year-on-year, with actions closely aligned to our Estates strategy. • Colleagues and students completed carbon literacy training. 450 staff certified, equivalent to becoming graded Bronze in carbon literacy.

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 14.



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 OU'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 22.

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 OU's OpenLearn platform, Open University iTunes services, YouTube, and e-books through Amazon and Google.

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 2023/24, achieved more than 12.5 million visits across all platforms. This year, OpenLearn reached three significant landmarks: more than 4 million user accounts have been created, 3 million courses completed and 300,000 digital badges issued since launch in 2006.

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:

- ‘Wales REACH’: a community engagement project, working with disadvantaged communities across Wales to explore and express their local heritage. The creative activities not only fostered community cohesion but also allowed participants to produce work that challenged and diversified narratives of Welsh history and culture, significantly impacting community development and engagement.
- An interdisciplinary team of researchers developed a Community of Practice for Linking Cultural Heritage. The development of innovative digital tools is enhancing the accessibility and interconnectedness of cultural heritage data. By creating a prototype ontology and engaging with various public stakeholders, including museums and educational institutions, the project aims to make cultural heritage more engaging and accessible to a broad audience, demonstrating a commitment to public engagement in the humanities.
- ‘Teaching Slavery: Engaging with the past to address inequality in the present’ is an educational initiative involving the development of open-access resources and conducting workshops to provide critical approaches to teaching about the history of British transatlantic slavery. By engaging with educators, museum professionals and community educators, the project developed new teaching materials and methods, enhancing historical understanding, and addressing contemporary inequalities.
- Establishing The Women’s Musical Leadership Online Network, which addresses the underrepresentation of women in musical leadership roles and aims to enhance women’s roles in the music industry.

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. The ambition is that the Observatory evolves into a self-funded centre of academic excellence.

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 2023/24 were set lower than the regulatory cap. The majority of our students are liable for annual tuition fees of £6,924 per Full-Time Equivalent, equating to £20,772 for an undergraduate degree.

There are varying levels of fees across the nations. Students in Scotland are liable for annual tuition fees of £2,256 per FTE, or £6,768 for an undergraduate degree, and in Northern Ireland £2,208 per FTE or £6,624 for an undergraduate degree. In Wales, those who commenced study from the 2021/22 academic year are liable for annual tuition fees of £2,624 per FTE, or £7,872 to complete an undergraduate degree, compared to those who commenced study prior to the 2021/22 academic year who are liable for annual tuition fees of £2,304 per FTE or £6,912 for an undergraduate fee.

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

Students in the UK can typically access support for tuition fees and living costs through government-backed loans and grants, provided by the Student Loans Company (SLC) or the Student Awards Agency Scotland (SAAS), depending on their UK country of residence. For students who are not eligible for, or choose not to use, SLC and SAAS services, our wholly owned subsidiary, Open University Student Budget Accounts Limited, offers a deferred payment option at a lower-than-market interest rate.

Disabled Student Allowances (DSAs) are available to UK residents to help cover the additional study-related costs that come with having a disability. These allowances can be used to fund specialist equipment and software, a study support assistant and other necessary expenses. DSAs are administered by the SLC or SAAS.

In addition to government support, in 2023/24 we provided an additional £7.7m of direct or indirect funding to help students succeed in their studies, including:

- **£1.4m in study-support grants** for students with low incomes.
- **£2.5m in waived tuition fees** for low-income students who qualify to study an Access module for free if they meet certain criteria – an ideal way to develop study skills and build confidence before beginning an undergraduate qualification.
- **£3.4m in support for students in Scotland** by covering the gap between the Part-time Fee Grant and undergraduate fees, ensuring that students on low incomes are not financially disadvantaged compared to full-time students who receive free tuition.
- **£0.4m in tuition fee or bursary payments** related to our various bursary and scholarship programs, including the Carers Scholarship, and scholarships for students from minority ethnic backgrounds.

Fundraising activities

Over 10,000 alumni, supporters, trusts and foundations, and corporate partners have supported the OU'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 OU.

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 fundraisers 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.

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



Our students

Student success is central to our success. We strive to help our students to achieve their goals and have the best experience possible, and we seek their feedback and respond to their particular and individual needs.

The continuing economic conditions have challenged our students this year, including issues around access to digital resources for some students. We continue to leverage the investment the OU has made in data analytics to give us a fuller picture of our students, their progress and their challenges. This is enabling us to better target our resources on improvements which deliver the most benefit to our students in a climate of constrained finances common across the sector.

Reducing inequalities, a priority to help us fulfil our Mission, remains challenging. We address these issues through our Access, Participation and Success Strategy which encompasses the whole of the UK, with specific approaches within this that are aligned to each nation.

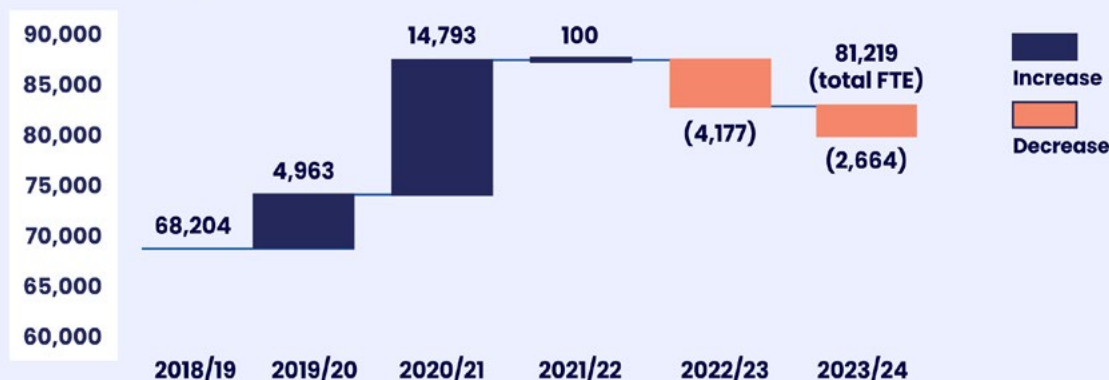
Student numbers

In 2023/24, our directly taught student numbers of 144,506 have decreased by 6,113 or 4.1% compared to 2022/23. The average intensity of student study, expressed in Full-Time Equivalents, fell by 2,664 or 3.2% to 81,219.

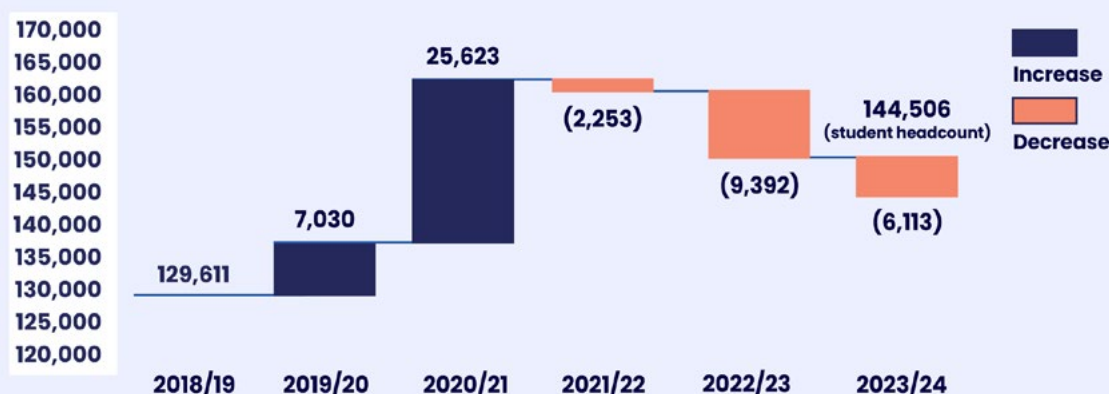
Our student numbers have fallen back from the exceptional growth seen in recent years, but remain above pre-pandemic levels, in particular for new student registrations.

In 2023/24, 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 2023/24, we have awarded more than 7,000 undergraduate and postgraduate degrees, undergraduate and postgraduate diplomas and certificates.

After a decline in performance as measured by module pass and return rates since the pandemic, our 2022/23 module pass rates have seen a stabilisation in performance, and student withdrawal rates for 2023/24 are showing a slight improvement versus the previous two years.

The results of a survey in April 2024 of 1,781 students showed that an increasing proportion of our students are finding personal or family issues a challenge and experiencing a variety of other issues associated with mental health and wellbeing such as stress and anxiety. Money worries and the increased cost of living remain an important factor, unchanged from 2023.

Our survey data also highlighted how the cost of living is exacerbating digital poverty with the take up of financial support for digital inclusion having increased. We are implementing a suite of digital inclusion principles that were developed to embed digital inclusion into all our services, systems and processes.

We continue to support students with funding from the Student Assistance Fund and through scholarships, bursaries and grants.

Our internal data continues to highlight the key importance of the early stages of study on student success. We piloted an improved induction experience for our students in 2023/24 which received very positive student feedback, and this is now available to all new Level 1 students from September 2024.

We have noted in recent years a decline in attendance at in-person tutorials. Reasons for this include travel costs, increasing numbers of students with a disability or caring responsibilities, and a general change in preference towards online, driven in-part by the pandemic. During 2023/24, we have been piloting different approaches to how we should offer in-person tuition with the aim of better understanding the equity of in-person tuition and the type of events that students value the most and have the most positive impact on their success.

We continue to develop our assessment practices, processes and policies to improve student outcomes and/or experience, based on student feedback, sector practice and data we collect. We have worked this year to simplify the use of weightings and thresholds across assessment. This follows a successful evaluation of changes previously introduced to simplify how we determine a student's degree classification. We are piloting improvements to our communications, guidance and support for students who need to re-sit or resubmit work to encourage increased take-up of and success in these opportunities. Following a successful pilot, we are continuing to roll out student access to anti-plagiarism software to reinforce and support good academic conduct. This year, we have also continued to develop how we use predictive analytics to support our students.

Developing our students' employability is a key component of their success, and through our Employability Framework we are continuing to embed higher-level skills and ensure the employer voice is represented authentically in our curriculum. Over 50,000 students engaged with our Careers and Employability Services this year, with 93% of students saying they would recommend the service to others. This year's Higher Education Statistics Agency (HESA) Graduate Outcomes survey, sent to graduates 15 months after they have qualified, has seen notable positive movements in the proportion of respondents reporting that their qualification was either a formal requirement for their job or had put them at an advantage in securing it; 'strongly agreeing' that they are utilising what they learnt in their studies in their current work; and reporting 'Very High' or 'High' satisfaction with their lives in the wellbeing analysis.

In addition to the ongoing student success initiatives described above, a comprehensive university-wide programme has been launched to review and enhance our tuition and assessment models. This programme aims to improve efficiency and effectiveness, and cost of tuition delivery. The programme focuses on re-evaluating and redesigning the frameworks used for student learning and assessment which include tutor student ratios and allocation; tuition workload management, including the roles of staff tutors and student experience managers; strategic changes to our print and production processes; and standardising module design.

Access, Participation and Success

Our Access, Participation and Success (APS) framework sets out our ambition to remove inequities in access and outcomes for students from underrepresented and disadvantaged backgrounds. The four-nation by design focus provides 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; these are summarised later in the document.

In the next academic year, we will more closely align our APS work with the work we are undertaking to meet the OfS quality conditions for student outcomes, creating an equitable focus which addresses the regulatory requirements and serves the best interests of our students.

Student satisfaction

Our NSS results for 2024 show a steady consolidation and slight improvement on the previous year. We remain above the sector averages in 6 out of 7 of the NSS themed areas. Our students gave very positive ratings which were well above the sector average for assessment feedback and course organisation. In all four nations, we surpassed last year's results and ranked number one for overall student satisfaction in Scotland and Northern Ireland. We were also the top-ranked university in Wales for overall satisfaction. For a small number of NSS questions, there was a slight dip in positive response rates versus 2023, although the majority of these questions still remain well ahead of sector averages, and we will be doing more in-depth analysis over the next year to inform our focus on improving the student experience further.

Reaching our diverse, distance-learning student population presents some challenges. Whilst we had over 4,000 students registering for our online Student Voice festival and over 100 students attending face-to-face student consultations in spring 2024, we recognise there is still room to improve our NSS results for Student Voice, this being the only themed area where we scored below the sector averages. To address this, we have reviewed our approach to collect student feedback from a more diverse range of sources, and being more creative in the ways we capture and make use of this. In partnership with the OU Students Association, we will work on this further to ensure we gather feedback from where students are already giving us input and contributing their ideas.



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 the end of academic year 2024/25 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 submitted a new APP to the OfS, laying out our plans for academic years 2025/26 to 2028/29. We have taken a risk-based approach to the new APP, referring to the national Equality of Opportunity Risk Register created by the OfS. Our new APP focuses on three main cohorts of students – Black students, students living in Index of Multiple Deprivation (IMD) Q1, and students with mental health challenges – and lays out an approach to creating change by focusing on systemic barriers to equity of opportunity.

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 OU 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. The Department for the Economy has asked all three Higher Education Institutions in NI to develop Outcome Agreements, and this is currently in process.



Medr Register of Providers – Wales

From 1 August 2024, the Higher Education Funding Council for Wales (HEFCW) has been replaced by a new Commission for Tertiary Education and Research to be known as Medr. Medr will be responsible for the strategy, funding and oversight of further education, school sixth forms, adult and community education, and higher education across Wales. It will also include research and innovation, 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. The regulatory regime will be based on a register of providers who must comply with a wide range of initial and ongoing conditions in order to be eligible to receive public funding. The monitoring of 'measurable outcomes' will form one of those conditions and, although the detail has yet to be announced, these measurable outcomes are likely to include an onus on institutions to:

- increase participation of under-represented groups in higher education
- improve the retention of students from under-represented groups
- reduce attainment gaps
- support finishing students from under-represented groups to continue studies/find employment/start a business.

Medr will also be working to develop a plan to increase and improve the provision and promotion of Welsh-medium education and assessment in the whole of the tertiary system. Although English remains the language of teaching at the OU, the Welsh Language Standards are a legal framework giving people in Wales the right to receive public services through the medium of Welsh. They apply to the whole university. We have established an oversight group to help ensure ongoing compliance with the standards and promote best practice.

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, in collaboration with the SFC, we 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.

Our research activities

Our distinctive approach to research and knowledge exchange is delivering high-quality publications, building careers for our diverse staff and student populations, attracting increased external funding, and making a positive societal impact.

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.

In the second year of implementation, our Research Plan 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.

Our Open Societal Challenges (OSC) programme is designed to enhance the impact of our research by supporting interdisciplinary teams to focus on the key challenges facing us all. In addition to supporting more than 200 internally proposed challenges, we had an extraordinary response to Challenge Us!, an open invitation to charities and businesses to propose societal challenges which they would co-develop to achieve research driven solutions.

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.

A central focus of the Research Plan is on equity in the development of researchers. Whilst the focus of this is intersectional, we have prioritised support to disabled researchers and hosted a well-received national conference in September to explore the experiences of postgraduate students who have disabilities, long-term health conditions and/or neurodiversity.

Income from research grants and contracts was £16.4m, an increase of £0.5m from 2022/23.

In 2023, we launched our first Knowledge Exchange Plan and have been delighted by major new initiatives that have attracted licensing income, enhanced entrepreneurship across our student cohorts and built on the strength of our four-nations approach.

Notable award achievements in 2023/24 include:

- £7.7m from Research England to establish the Centre for Protecting Women Online.
- £5.5m from the UK Space Agency for four projects, one for work on the CASTOR mission and three linked to technology for high-resolution imaging of the Moon and Mars.
- £3.4m from the European Space Agency (ESA) for the next phase of work on the ProSPA instrument.
- £2.2m from the Economic and Social Research Council (ESRC) for the Grand Union Doctoral Training Programme.
- £0.9m from UK Research and Innovation (UKRI) to explore haptic touch experiences for naturalistic learning.
- £0.6m from Prostate Cancer UK for a project on Personalised Epigenetic Reprogramming for Neuroendocrine Prostate Cancer.
- £0.5m from National Institute of Health Research to develop effective service models for adult palliative and end-of-life care for people with a learning disability.
- £0.5m from the Leverhulme Trust for a project on South American biodiversity evolutionary reconstructions.
- £0.4m from Horizon Europe for a project on Multilingual and Multicultural Spaces for Political Deliberation.
- £0.3m from the British Academy to explore coloniality and precarity engagements amongst Urban-Poor Resilient Malaysian Indian Women.

Our people

In July 2024, a new People Plan for 2024–2027 was approved. The Plan was co-created with our community through extensive engagement with a broad range of academic and professional services colleagues including all four nations, and through consideration of data from recent mood surveys and the 2024 Colleague Engagement Survey.

Our ambition through the Plan is to develop an increasingly empowering and compassionate culture, where all colleagues feel supported and respected and where we have the tools and enabling systems we need to deliver our best work. This in turn will enable us to serve our students and give them the life-changing learning experience they deserve. The Plan commits to creating these conditions by focusing the work through four strategic priorities, each underpinned by a set of objectives:

- Develop an inclusive and empowering culture and working environment.
- Build change capability.
- Provide meaningful development opportunities for all colleagues and further develop academic and professional services career pathways.
- Ensure our people systems, policies, processes and tools are accessible and fit for purpose.

Early in 2024/25, a delivery plan will be developed to set out the actions required to meet our objectives, staging the work over the next three years. Progress will be tracked and reported against a set of success measures and KPIs, supported through the development of an organisational health dashboard.

Engagement summary

This year saw the introduction of our new colleague engagement survey, designed to measure engagement and understand the colleague experience. The survey response rate was 56%, the highest response rate to an all-staff engagement survey since 2017.

The survey, which is benchmarked against over 60 other UK Higher Education Institutions, reported an overall colleague engagement score of 82% (8% above the benchmark). Our mission and purpose continue to be strong drivers for colleagues across the OU with these areas scoring highly. Colleagues told us that they value the flexibility that comes with working at the OU and that they feel proud of the quality of work that we produce together, with 89% of colleagues reporting that they would recommend the OU as a good place to work. The survey also identified areas for improvement in the colleague experience, including opportunities for career growth and skills development, the management of change and the communication of progress, along with listening to and acting on feedback. The results have been shared with colleagues and leaders across the OU and are being fed into action plans such as the University People Plan, and local people plans to address specific unit or faculty issues.

Reward summary

We recognise and reward employees who make an exceptional contribution through our reward schemes which are divided into two categories:

Recognition Scheme: This includes GEMS and Team Awards which recognise exceptional individual or team contributions beyond regular expectations, particularly for one-off tasks or time-limited projects.

Reward Scheme: This includes merits and discretionary increments, recognising individual contributions that exceed typical role expectations over a period of at least one year.

Currently, the main pay-related elements of these schemes are on hold, with a review scheduled for autumn 2024 in preparation for 2025/26.

We remain committed to fair and consistent recognition and are reviewing these schemes to ensure their relevance and inclusivity.



We have also enhanced our reward offering and are now focusing on a holistic approach that encompasses benefits, recognition, wellbeing and career development, with the resulting highlights during the 2023/2024 academic year:

- **‘Shoutout’:** an in-house platform for peer-to-peer recognition, supporting our strategic goals and Values in Action by promoting immediate recognition for exemplary work. Initially limited to trial units, we look forward to expanding this subject to feedback.
- **Total Reward Calculator:** provides colleagues with a comprehensive overview of their remuneration, including salary and benefits.
- **Voluntary Living Wage:** we remain committed as a Living Wage Employer, updating pay scales in April 2024 to reflect a new hourly rate of £12 outside London and adjusting grading for equity.

As part of our benefit offering, colleagues can pay into the USS pension scheme. From 1 January 2024, contributions to the USS pension were lowered as detailed on page 38 and Note 26. This reduction in contributions means colleagues pay less for the same pension benefit in the Retirement Income Builder (defined benefit) part of the USS.

Looking ahead, to support staff through the cost-of-living crisis, we plan to implement the 2024/25 cost-of-living increase and maintain automatic increments for eligible colleagues.

Employee relations

From an employee relations perspective, 2023/24 was dominated by three distinct elements: the conclusion of a period of intense industrial action, the outcome of an employment tribunal brought against the University, and the OU’s return to surplus programme of activity which included a series of departmental restructures.

Summer 2023 saw the conclusion of the boycott of marking and assessing students’ work which commenced in April 2023. Over and above the complex mitigations we enacted to minimise the impact on students, constructive engagement with UCU locally was essential to ensuring fair and accurate deductions from earnings for participant associate lecturers whose working pattern is not defined.

In Autumn 2023, an employment tribunal ruled against the OU in a case brought by a former colleague, who alleged harassment and discrimination based on her gender-critical beliefs after leaving in 2021. This complex case underscored the challenges of addressing societal issues within the workplace and highlighted the need for clarity on the balance between academic freedom, free speech and the Equality Act 2010. In response, the Vice-Chancellor issued an unreserved apology to the former colleague, and an independent review led by Dame Nicola Dandridge was commissioned. The review, completed in September, provided 10 recommendations which our Council has accepted. An action plan is now in place to implement these changes, some of which were already underway, including production of guidance and case studies for staff to help them implement the new Code of Practice for Academic Freedom and Freedom of Speech, and promote a culture of openness and engagement.

Employee relations have been at the centre of our programme of work to return to surplus. During 2023/24, we concluded three departmental restructures resulting in 18 voluntary redundancies and commenced a further six departmental re-structures from which up to 82 voluntary redundancies may arise. All restructuring has been carried out with the intention of being fair and respectful and these processes are subject to review and learning. We have also run voluntary severance schemes across the teaching delivery community of Associate Lecturers in 2023/24, resulting in more than 200 individuals leaving us.



Supporting the reform and enhancement of teaching and learning

We have continued to look to develop more efficient and effective ways to deliver progressive teaching and learning to our students. An integral part of the overall strategy has been to further integrate and develop the skills of our tuition workforce, including associate lecturers, staff tutors, student experience managers and practice tutors. This has required significant support from People Services in relation to the organisational design, workforce planning, skills development and FTE rationalisation, as well as staff and trade union engagement which is an essential part of the change management process.

In 2023/24, an Associate Lecturer Voluntary Severance scheme was implemented; the financial net impact of this is reported in the Financial Review. To ensure a more agile tuition workforce that will evolve and change shape in line with student and market demands, faculties will have devolved tuition workforce budgets, with the aim that the consideration of the size and shape of the tuition workforce is integrated into existing planning processes.

Executive recruitment

The Vice-Chancellor's Executive (VCE) comprises 16 senior leader positions, 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.

In 2023/24, we appointed several new VCE members: Vikki Matthews, Chief People Officer; Professor Mark Durkin, Executive Dean for the Faculty of Business and Law (FBL); Professor Adrienne Scullion, Executive Dean for the Faculty of Arts and Social Sciences (FASS); and Ben Lewis, Director of the OU in Wales. Towards the end of 2023/24, we commenced recruitment for our new Vice-Chancellor as Professor Tim Blackman's extended term will come to an end in May 2025, and for a new Pro-Vice-Chancellor of Equity, Diversity and Inclusion.

Equity, Diversity and Inclusion (EDI)

We are proud of our continued commitment to embed Equity, Diversity and Inclusion (EDI), ensuring this is at the heart of everything we do. Our Athena Swan and Race Equality Charter (REC) award work provides a framework through which we can identify institutional and cultural barriers to representation, progression and success.

In 2023/24, we established our Race Equality Charter Self-Assessment Team (RECSAT). Five working groups were established to progress the University's submission for a Bronze award in November 2025: Anti-Racism and Communications, Student Pipeline, Professional Services Staff, Teaching and Learning Staff, and Research Staff. Our Athena Swan Charter Self-Assessment Team (SAT) was convened in January 2024 and is overseeing our first institutional Silver submission in 2026. Six working groups have been aligned with priority areas: Data and Processes; Development, Progression and Promotion; Supporting Trans and Non-binary Staff; Parenting and Caring; Health, Wellbeing and Flexible Working; and Recruitment and Role-Models.

The importance of allyship in the workplace cannot be underestimated and over 120 colleagues are currently participating in the University's first Allyship Programme which was launched in 2024.

An EDI Learning Hub was established to serve as a tool to support self-educated effective allyship and the promotion of an inclusive environment. The Hub provides a central platform of resources for the OU community.

Eight colleagues joined the 2023/24 cohort of the Women's Higher Education Network 100 Black Women Professors' Now Programme which aims to increase representation of Black women at all stages of the academic pipeline. Thirty colleagues completed the 2023/24 Advance HE Aurora women's leadership programme which aims to address the underrepresentation of women in leadership roles. Another 30 have registered for the 2024/25 cohort.

The highly regarded Learner and Discovery Services (LDS) reciprocal mentoring programme was rolled out to all Professional Services units and has been a tremendous success. This plays a significant role in developing inclusive cultures and nurturing a sense of belonging across the institution.

Celebrating diversity has also been supported throughout the year with a focus on Black History Month, Race Equality Week, the United Nations Day of the Elimination of Racial Discrimination and South Asian Heritage Month. Awareness-raising events have led to better cultural understanding, allyship and inclusion, including International Women's Week, World Menopause Day, International Men's Day, Pride Month and Non-binary People's Day.

Looking ahead into 2024/25, we will continue to build a more equitable, diverse and inclusive university through the implementation of our Equality Scheme and EDI Plan. Collaborative work between the EDI team, People Services and the Chief Data Office will continue to ensure robust and accurate EDI workforce and recruitment and onboarding and data.

The EDI survey planned for November 2024, compulsory for the REC application, will further inform our decisions, Equality Impact Assessments, and the ongoing review of various student and staff policies and practices. Our Equality Essentials mandatory equality training module will also be reviewed and replaced in 2025.

Sex, ethnicity and disability breakdown

At 31 July 2024, the sex, ethnicity and disability breakdown of Council members, senior managers (comprising the members of the Vice-Chancellor's Executive), and of staff were as follows:

Sex	Employees		External		Total	
	Male	Female	Male	Female	Male	Female
Council members	5	3	10	4	15	7
Senior managers (excluding Council) ¹	4	11	0	0	4	11
All other employees	6,377	3,660	0	0	6,377	3,660

Ethnicity	Employees				External		Total
	BAME*	White**	Refused	Unknown	BAME*	White**	
Council members	3	5	0	0	2	12	22
Senior managers (excluding Council) ¹	1	14	0	0	0	0	15
All other employees	1,218	8,039	374	406	0	0	10,037

* does not include 'White-Other'

** includes 'White-Other'

Disability	Employees			External		Total
	Disabled	Non-disabled	Unknown	Disabled	Non-disabled	
Council members	2	5	1	2	12	22
Senior managers (excluding Council) ¹	0	15	0	0	0	15
All other employees	899	8,745	393	0	0	10,037

The staff numbers above are based on staff in-post as at 31 July 2024, 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 2023 to 31 March 2024 as follows (comparators for the period 1 April 2022 to 31 March 2023 are in brackets):

Relevant union officials	There were 54 (2023: 50) individual employees equating to 48.53 (2023: 42.59) Full-Time Equivalent (FTE) employees, who were relevant trade union officials during the period.
Percentage of time spent on facility time	Of the 54 (2023: 50) employees, 48 (2023: 43) staff spent less than 50% of their working hours on facility time, and 3 (2023: 2) 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% (2023: 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 13.5% (2023: 16.0%) 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 2024.

In the period from 1 August 2023 to 31 July 2024, there have been four 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

This year, we achieved an adjusted operating deficit of £10.3m. This is an improvement over the budgeted deficit position of £18.3m. Despite not fully achieving our student recruitment targets, our effective management of costs, an improvement in student retention through the year and the fall in USS pension contributions have contributed to the improved position at 31 July 2024.

Our financial statements comprise the consolidated results of the University and trading subsidiaries, Open University Student Budget Accounts Limited (OUSBA), Open University Worldwide Limited (OUW) and from 1 August 2023 the Open College of the Arts. Together, these form the Group.

Financial highlights and results for the Group

	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Accounting surplus	141.4	19.9
Adjusted operating (deficit) (see page 33)	(10.3)	(25.1)
Adjusted operating (deficit) as a % of income	(1.8%)	(4.5%)
Total cash and current asset investments	262.8	314.7
Net current assets	195.2	237.5
Net assets	359.6	218.3

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

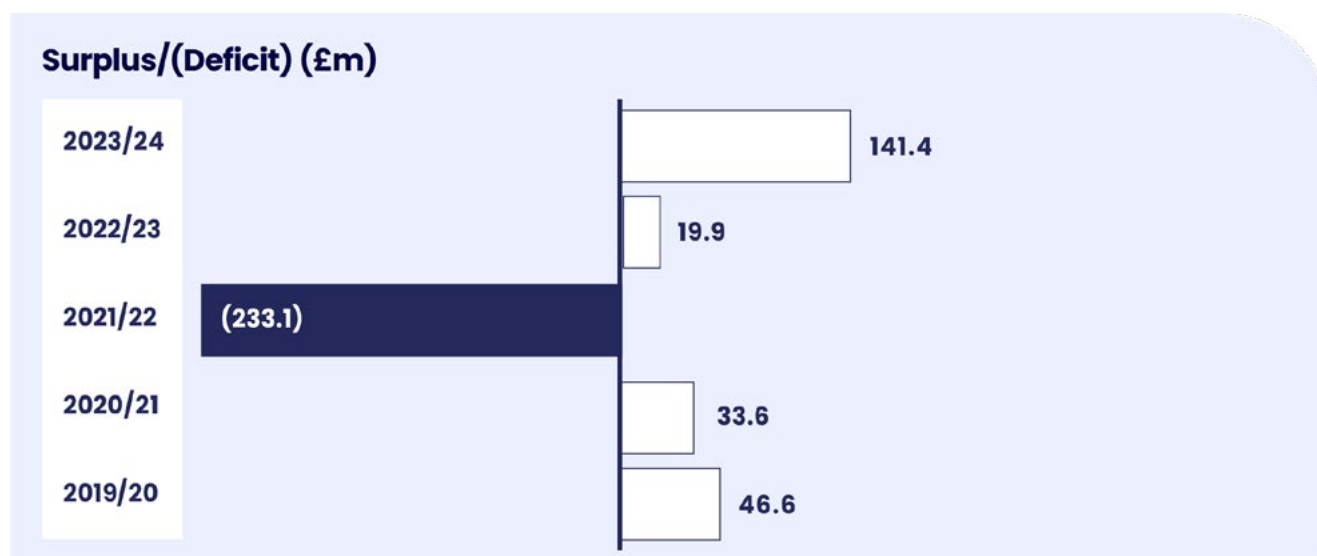
The improvement in the adjusted operating deficit to £10.3m over 2023/24 is part of our return to surplus plan as we drive down our costs to mirror the fall in student numbers following the spike in student registrations achieved through the COVID-19 pandemic, which has not been sustained. Student numbers have declined in recent years, and we introduced a return to surplus plan with a target of reducing our 2023/24 costs by £26m. Through the delivery of an improved year-end position, we have evidence of achieving the target savings in 2023/24. We have completed two significant institutional severance schemes to contribute to the reduction of our cost base. The costs associated with these are included in both last and this year's financial position and some 417.9 FTE staff will have left us at the end of December 2024. Return to surplus activity will continue in future years as we recognise the need to continually operate as efficiently as possible and control our costs and activities against the forecast changes in our student numbers. We recognise further cost reductions and income growth are required to ensure we achieve financial sustainability.

We also disclose an accounting surplus of £141.4m. This is after the release of the USS pension provision of £182.9m which followed the results of the 2023 valuation. This valuation shows the scheme now in surplus, so the provision is no longer required. In addition, our employer contributions fell from 21.6% to 14.5% of pensionable pay and this contributed to the improved adjusted operating deficit. Our accounting surplus also includes non-operating costs of £30.1m including £25.7m supporting strategic change investment and £4.9m of restructuring costs as part of the return to surplus activity.

Our key financial performance measure is adjusted operating surplus. We set a budget of -3.2% of income, recognising we are part way through our recovery plan, against the target of 2%. We also monitor our liquidity and our reserves. Our unrestricted reserve has increased to £351.3m largely as a result of the release of the USS provision offset by the adjusted operating deficit and non-operating expenditure. Our liquidity target measure is 120 days of expenditure cover through our net current assets, and at 31 July 2024 our actual cover was 117 days. All our strategic measures will improve as we intend to deliver adjusted operating and accounting surpluses in future years, recognising that significant work is required to deliver these surpluses.

Group financial outturn

Reported surpluses/(deficits) over the last five years are set out below. These reflect the totality of our financial performance and have been materially impacted by the USS pension provision movements following the March 2020 and 2023 valuations, along with year-on-year fluctuations in non-operating income and expenditure.



Adjusted operating deficit

To better understand our underlying operational financial performance, we report the adjusted operating surplus. The table below reconciles this position with the reported surplus for the year as disclosed in the Statements of Comprehensive Income (SOCi) on page 67. This is a non-GAAP measurement.

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Accounting surplus for the year	141.4	19.9	139.4	19.5
USS deficit provision adjustments	(182.9)	(104.5)	(180.1)	(103.6)
Strategic change and restructuring	30.1	51.2	30.1	51.2
Unrealised investment (gains)/losses	(5.2)	1.6	(5.2)	1.6
Share of deficit of joint venture	0.0	6.7	0.0	0.0
Impairment of investment in joint venture	0.0	0.0	0.0	6.7
Impairment of tangible fixed assets	6.3	0.0	6.3	0.0
Adjusted operating (deficit)	(10.3)	(25.1)	(9.5)	(24.6)

The adjusted operating position takes income and expenditure values recorded in the SOCI and adjusts for those transactions that are not influencing our day-to-day operations. Adjusting for these items allows us to monitor our financial performance on a consistent basis from one year to another and therefore against a consistent operating surplus target. The rationale for these adjustments is described in the table below.

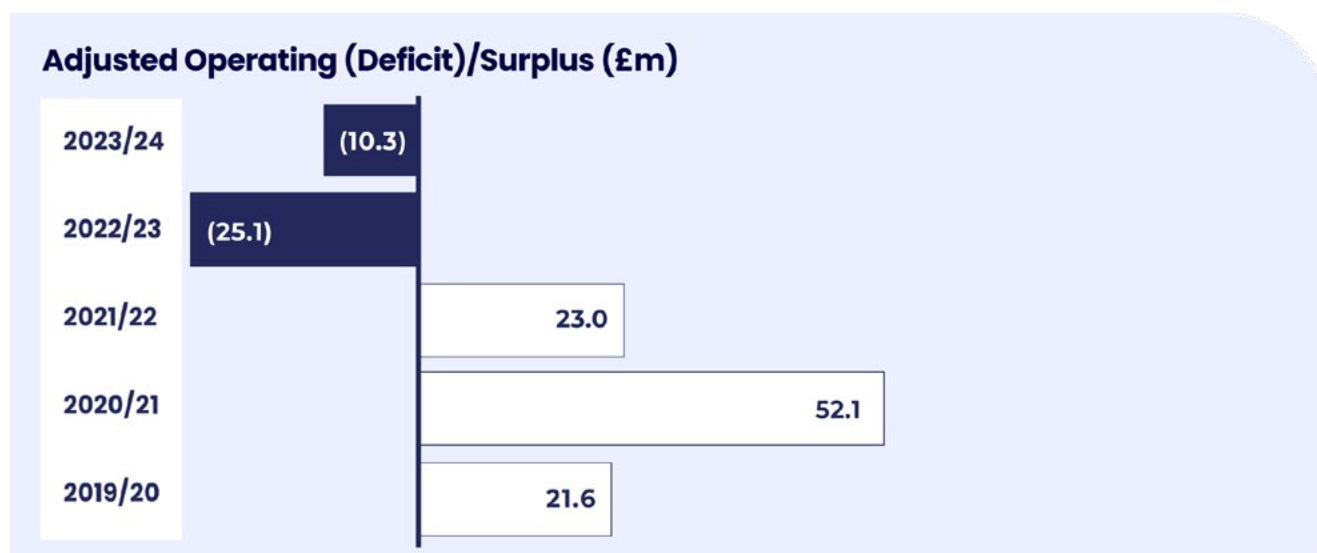
Area	Rationale
Pension valuation	USS is subject to triennial actuarial valuations, and these are heavily impacted by economic assumptions outside of our influence and therefore the changes in the resulting provisions are excluded from our adjusted operating position. Changes in employer pension contributions after each valuation are included within the operating position.
Strategic change and restructuring	These are institutional-wide investments in activities to ensure business readiness for the future, including investing to diversify our income, supporting future efficiencies or new activity to support our Learn and Live strategy. These investments are typically made over several years. Restructuring costs are part of institutional-wide activity to reduce our cost basis through severance schemes and other measures. The restructuring and change activities are expected to continue, but with reduced financial impact for at least three further years.
Asset valuation	Some of our land and buildings and investment assets are valued on a fair value basis. This might be based on an existing use or market value. Movements in the market value of investments is outside the direct influence of management. Changes in the use of our fixed assets or decisions to sell them is not part of our day-to-day activity and therefore any valuation movements that result from this are recognised after the adjusted operating surplus.

The movement from a £25.1m adjusted operating deficit in 2022/23 to the adjusted operating deficit of £10.3m for 2023/24 is disclosed in the table on the following page.



	Consolidated Year ended 31 July 2024 £m
Adjusted operating deficit – 2022/23	(25.1)
Increase in Tuition Fee Income	10.3
Movement in Funding Body Grants	0.0
Increase in Research Grants, Other Income, Investment Income and Donations	1.7
Decrease in Operating Staff Costs	3.5
Increase in Operating Expenses, Depreciation and Interest Payable	(0.7)
Adjusted operating deficit	(10.3)

The five-year view of the adjusted operating (deficit)/surplus, eliminating as it does the non-operational items across the years, is disclosed below. It shows the decline in adjusted operating surpluses from their peak through the pandemic to a low point in 2022/23 with an improvement in 2023/24, and this trend is forecast to continue in future periods as we deliver our return to surplus plan.



Income

In 2023/24, the Group's income from all sources increased by £20.4m (3.6%) to £582.3m.

Our adjusted operating income excluding unrealised investment gains and grant income supporting strategic change was £575.5m, an increase of £12.0m (2.1%) over the previous year. The largest element of this increase is tuition fees of £10.3m, reflecting the increase in fees charges over the fall in student numbers during the year.

A fuller description of the variations with last year is reported below.

Tuition fee income

Page 71

Our tuition fee income increased by £10.3m (2.6%) to £407.5m. This is a result of the increase in fees charged with an average price increase of 5% offsetting the fall in student numbers against 2022/23. Indications are now that the decline in student numbers since the pandemic will continue for the medium term. We are looking at initiatives to arrest this decline by increasing curriculum available at full-time intensity, making it more attractive to younger students. Equally, we have seen students retained for longer than in previous years and this contributed additional income. Note 1 sets out tuition fee income by UK nation.

Funding body grants

Page 71

Total grant funding from the four UK nations' higher education funding bodies remained at £123.4m. Recurrent grants fell by £1.2m to £105.8m whilst specific grants, including capital grants, increased by £1.2m to £17.6m. Some claw back has been included in 2023/24 of recurrent grants following a change in methodology adopted by HEFCW.

Research grants and contracts

Page 72

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 increased by £0.5m to £16.4m.

Other income, donations and endowments

Page 72 and 73

This increased by £2.1m to £20.3m. This included some non-operating strategic change grant income of £1.6m. Other operating income increased by £0.5m from additional donation and car parking income over the previous year.

Investment income

Page 72

Total investment income increased by £7.5m to £14.7m. Interest received increased by £3.1m as the £94.1m proceeds from our divestment in Newton in December 2023 were retained in cash for the remainder of the financial year. Investment gains also increased from £1.6m to £6.0m due to the increase in the value of equity investments over the previous year.

Expenditure

In 2023/24, total Group expenditure from all sources was £440.2m, a £94.9m reduction on 2022/23. Excluding the changes to the USS pension provision, total Group expenditure decreased by £16.5m to £623.1m.

The adjusted operating expenditure of £585.8m (2022/23: £588.6m) excludes transactions not part of day-to-day operations including the impact of the USS pension provision release of £182.9m (2022/23: £104.5m), and expenditure on strategic change and restructuring activities of £30.1m (2022/23: £51.2m). The decrease in adjusted operating expenditure results from return to surplus actions through a reduction in staff headcount and non-pay expenditure, along with the impact of reduced USS pension contributions being greater than the inflationary pressures incurred through the year including the cost-of-living pay award.

A fuller description of the variations with last year is reported below.

Staff costs

Page 73

Total staff costs decreased by £94.6m to £258.3m – the most significant element is the impact of the USS pension provision adjustment.

Excluding this pension adjustment, underlying staff costs have decreased by £21.5m (4.5%) to £445.4m (Note 8). This underlying movement reflects:

- the reduction in headcount of staff who resigned through the Mutual Agreed Resignation Scheme (MARS) severance scheme, which resulted in 253 FTE staff leaving
- reduced costs created by vacancies retained across units and faculties to support further return to surplus activity, including restructurings being delivered through 2024/25.
- reduced costs from 1 January 2024 following the reduction in USS employer contributions from 21.6% to 14.5%, which equates to £12.2m in 2023/24
- an increase in staff costs following the annual pay award settlement of 5.2% from 1 August 2023
- £4.1m in severance costs including the Associate Lecturer Voluntary Scheme (ALVS) introduced as part of the return to surplus activity. Approximately 71 FTE will leave us by 30 September 2024 having reached agreement with us before 31 July 2024.

Non-staff costs

Pages 77 and 78

Other operating expenses, depreciation and interest payable decreased in total from £182.2m to £181.9m. The main movements were staff support and consumables cost which reduced by £3.9m as faculties and units introduced cost-saving measures, interest payable reduced by £4.1m as the finance charge associated with USS reduced, whilst a one-off impairment charge of £6.3m was incurred on valuation of the East Campus.

Cash and cash flow

Total cash balances as at 31 July 2024 were £144.6m, an increase of £11.1m over 31 July 2023.

Our net cash outflows of £60.2m (2022/23: £66.7m) equates broadly to our adjusted operating deficit and strategic change expenditure for the year.

Net cash inflows from investing activities were £74.7m (2022/23: £14.3m) and included £94.1m as the proceeds from the divestment from our Newton equity fund which has been retained in cash and fixed deposits.

Net cash outflows from financing activities were £3.4m (2022/23: £1.6m) and included loan interest paid which increased following the increase in interest rates over the previous year.

Assets and liabilities

Our tangible assets decreased by £9.4m to £213.8m. This included an impairment of our East Campus. Capital additions in the year were £5.2m for office refurbishments and specialist equipment.

Net current assets in the Group financial statements are reported as £195.2m, a fall of £42.3m from the previous year reflecting the reduction in equities and cash holdings that have been used to fund our operating deficit and strategic change investment in the current year.

Pensions

The Group participate in the sector-wide Universities Superannuation Scheme (USS) for the benefit of our UK-based staff. The USS is completely independent of the Group and provides a hybrid scheme with both defined benefit and defined contribution elements. A full actuarial valuation of the USS is undertaken triennially with the last valuation date being 31 March 2023.

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

The results of the USS 2023 valuation and the resulting scheme changes were agreed by the USS Trustee in November 2023. The scheme reported a surplus of £7.4bn and as a result there is no longer a requirement for employers to recognise a pension provision. We have credited the pension provision at 31 July 2023 against our staff cost 2023/24. Following the valuation, both employer and employee contributions were reduced from 1 January 2024 and some benefits were reinstated. More details can be found in Note 26.

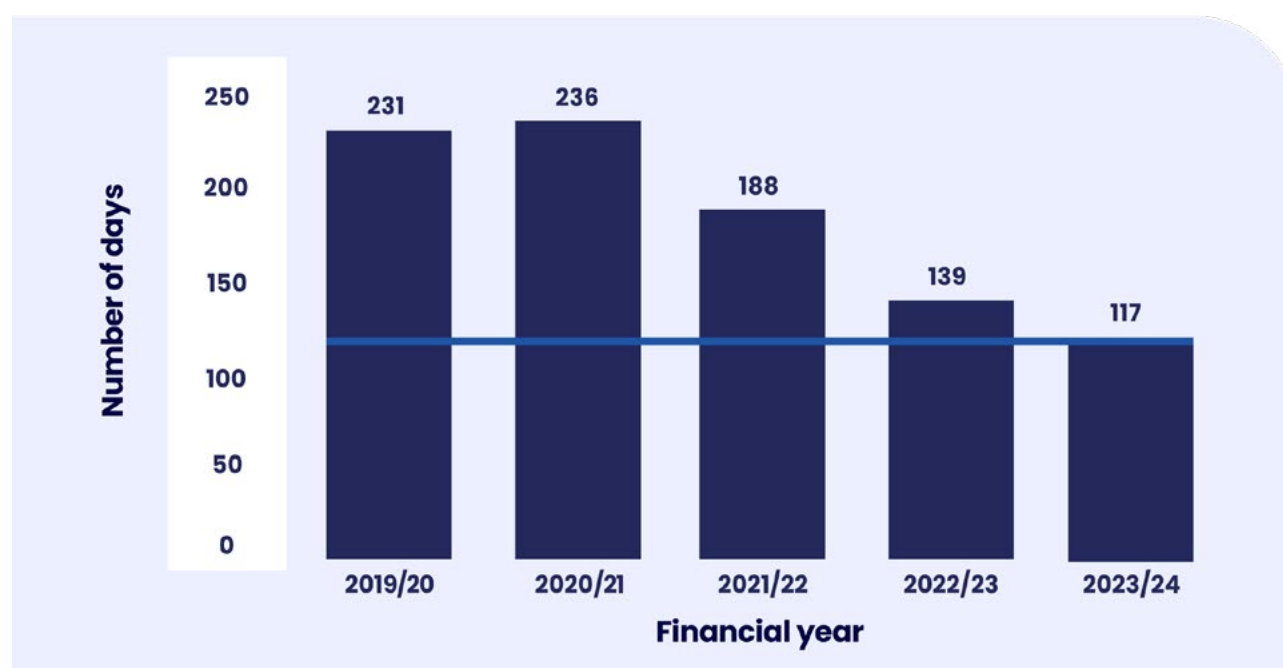
Our financial strategy

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).

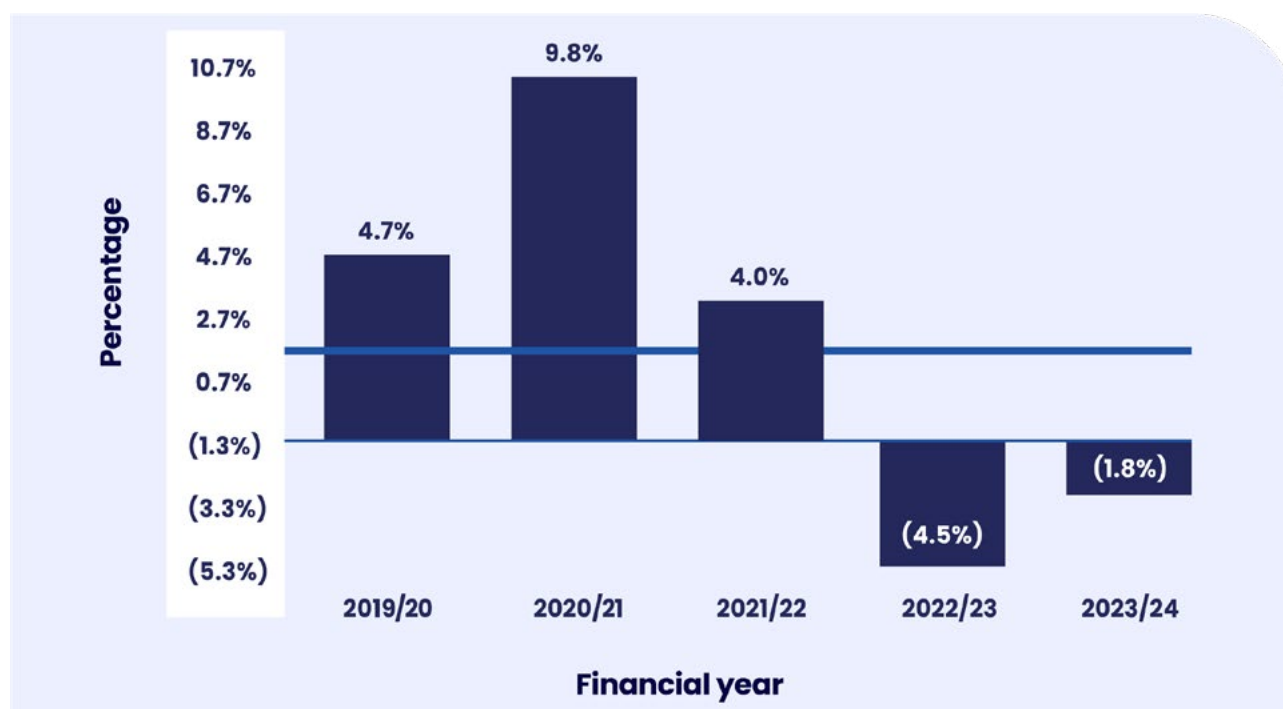
The target represents the required level of expenditure cover based on consideration of financial risk. Our performance against this measure over the past five years is set out in the graph below.

At 31 July 2024, net current assets were £195.2m, a decrease of £42.3m from the previous year's £237.5m. The 2024 figure represents 117 days of expenditure (excluding non-cash transactions). We are forecasting this metric will fall to 95 days next year before increasing in future years as we achieve accounting surpluses. Cash and cash equivalent balances remain high and there is no risk of liquidity issues in settling our debts as they fall due over the coming 12 months.



- **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 2023/24 is 1.8% of income, a reduction in deficit reported in 2022/23.



- **Reserves:** To maintain unrestricted reserves, taking one year with the next, at a level no less than £303m in 2023/24, to provide for financial sustainability through consideration of liquidity, functional assets and financial risk. This measure, aligned to methodology provided by the Charity Commission, determines the annual target level of reserves that are required to deliver plans for maintaining operational services for our students, and demonstrates financial resilience. For 2023/24, our unrestricted reserves are £351.3m, and we are planning for reserves to fall in the next year before we return to an accounting surplus and growth in reserves from 2026/27.

Treasury and investment management

At 31 July 2024, our cash and current asset investments were £262.8m.

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

The Investment Committee meets 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 money market liquidity and sterling government funds, which are split between three fund managers. We also retain an option to purchase and hold gilts with a maturity of less than five years; however, at present we do not hold any gilts.

The treasury team has increased the number of notice accounts in the period to increase the average term of the portfolio following the redemption of one of the long-term investments. This allows us to benefit from higher rates without affecting liquidity in the short term.

Equity-based long-term portfolio

This portion of our investments targets a long-term return of three percentage points above the UK Retail Price Index, with short-term volatility being accepted. In 2023/24, this portfolio produced a gain of £6.0m (£1.6m gain 2022/23), as disclosed in Note 6.

During the year, we divested from one of our equity funds to meet our commitment to divest from fossil fuel holdings and also to increase liquidity.

The remaining fund manager was retained for their ability to screen out fossil fuel investments, focus on capital preservation and the funds low level of volatility. The manager invests on behalf of a wide range of charitable clients and has 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 equity-based investment funds and term deposits as at 31 July 2024 is set out in Note 16.

Forward look

Our current return to surplus plans recognise that student recruitment to our distance learning provision has fallen following the significant increases in student numbers we experienced during the COVID-19 pandemic. We developed our return to surplus plans in response to this, looking to achieve cost reductions throughout the OU. These plans included a slowing in the decline in student numbers followed by growth as both the economic climate improved and we grew our offer with a new curriculum. We understood the economic crisis had reduced demand for our courses but, as the economy stabilised and started to grow, we had anticipated our student numbers would also start to grow.

In support of our future plans, we commissioned independent research into the future part-time and full-time study market and trends in student participation in higher education. This research indicates that whilst demand for distance learning at full-time intensity is growing, the market for part-time students is more challenging due to the changing demographic in our target age group. There is also increasing competition from other providers seeking to diversify their income to meet their own financial challenges. We are therefore forecasting a decline in our student numbers in the coming years while we respond to these challenges. This means we will need to operate more efficiently to reduce our costs as our student numbers contract and we seek to deliver the changes required to slow this decline.

Our return to surplus plans introduced in autumn 2022 included budget reduction targets across all units along with some cross-institutional activities. Whilst the delivery of these savings is on track against the original targets, we now recognise that further cost reduction and growth opportunities must be taken. We have substantial reserves, and these will allow us time to plan and deliver the further savings now required to return us to an operating surplus position. We consider that these additional savings will be targeted focusing on the cessation or reduction of particular activities that deliver less value to the student experience. We are currently drawing up plans to mitigate the financial impact in 2024/25 and longer-term actions to both grow income and create further efficiencies over and above those included in our return to surplus plan. Our financial security does allow us the opportunity to invest in actions

to mitigate the impact of contracting student numbers. Our areas of focus over the coming years will include.

- 1) Building on the existing work undertaken which is seeing our retention rates improve: retaining our students for longer clearly benefits their progression and qualification achievement but also our income generation.
- 2) Grow our curriculum, in particular the volume that can be delivered at full-time intensity. We understand more of our students are wanting to study over a shorter duration. Our traditional students typically complete their qualification over six years. We are also working on expanding our range of curriculum; for example, the recent acquisition of the Open College of the Arts (OCA) will allow us to expand into creative arts subject areas.
- 3) Research indicates part-time students are becoming younger and whilst our brand is strong across our traditional student age group, we are less well known to younger people who will be the students of the future. It is therefore important to raise our brand recognition to this demographic.

We recognise the need to make further savings will create uncertainty and disruption within the organisation as we look to focus on our key priorities. We will continue to monitor staff concerns and their feedback and take this into account when planning future changes.

To achieve our return to surplus targets, we had established several severance schemes and as a result 324 Full-Time Equivalent staff took advantage of these and will have left us by 31 December 2024; this is circa 5% of our workforce. Further work and targeted severance schemes will be required to deliver the additional efficiencies now required over the coming years to ensure we return to surplus. We also continue to work with our Associate Lecturer workforce to determine the best processes and policies to fully leverage the unique value these colleagues bring.

Our Learn and Live strategy, as described on pages 15 and 16, aims to bring flexible, high-quality university education to as wide a range of people as possible, operating at scale across all four nations of the UK. With our open-access policy, we continue to promote fair access for all who want to study higher education, making a substantial and unique contribution to widening participation across the UK. This will remain at the heart of what we do going forward, recognising that the trends in our traditional markets are changing and we need to respond accordingly.

We have set aside funding to develop our systems and people capability to allow us to improve the student experience and aid retention. We have also allocated investment in response to the changes expected from the introduction of the Lifelong Learning (Higher Education Fee Limits) Bill, which seeks to reform post-18 education through the introduction a tuition fee loan available to all. Indications are this will create the opportunity to increase the size of the market for part-time study and therefore the potential to grow our student numbers and remove the current fee cap for part-time study.

As part of our Learn and Live strategy and broadening our access, we continue to explore extending our range of teaching options locally, nationally and internationally. We continue to develop our plans around the future use of our sites in the UK, including Walton Hall, and receive regular updates on these and how they support our Net Carbon Zero aspirations.

Future financial risks and opportunities

Reduction in student numbers

Our continued work to deliver on our Learn and Live strategy, especially our two strategic goals that focus on greater reach and success for our students. An illustration of this is the projected growth in the number of students wanting to study at full-time intensity. This creates the opportunity to develop existing curriculum to meet this mode of study and recruit more students. Our student numbers are key to our financial sustainability. Having longer term indicators that the overall market is in decline focuses us on plans and actions to right size the organisation and on our core activity creating the best possible experience for our students, and at the same time looking for opportunities to diversify our income.

Economic environment

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 and forecasting student behaviours. We are developing and implementing actions to enable us to return to a surplus position by 2025/26. We have some flexibility to increase fees, but this is capped for some students. Continued inflationary impacts, albeit at lower levels than last year, are monitored through regular reporting and corrective action is taken so that spending remains within budget. We are also looking at ceasing some activities where we believe value is not being delivered.

Use of our estate

Much of the workforce continues to opt for hybrid working; as part of Campus 2030, 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 from either the sale of surplus land and buildings or other commercial opportunities.

Climate change and our impact on the environment

We have an aspiration to achieve net zero greenhouse gas emissions. This requires significant capital investment to de-carbonise our estate. Our work to deliver this is being developed in parallel with the Campus 2030 initiative. The costs of de-carbonising will exceed 10 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 financial risks and opportunities

Future funding of higher education

The pressures on public funding in all four UK nations means an increase in the unit funding of higher education is unlikely. The new government has a growth agenda but the impact of this and the role UK higher education plays is uncertain.

Across the four nations, there are changes impacting both our regulation and funding, as it is governments that determine regulated fees, whilst the OU can set fees for unregulated courses. In England, the Lifelong Learning (Higher Education Fee Limits) Act is expected to come into effect from January 2026. In Scotland, the SFC's recent review of tertiary education and research is now being taken forward. In Wales, HEFCW has now ceased to operate, its responsibilities being transferred to Medr, Commission for Tertiary Education and Research. Each of these changes impacts on the policies of the nations and through this the funding allocations we receive.

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 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 Learn and Live strategy and that we will deliver our return to operating surplus in 2025/26. Our financial reserves and cash balances have provided resilience to the decline in student numbers seen in recent years. Our projections based on a continued decline in student numbers and actions taken to mitigate this through exploring further efficiencies and opportunities in our operations mean our return to surplus will be a year later than originally planned.

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 student numbers, inflation, changes in government funding, and our ability to achieve further efficiencies and savings on planned income and expenditure. Our risk analysis of these financial forecasts also identifies opportunities through development in curriculum to grow our student numbers; however, in assessing our going concern position, we have focused on the downside risks that are outside our control.

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, which includes the impact of pay awards in excess of our current projection by 0.7% in each year.
- Reduction in planned student numbers, both in-year withdrawals and later year recruitment, as a result of the continuing market depletion and impact of competition, which includes a further reduction of 3% in new student numbers and a reduction in retention of 3.7%.
- Reduction in teaching and other recurrent grants as a result of changes in government policy, including a reduction in our student premium funding of 10%.
- Delivery of efficiencies through our continued cost reductions activity, including longer term plans to consider the cessation of activities delivering little value to us, which includes assessing the confidence of delivery, in particular where this confidence is expressed as low.

We also considered the impact of the more extreme scenarios on our liquidity position and covenant 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. The scenarios will also not breach our covenants. Our review of liquidity for the 12 months from the date of this report provides assurance that even in the most extreme scenario, and without interventions to reduce expenditure, we have sufficient cash and investments to continue to operate without increasing borrowings.

Our financial forecasts to 2028/29, taking account of reasonable sensitivities in relation to our key financial risks, indicate that we can continue to operate without requiring further funding facilities for this period. Accordingly, Council continues to adopt the going concern basis in preparing the financial statements.

Approved by Council on 19 November 2024 and signed on its behalf by:

ANDREW DICKINSON
Chair of Audit Committee

PAUL TRAYNOR
Chief Financial Officer

JOSIE FRASER
Interim Vice-Chancellor

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, risk management 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 enables 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 business 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 their appropriateness and drive continuous improvement.
Embedding the risk process	Embedding risk assessment and internal control processes in the ongoing operations of all units, with accountable owners 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 in response 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 achieving student numbers due to market conditions and curriculum offer	<ul style="list-style-type: none"> Continued development of our 'The Future is Open' brand platform by onboarding of new media agency to enable efficiencies and optimisation of media reach. Strengthening market attractiveness of curriculum portfolio through investment and innovation in new curriculum, alongside initiatives to improve the production efficiency and speed to market.
Student retention, progression and experience	<ul style="list-style-type: none"> Ongoing oversight and prioritisation of cross-institutional retention activities, with a focus on readiness to study, induction and early student experience to align with the challenges we are seeing in Level 1 performance. Implementation of the University's Access and Participation Strategy, and of the new Access and Participation plan as submitted to the OfS in July to cover academic years 2025/26 to 2028/29, with specific focus on improving the outcomes for students with key characteristics such as IMD Q1 students, students with mental health difficulties and Black students. Development of a new University Mental Health and Wellbeing Strategic Plan for 2025–2029. Monitoring, managing and planning responses to disruptions to student-related operations through relevant Business Continuity groups.
Staff capacity, capability and wellbeing	<ul style="list-style-type: none"> Delivery of institutional people priorities and objectives thorough a new University People Plan, with periodic reporting of progress supported by success measures and key performance indicators. Focusing on recruitment and onboarding to address concerns around staff retention, broaden our reach to access more diverse candidates and bring in colleagues with the right technical skills, and the right values and behaviours. Improving wellbeing provision across the organisation through upskilling our leadership community and by harnessing our wellbeing leads, champions and coordinators in all faculties and Professional Service units.
Challenges in the delivery of strategic change initiatives	<ul style="list-style-type: none"> Mapping the complex, interconnected and extensive change portfolio, with a focus on where in the organisation change is taking place, and the impact that landing the change has on our teams and staff. Continued support from the University's Strategic Portfolio Office to project and programme teams to ensure good management practice and working level and timely escalation of risks and issues.
Financial sustainability	<ul style="list-style-type: none"> Focusing on reducing our cost level to match our student numbers. Delivery of cost reduction plans, additional targeted savings, and mutually agreed retirement and severance schemes to achieve operating surplus in the 2024/25 academic year.
Quality and development of the University's research and enterprise	<ul style="list-style-type: none"> Successful implementation of the Research Plan and Knowledge Exchange Plan to drive greater research impact and income through the Open Societal Challenges Programme. Enhancing the University's research infrastructure and support for researcher and Postgraduate Research Students to help build the next generation of research leaders.

Strategic risk	Steps being taken to mitigate these risks include
Information security	<ul style="list-style-type: none"> Implementing Microsoft A5 security capabilities into our security operations portfolio, and roll-out Microsoft Defender for Endpoint to provide extended detection and response capabilities of our endpoint devices. Implementing a risk management platform to assess and track risks specifically associated with third-party suppliers. Reduce the susceptibility to phishing of staff in units that are considered high risk, due to information they process and the degree to which they are targeted, through training and awareness sessions.
Changing policy, funding and regulatory environments	<ul style="list-style-type: none"> Regular review of potential/upcoming policy changes and developments. Advocating for and securing from Government, policy outcomes and decisions that mitigate impact on the OU. Early engagement with the OfS and the funding bodies in each of the nations to ensure new regulatory requirements are incorporated into business-as-usual and mitigate risks for the OU in increasing divergence across nations with regards to statutory returns.
Breaches in compliance and regulatory requirements	<ul style="list-style-type: none"> Regular reviews of Health and Safety policies, documents and procedures in place, especially for fire safety across the organisation in light of the Building Safety Bill and amendments to the Fire Service Order. Addressing known data protection and information rights issues to reduce overall data protection risks. Ensuring that all activity complies with requirements of funding bodies in all four nations.
Technology	<ul style="list-style-type: none"> Increasing the resiliency of our systems through uplifting and replacing deprecated platforms and software. Securing continued support from our Technology partners so that, along with permanent staff in a blended resource model approach, we can ensure service availability and support successful delivery of outcomes.
Data	<ul style="list-style-type: none"> Implementing a data management policy to inform on roles and responsibilities in data ownership and implement an operational data risk management service. Constructive engagement of data teams with project delivery teams and governance to review and advise on relevant. Working with user groups and compliance teams to support the implementation of responsible Artificial Intelligence (AI) policy, prepare for the introduction of the EU AI Act and ensure Data Usability for AI and automated operations.
Challenges in achieving sustainability and climate change objectives	<ul style="list-style-type: none"> Development of a Carbon Reduction Implementation Strategy to specify energy and Scope 1 and 2 carbon emissions reduction actions across all buildings of the Milton Keynes campus. Increasing engagement with our Sustainability Planning, Action and Reporting Kit (SPARK) to support baselining, target-setting, roadmaps and progress reporting on changes embedded in daily operations related to the University's Scope 3 carbon emissions. Providing carbon literacy training and sustainability induction packs to staff. Following Responsible Futures accreditation achieved in July 2024, develop an action plan to ensure re-accreditation ahead of April 2026 (next audit date).

Sustainability

Our interdisciplinary delivery of sustainability draws firmly 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.

Over the last year, our approach which emphasises that sustainability is ‘everyone’s job’ has enabled whole institution collaboration and progress evidenced by:

- Responsible Futures OU accreditation. Gaining slightly over the minimum scores from our first student-led audit, we collaborated with faculties and academic services to embed sustainability in the formal, informal and subliminal curriculum. We will build on this positive start to improve over the next two years, engaging more students and staff.
- St George’s House Windsor Castle consultation and report on Delivering Integrated Climate Education with Professional Statutory and Regulatory Bodies, recommending a Professional Body for Economics and rapid innovation for sustainability in tertiary and CPD education, which we’ll progress over the next year.
- People and Planet 67th place in the national university league. Up from 116th ranking last year, we were awarded a 2:2 lower second-class honours following work on the curriculum and research as well as operational improvements.
- United Nations Global Compact report, reaffirming our support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption, including equality and inclusion.

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

We worked closely with our Students’ Association (OUSA) to listen to and involve our students by:

- Engaging six students to undertake training and audit us against the 50 Responsible Futures criteria, working with a further eight students to partner with academics on change.
- Hosting a Student Hubs Live event on sustainability and a sustainable careers event.
- Supporting student Lou Robinson being short-listed for a Green Gown Award 2024 for sustainability activities in her role as OUSA VP Student Engagement.
- Publishing three articles from our postgraduate research community in *Climate Perspectives*.
- Providing training for sustainability in the Inclusive Curriculum framework.
- Hosting a vibrant London event showcasing our sustainability research in London and our second Sustainability Research Festival on campus.
- Collaborating on bringing sustainability research to a global audience through our BBC co-productions with additional content on OU Connect (the Broadcast site) to help viewers delve deeper. Content included:
 - *Planet Earth III*. Whilst still retaining the awe, beauty and warm accessible tone of its predecessors, the series brought a new, important insight into our increasingly fragile natural world by revealing the deep interconnectivity of all life on Earth.
 - *Springwatch*. This year’s overarching theme was ‘little things make a big difference’. In addition to a poster, we also collaborated with academics and nQuire for a Citizen Science experiment.
 - Other regular sustainability content aired on *Rare Earth*, *BBC Inside Science* and *Morning Live* and *BBC Ideas shorts* – on topics asking how to cope with Eco-Anxiety, *How do Heatwaves affect our Mental Health*, and *How to Solve the Plastic Problem*.

We continue to deliver our commitment to up- skill and reskill our students and staff to integrate sustainability in all that we do including:

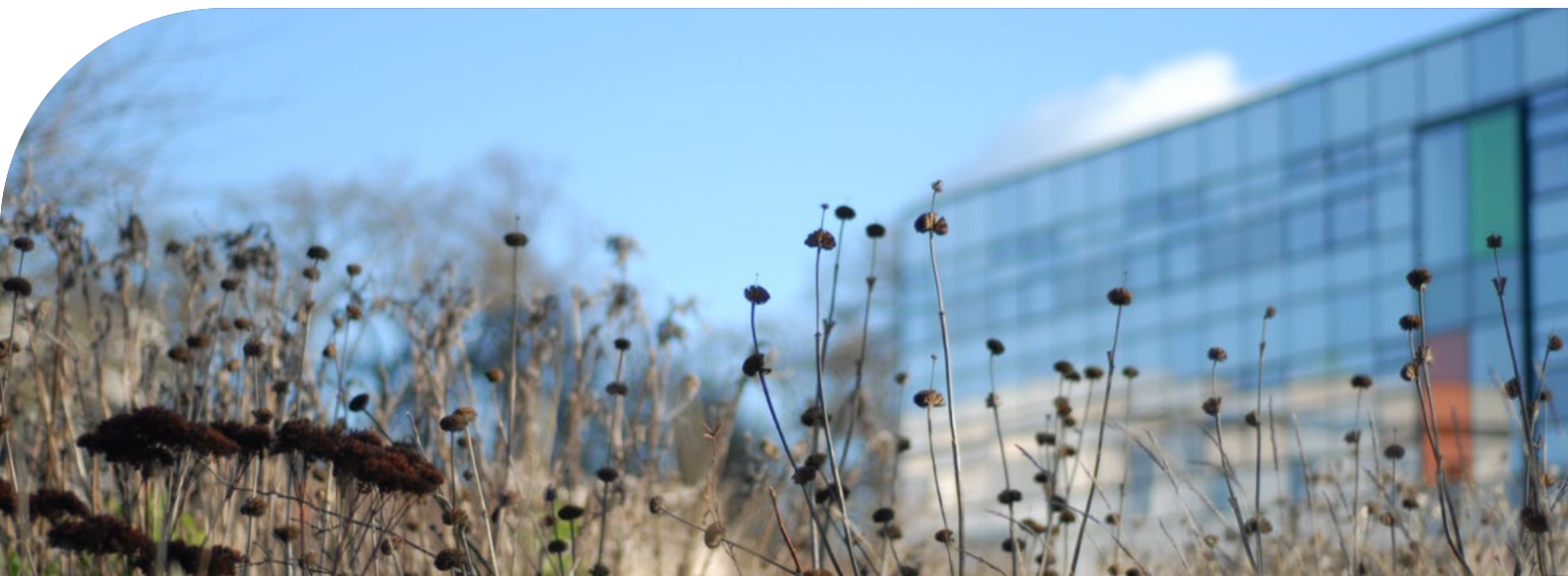
- Carbon Literacy training: our fully funded 8-hour course, now with three OU Carbon Literacy Facilitators and 750 staff and students trained since 2022, half becoming Carbon Literacy Project certified.
- Carbon conversations: with facilitators in three nations, we played the 'How bad are bananas?' game with 550 colleagues at over 25 student and staff events.
- Sustainability Leadership training: 23 key staff undertook a two-day training to embed sustainability in their daily work.
- Microcredential Transforming your Organisation for Sustainability: over 100 learners participated in the last year with 100% assessment pass rates, totalling over 400 learners since 2021.
- Refresh of the Sustainability Hub with 100 fee courses on OpenLearn and OpenLearn Create, including Sustainable Pedagogies, Climate Action through Digital Education and eco-anxiety with over 1,400 enrolled students.

Governance work to embed sustainability included:

- Internal audit of sustainability creating a management response to ensure action on net zero commitments in long-term university decision-making.
- Sustainability Planning, Action and Reporting Kit (SPARK) used by 23 OU teams, committing to over 1,000 actions for continuous sustainability improvements each with a formally recognised Sustainability Lead and half with a Sustainability Working Group meeting quarterly or monthly.

Institutional progress on net zero means we have:

- Continued to reduce our greenhouse gas emissions with our energy use ('Scope 1 and 2') and mapped our indirect emissions up and downstream ('Scope').
- Divested from fossil fuels by the end of 2023 and signed a Request for Proposals for ethical banking along with 68 other universities and trusts.
- Ensured 'no mow May' benefits to biodiversity and wildlife at the Milton Keynes campus, whilst being awarded Gold in the regional Britain in Bloom awards.
- Continued communications to all staff and students in a regular sustainability bulletin, with guest editors from the four faculties; 650 members of the Viva Engage community, 379 Go Green champions, eight staff lunchtime workshops engaging over 350 participants.
- Achieved Food for Life Bronze award in our MK campus restaurant serving 7,500 meals a month.



Corporate Governance Statement

Constitution, Governance and Regulation

This Corporate Governance Statement covers the period from 1 August 2023 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 (now Medr), 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, Jisc.

The University's principal advisors are listed on page 94.

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 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 and the Accounts Direction imposed by the OfS, 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 and balanced 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 2024:

John Brooks, Thomas Frawley, Margaret Greenaway, Carol Howells, Matt Porterfield (appointed 20 September 2023) and Mary Shek.

In June 2024, a Joint Appointment Committee of Senate and Council was established, in accordance with Statue 5(3), to recommend the appointment of the next Vice-Chancellor. Professor Tim Blackman stepped down due to ill health on 29 October 2024. Council approved the appointment of Professor Josie Fraser as Interim Vice-Chancellor with immediate effect. It is anticipated that the new substantive Vice-Chancellor will start in the summer of 2025.

Further information on Council and Committee remit appears in the following pages of this report. Attendance information can be found on pages 92–93.

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 44, 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 our resources and expenditure.

Internal controls

Our procedures for managing risk are discussed on page 45. 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 income 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:

Land and Building Valuations	Fair value measure of land and buildings in the context of the potential change of use due to consolidation at Walton Hall and the Campus 2030 development.
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.

The Group financial statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 60–66 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 £120,000 per annum. It is committed to best practice in all aspects of corporate governance and application of reward practices. This year, The Open University reviewed its compliance with the guidance contained in the Higher Education Senior Staff Remuneration Code. The review showed The Open University applied the guidance and followed the 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 University's annual financial budget 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 the University's 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.

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 Governance and Nominations Committee with the aim of improving decision routes through governance bodies. In the last year, Governance and Nominations Committee has overseen temporary delegations from Council to Strategic Planning and Resources Committee and has also recommended a temporary increase in the number of external Council members to increase diversity and address skills requirements.

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.

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

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 2024 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, including 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); and
- 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 2024 (the "Annual Report"), which comprise the Consolidated and Institution Statements of Financial Position as at 31 July 2024; 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 twelve 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 University's Council set out on pages 50 and 51, the 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), 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 the 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 the management;
- 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') ('Medr' from 1 August 2024)

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
19 November 2024

Statement of Principal Accounting Policies

1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of land and buildings, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice, Accounting for Further and Higher Education Institutions (SORP 2019 edition). 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 11 June 2024 and have been applied consistently throughout the year.

The financial statements include a prior year adjustment as amounts due from the Students Loan Company were incorrectly netted off against fee income in advance. The result of the restatement is an increase in debtors and creditors of £25.0m. There is no impact to the operating or net profit and current asset position.

2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the University and its subsidiary undertakings for the financial year ended 31 July 2024.

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 statements 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

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.

Funding body grants and research grants and contracts

Recurrent grants from funding bodies are credited to income in the period in which they are receivable.

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.

Research and Development Expenditure Credits are included in research grants and contracts.

Other income

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. Non-cash sales are recognised at the fair value of the goods or services exchanged.

Investment income

Interest receivable is credited to income on a daily basis.

Donations and endowments

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

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

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.

Module development costs are charged to expenditure as they are incurred.

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.

Loan interest and/or facility fees are charged to expenditure on a daily basis.

5 Liabilities and provisions

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.

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.

Where a scheme valuation determines that the scheme is in deficit on a technical provisions basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. The institution recognises a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the income statement. Further disclosures relating to the deficit recovery liability can be found in Note 26.

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

- Investments in subsidiaries are shown at cost less accumulated impairment.
- Investments in joint ventures and associates are accounted for at cost less impairment in the University's financial statements.

15 Stocks of finished goods

- Stocks of module materials are valued at the lower of cost and net realisable value. Provision is made for obsolete or surplus module materials.
- 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 statements 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 statements 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 statements 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 significant uncertainty. Further details are given in Note 26.

Management is satisfied that USS 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.

The March 2023 USS valuation shows the scheme in surplus and therefore there is no pension provision to account for at 31 July 2024.

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

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 certain financial support schemes are incurred across all our operations and cannot be directly attributed to England students. Management considers that these costs cover the four nations and therefore the basis of calculation of relevant expenditure in England is determined as a pro rata of England students as a percentage of total students. For 2023/24, this is 71.1% of relevant expenditure.

Access and participation expenditure sensitivity analysis:

	Effect on APP expenditure in year ended 31 July 2024	Notes
For every 1% increase in proportion of spend allocated to England	Increase APP expenditure by £0.04m	The effect is reversed if England share of spend decreases.

Accounting judgements

Income

Income received in respect of tuition fees forms the largest category of income for the University. The time period over which the modules are taught varies from 12 weeks for modules of 10 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 income.

Statements of Comprehensive Income

	Note	Consolidated		University	
		Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Income					
Tuition fees and education contracts	1	407.5	397.2	405.1	397.2
Funding body grants	2	123.4	123.4	123.3	123.4
Research grants and contracts	4	16.4	15.9	16.4	15.9
Other income	5	16.7	15.0	15.5	14.0
Investment income	6	14.7	7.2	20.1	13.0
Donations and endowments	7	3.6	3.2	3.6	3.2
Total income		582.3	561.9	584.0	566.7
Expenditure					
Staff costs	8	258.3	352.9	252.9	348.1
Other operating expenses	9	157.7	160.9	167.6	177.9
Depreciation, amortisation and impairment		16.7	9.7	16.7	9.7
Interest and other finance costs	10	7.5	11.6	7.4	11.5
Total expenditure		440.2	535.1	444.6	547.2
Surplus before other gains and losses		142.1	26.8	139.4	19.5
Share of deficit of joint venture	14	0.0	(6.7)	0.0	0.0
Surplus for the year before taxation		142.1	20.1	139.4	19.5
Taxation	11	(0.7)	(0.2)	0.0	0.0
Surplus for the year		141.4	19.9	139.4	19.5
Total comprehensive income for the year		141.4	19.9	139.4	19.5
Represented by:					
Endowment comprehensive expense for the year		(1.4)	0.0	(1.4)	0.0
Restricted comprehensive income for the year		0.8	0.9	0.8	0.9
Unrestricted comprehensive income for the year		142.0	19.0	140.0	18.6
Total comprehensive income for the year		141.4	19.9	139.4	19.5

All amounts relate to continuing operations.

The accounting policies on pages 60 to 66 and the Notes on pages 71 to 91 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 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
Restricted Reserves adjustment	0.0	(0.2)	0.1	(0.1)
(Deficit)/Surplus for the year	(1.4)	0.8	142.0	141.4
Balance at 31 July 2024	1.4	6.9	351.3	359.6

Income and expenditure reserve

	Endowment £m	Restricted £m	Unrestricted £m	Total £m
University				
Balance at 1 August 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
Restricted Reserves adjustment	0.0	(0.2)	0.1	(0.1)
(Deficit)/Surplus for the year	(1.4)	0.8	140.0	139.4
Balance at 31 July 2024	1.4	6.9	343.9	352.2

The accounting policies on pages 60 to 66 and the Notes on pages 71 to 91 form an integral part of these financial statements.

Statements of Financial Position

	Note	Consolidated		University	
		Year ended 31 July 2024 £m	Year ended 31 July 2023 £m Restated	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m Restated
Non-current Assets					
Intangible assets	12	15.4	15.9	15.4	15.9
Tangible assets	13	213.8	223.2	213.8	223.2
Investments	14	0.0	0.0	1.3	1.3
Total Non-current Assets		229.2	239.1	230.5	240.4
Current Assets					
Stock		3.3	3.0	3.3	3.0
Trade and other receivables due within one year	15	75.6	69.0	69.1	62.0
Trade and other receivables due after one year	15	0.0	0.0	5.7	5.5
Equities and term deposits	16	118.2	181.2	118.2	181.2
Cash and cash equivalents		144.6	133.5	136.6	126.2
Total Current Assets		341.7	386.7	332.9	377.9
Less creditors: amounts falling due within one year	17	146.5	149.2	146.4	149.9
Net current assets		195.2	237.5	186.5	228.0
Total Assets Less Current Liabilities		424.4	476.6	417.0	468.4
Less creditors: amounts falling due after more than one year	18	60.3	60.5	60.3	60.5
Less provisions for liabilities	20	4.5	197.8	4.5	195.0
Total Net Assets		359.6	218.3	352.2	212.9
Restricted Reserves					
Income and expenditure reserve – endowments	21	1.4	2.8	1.4	2.8
Income and expenditure reserve – donations		6.9	6.3	6.9	6.3
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		351.3	209.2	343.9	203.8
Total Reserves		359.6	218.3	352.2	212.9

The accounting policies on pages 60 to 66 and the Notes on pages 71 to 91 form an integral part of these financial statements, which were approved by Council on 19 November 2024 and signed on its behalf by:

ANDREW DICKINSON
Chair of Audit Committee

PAUL TRAYNOR
Chief Financial Officer

JOSIE FRASER
Interim Vice-Chancellor

Consolidated Statement of Cash Flows

	Note	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m Restated
Cash flows from operating activities			
Surplus for the year before tax		142.1	20.1
Adjustment for non-cash items			
Depreciation, amortisation and impairment		16.7	9.7
(Increase)/decrease in stock		(0.3)	0.2
(Increase) in debtors		(5.7)	(21.4)
Increase/(decrease) in creditors		(2.9)	17.8
Decrease in provisions		(197.6)	(101.4)
Write off of goodwill on acquisition of OCA (Note 27)		0.2	0.0
Share of deficit in joint venture		0.0	6.7
Adjustments for investing or financing activities			
Investment income		(14.7)	(7.2)
Interest payable		7.5	11.6
Endowment income		(0.1)	(0.1)
Capital grant income		(4.7)	(2.5)
Cash Outflow from Operating Activities		(59.5)	(66.5)
Taxation		(0.7)	(0.2)
Net Cash Outflow from Operating Activities		(60.2)	(66.7)
Cash flows from investing activities			
Capital grants receipts		3.8	2.9
Investment income receipts		8.7	5.6
Payments made to acquire tangible assets		(5.2)	(2.2)
Payments made to acquire intangible assets		(1.6)	(0.3)
Cash outflow from investment in joint venture		0.0	(6.7)
Sale of gilts, equities and fixed-term deposits		69.0	15.0
Net Cash Inflow from Investing Activities		74.7	14.3
Cash flows from financing activities			
Interest paid		(3.3)	(2.1)
Repayment of loan		(0.2)	0.4
Endowment cash received		0.1	0.1
Net Cash Outflow from Financing Activities		(3.4)	(1.6)
Increase/(Decrease) in cash and cash equivalents in the year	22	11.1	(54.0)
Cash and cash equivalents at beginning of the year		133.5	187.5
Cash and cash equivalents at end of the year		144.6	133.5

The accounting policies on pages 60 to 66 and the Notes on pages 71 to 91 form an integral part of these financial statements.

Notes to the Financial Statements

1 Tuition Fees and Education Contracts

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Student fees – United Kingdom				
Taught degrees:				
England	317.9	312.7	316.1	312.7
Scotland	23.3	22.5	23.2	22.5
Wales	23.4	21.5	23.3	21.5
Northern Ireland	10.7	9.8	10.7	9.8
Research degrees	2.4	2.7	2.4	2.7
Total Student Fees – United Kingdom	377.7	369.2	375.7	369.2
Student fees – overseas	28.2	26.1	27.8	26.1
Research training support grants	1.6	1.9	1.6	1.9
Total Tuition Fees and Education Contracts	407.5	397.2	405.1	397.2

Included within 'Total Student Fees – United Kingdom' was £18.8m income from Apprenticeships (2023: £19.8m).

2 Funding Body Grants

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Recurrent grants				
Office for Students/UK Research and Innovation	52.7	53.6	52.6	53.6
Scottish Funding Council	25.4	25.4	25.4	25.4
Higher Education Funding Council for Wales	20.5	20.8	20.5	20.8
Department for the Economy (Northern Ireland)	7.2	7.2	7.2	7.2
Total Recurrent Grants	105.8	107.0	105.7	107.0
Specific grants				
Office for Students/UK Research and Innovation	9.3	7.7	9.3	7.7
Scottish Funding Council	5.0	4.5	5.0	4.5
Higher Education Funding Council for Wales	2.9	3.6	2.9	3.6
Department for the Economy (Northern Ireland)	0.4	0.6	0.4	0.6
Total Specific Grants	17.6	16.4	17.6	16.4
Total Funding Body Grants	123.4	123.4	123.3	123.4

3 Details of Grant and Fee Income: Consolidated and University

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Grant income from the OfS	60.0	59.1	59.8	59.1
Grant income from other bodies	63.5	64.2	63.5	64.2
Fee income for taught awards (exclusive of VAT)	402.8	392.2	400.5	392.2
Fee income for research awards (exclusive of VAT)	2.4	2.7	2.4	2.7
Fee income from non-qualifying courses (exclusive of VAT)	2.2	2.4	2.2	2.4
Total Grant and Fee Income	530.9	520.6	528.4	520.6

4 Research Grants and Contracts: Consolidated and University

	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Research Councils	6.2	5.2
Other sources, including industrial companies	10.2	10.7
Total Research Grants and Contracts	16.4	15.9

5 Other Income

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Other grants and contracts	6.8	6.4	6.8	6.4
Validation fees	3.7	3.8	3.7	3.8
Other learning services	4.6	3.5	1.9	0.9
Other income	1.6	1.3	3.1	2.9
Total Other Income	16.7	15.0	15.5	14.0

6 Investment Income

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Change in value of equity-based funds	6.0	1.6	6.0	1.6
Interest receivable on bank deposits and money market funds	8.5	5.4	14.1	11.4
Interest on student loans	0.2	0.2	0.0	0.0
Total Investment Income	14.7	7.2	20.1	13.0

The change in value of equity-based funds was an increase of £6.0m resulting from an unrealised increase in book cost of £2.5m as a result of dividends reinvested, a £1.7m realised loss on disposal of a fund and a £5.2m increase in fair value determined with reference to the quoted market price at 31 July 2024.

7 Donations and Endowments: Consolidated and University

	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Unrestricted donations	1.5	0.9
New endowments	0.1	0.1
Restricted donations	2.0	2.2
Total Donations and Endowments	3.6	3.2

All endowments are held as cash.

8 Staff Costs

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Salaries and other payments to employees	346.5	343.7	339.8	339.2
Social security costs	33.6	31.9	33.0	31.4
Pension costs	54.4	64.9	53.6	64.1
Movement on USS provision – see Note 20	(187.1)	(114.0)	(184.3)	(113.0)
	247.4	326.5	242.1	321.7
Other staff costs, including casual staff	6.8	10.2	6.7	10.2
Early retirement and voluntary severance	4.1	16.2	4.1	16.2
Total Staff Costs	258.3	352.9	252.9	348.1

Included within Staff Costs is £14.0m (2023: £16.9m) of restructuring and strategic change costs which are deemed not to be day-to-day operational costs.

	Consolidated		University	
	Year ended 31 July 2024	Year ended 31 July 2023	Year ended 31 July 2024	Year ended 31 July 2023
Staff numbers expressed as monthly average Full-Time Equivalents (FTEs) during the year (including higher paid staff)				
Associate Lecturers	1,983	1,996	1,966	1,996
Full-time and part-time academic staff	1,363	1,151	1,345	1,151
Full-time and part-time academic related staff	2,493	2,731	2,400	2,645
Full-time and part-time support and other staff	1,721	1,817	1,721	1,817
	7,560	7,695	7,432	7,609

Total staff FTE at 31 July 2024 include 43 for OCA.

Compensation for loss of office

The total amount of compensation for loss of office payable across the University was £4.1m for 205 staff. This includes a provision of £3.4m for future restructuring commitments through voluntary severance schemes (year ended 31 July 2023, £16.2m for 478 staff, including provision of £14.9m).

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 2024	Year ended 31 July 2023
Basic salary	£300,116	£284,438
Pension allowance	£0	£25,726
Pension costs	£43,517	£20,579
Other: Life assurance premium	£3,241	£3,241
Total	£346,874	£333,984

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

Basic salary	6.8	6.7
Total remuneration	6.8	7.4

¹ A University property, Wednesden House, was made available for occupation by the Vice-Chancellor. From 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 2024 was £nil (2023: £nil).

Vice-Chancellor Pay Justification

Professor T Blackman	
Annual salary	£300,116
Performance-related pay	<p>Eligible to be considered for discretionary merit award and salary review (based on previous year’s performance).</p> <p>The senior staff reward scheme is still currently paused, which includes merit awards. However, the Vice-Chancellor’s salary review is still considered each year within the October Remuneration Committee.</p>
Benefits	<p>USS pension benefit, 14.5% employer contribution (£43,517 per annum).</p> <p>Life assurance benefit (£3,241 per annum).</p>
Salary benchmark against UCEA ¹ data £400m income higher education provider	Lower quartile – £299,467
Salary benchmark against CUC ² data +£400m income higher education provider	Lower quartile – £303,240
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 Council members.
- **Institutional performance report** – institutional based on key performance indicators and metrics agreed by the Council is the second performance-related factor considered in reviewing the pay of the Vice-Chancellor annually. There are seven enablers, aligned to the University's five key strategic goals:
 - a. Sustainability
 - b. Societal Impact
 - c. Greater Reach
 - d. Success for our Students
 - e. Equity.
- **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 £400.0m).
- **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, our 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 £120k 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 2024	Year ended 31 July 2023	Year ended 31 July 2024	Year ended 31 July 2023
£100,000 – £104,999	18.0	12.6	17.0	12.6
£105,000 – £109,999	6.8	14.0	6.8	12.0
£110,000 – £114,999	5.0	2.0	5.0	2.0
£115,000 – £119,999	3.0	1.0	2.0	1.0
£120,000 – £124,999	2.0	4.0	2.0	4.0
£125,000 – £129,999	3.0	2.0	3.0	1.0
£130,000 – £134,999	0.0	1.0	0.0	1.0
£135,000 – £139,999	2.8	0.0	1.8	0.0
£140,000 – £144,999	0.0	2.0	0.0	2.0
£145,000 – £149,999	3.0	1.0	3.0	1.0
£165,000 – £169,999	0.8	0.0	0.8	0.0
£175,000 – £179,999	1.0	0.0	1.0	0.0
£180,000 – £184,999	0.0	2.0	0.0	2.0
£185,000 – £189,999	1.0	0.0	1.0	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
£205,000 – £209,999	1.0	1.2	1.0	1.2
£215,000 – £219,999	1.0	0.0	1.0	0.0
£280,000 – £284,999	0.0	1.0	0.0	1.0
£300,000 – £304,999	1.0	0.0	1.0	0.0
Total	51.4	45.8	48.4	42.8

* 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.

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 16 members of the Vice-Chancellor's Executive (2023: 15 members). The total compensation for key management personnel for the year ended 31 July 2024 (including any severance payments and employers' pension contributions) was £3.1m (2023: £3.3m).

9 Other Operating Expenses

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Teaching materials and expenses	16.0	16.2	15.9	16.1
Student recruitment	16.8	18.5	16.8	18.5
Financial assistance, bursaries and prizes	15.8	15.9	15.8	15.9
Grants to Open University Students Association	2.0	1.9	2.0	1.9
Bad debt provisions and expenses	1.0	1.0	1.0	1.0
Total Student-Related Other Operating Expenses	51.6	53.5	51.5	53.4
Staff support and consumables	55.1	59.0	54.5	58.3
Equipment purchase, rental and lease	14.0	14.1	13.9	14.1
Repairs and maintenance	8.8	8.1	8.8	8.1
Academic resources and subscriptions	10.7	11.0	10.7	11.0
Estate utilities and services	9.2	7.6	9.2	7.6
Rent and rates	0.4	1.1	0.3	1.1
Broadcast media production	3.0	3.2	3.0	3.2
Impairment on investment	0.0	0.0	0.0	6.7
Auditors' remuneration – audit fees	0.5	0.5	0.5	0.5
Write-off of goodwill created on Acquisition of OCA	0.2	0.0	0.0	0.0
Other expenses	4.2	2.8	15.2	13.9
Total Non-Student-Related Other Operating Expenses	106.1	107.4	116.1	124.5
Total Other Operating Expenses	157.7	160.9	167.6	177.9

Included in the above are audit fees in respect of the University only of £0.5m (2023: £0.5m) and its subsidiaries of an aggregate of £0.07m (2023: £0.05m). Fees paid to the auditors for non-audit services was £nil (2023: £nil).

The total expenses paid to or on behalf of the members of Council in the year was £13,277 (2023: £11,886). No payments or other benefits for being a member of Council were paid to, or waived by, Council members. Eight 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 £0.5m (2023: £0.7m), comprising £0.2m property leases (2023: £0.4m) and £0.3m equipment and machinery (2023: £0.3m).

Included within Other Operating Expenses is £16.2m (2023: £17.0m) 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 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Finance charge on USS deficit provision (Note 20)	4.2	9.5	4.1	9.4
On loans not wholly repayable within five years	3.3	2.1	3.3	2.1
Total Interest Payable and Other Finance Costs	7.5	11.6	7.4	11.5

11 Taxation

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Deferred tax	0.7	0.2	0.0	0.0
Total Taxation	0.7	0.2	0.0	0.0

The University and OCA are exempt charities within the meaning of Schedule 3 of the Charities Act 2011. The University 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, both the University and OCA are charities within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, they are 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 and OCA receive 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.

Tax Reconciliation	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Surplus before taxation	142.1	20.1	139.4	19.5
Taxation at 25% (2023: 21%)	35.5	4.2	34.8	4.1
(Deficit) falling within charitable exemption	(35.5)	(4.2)	(34.8)	(4.1)
Deferred tax movement	0.7	0.2	0.0	0.0
Tax charge for the year	0.7	0.2	0.0	0.0

12 Intangible Assets: Consolidated and University

Cost and valuation

	Software £m	Asset under construction £m	Total £m
At 1 August 2023	20.3	0.4	20.7
Additions	1.6	0.0	1.6
Transfers	0.4	(0.4)	0.0
At 31 July 2024	22.3	0.0	22.3

Accumulated amortisation

At 1 August 2023	4.8	0.0	4.8
Charge for the year	2.1	0.0	2.1
At 31 July 2024	6.9	0.0	6.9

Net book amount

At 31 July 2024	15.4	0.0	15.4
At 31 July 2023	15.5	0.4	15.9

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

Cost and valuation

	Land and buildings £m	Equipment £m	Asset under construction £m	Total £m
At 1 August 2023	275.9	16.4	1.9	294.2
Additions	1.8	1.2	2.2	5.2
Transfers	0.3	1.2	(1.5)	0.0
At 31 July 2024	278.0	18.8	2.6	299.4

Accumulated depreciation

At 1 August 2023	56.4	14.6	0.0	71.0
Charge for the year	6.6	1.7	0.0	8.3
Impairment	6.3	0.0	0.0	6.3
At 31 July 2024	69.3	16.3	0.0	85.6

Net book amount

At 31 July 2024	208.7	2.5	2.6	213.8
At 31 July 2023	219.5	1.8	1.9	223.2

At 31 July 2024, land and buildings included £40.1m (2023: £40.1m) in respect of freehold land which is not depreciated.

The unamortised value of OfS capital grants amounted to £22.9m (2023: £24.5m). 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.

The impairment charge represents the write down in value of land and buildings to an independently assessed realisable value.

14 Investments

Consolidated

University

Year ended
31 July 2024
£m

Year ended
31 July 2023
£m

Year ended
31 July 2024
£m

Year ended
31 July 2023
£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
Open College of the Arts	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0
Addition	0.0	6.7	0.0	6.7
Impairment of carrying value	0.0	0.0	0.0	(6.7)
Share of deficit of joint venture	0.0	(6.7)	0.0	0.0
Investment in Joint Venture at 31 July	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), Open University Worldwide Limited (OUW) and Open College of the Arts (OCA). 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 2.7% 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.

OCA was acquired as a wholly owned subsidiary for £nil consideration as at 1 August 2023 – see Note 27 for further information.

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 Limited, which amounted to £6.7m for the University and was then impaired to £nil at the point of sale to GUS.

15 Trade and Other Receivables

	Consolidated		University	
	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m Restated	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m Restated
Amounts falling due within one year				
Student Loans Company	30.9	30.0	30.9	30.0
Students' loan accounts with Open University Student Budget Accounts Limited	5.7	6.3	0.0	0.0
Fee debtors	4.8	3.4	4.8	3.4
Amounts due from subsidiaries	0.0	0.0	1.3	1.1
Other debtors and accrued income	17.5	13.8	15.5	12.6
Prepayments	16.7	15.5	16.6	14.9
Total due within one year	75.6	69.0	69.1	62.0
Amounts falling due after one year				
Amounts due from subsidiaries	0.0	0.0	5.7	5.5
Total falling due after one year	0.0	0.0	5.7	5.5

Debtors in the consolidated balance sheet are shown net of the provision for bad debts of £5.5m (2023: £4.9m).

Note 1 Basis of Preparation provides details of the restatement.

16 Equities and Term Deposits: Consolidated and University

	As at 31 July 2024 £m	As at 31 July 2023 £m
Equity-based funds	93.1	181.2
Fixed-term deposits maturing in one year or less	25.1	0.0
Total Equities and Term Deposits	118.2	181.2

The market value of equity-based investments at 31 July 2024 was £93.1m (2023: £181.2m), a decrease of £88.1m. This decrease was the result of divesting one fund with proceeds of £94.1m, an increase in book cost of £2.5m as a result of dividends reinvested, a £1.7m realised loss on disposal of the fund and a £5.2m increase in fair value determined with reference to the quoted market price at 31 July 2024. The increase in value from reinvested dividends and market valuation is included in the income and expenditure account and shown in Note 6.

Following the divestment of one of the equity-based funds, the University placed more money into deposits and increased their average time to maturity. This has allowed the University to receive the benefit of higher interest rates whilst liquidity balances are higher.

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 2024 £m	Year ended 31 July 2023 £m Restated	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m Restated
Student fee income in advance	32.1	28.9	32.1	28.9
Student fee income deferred	20.1	20.0	18.8	20.0
Grants and other contracts in advance	9.5	9.3	9.5	9.3
Trade creditors	8.8	14.9	8.7	14.8
Social security, taxation and pensions payable	14.4	17.4	14.2	17.2
Other creditors and accruals	61.6	58.7	61.0	58.3
Amounts due to subsidiaries and joint venture	0.0	0.0	2.1	1.4
Total amounts falling due within one year	146.5	149.2	146.4	149.9

Student fee income deferred refers to tuition fees for curriculum modules partially completed at 31 July. A provision for fee debts of £0.6m (2023: £0.2m) 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.

Note 1 Basis of Preparation provides details of the restatement.

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

	As at 31 July 2024 £m	As at 31 July 2023 £m
Long-term loans	60.0	60.0
Salix revolving green fund	0.3	0.5
Total amounts falling due after more than one year	60.3	60.5

The Group has one long-term loan facility: a bank loan to the University of £60.0m (2023: £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 0.2326% over the Sterling Overnight Industry Average is fixed over the life of the loan. At 31 July 2024, the interest rate on this loan was 5.4434% per annum.

The Salix revolving green fund is an OfS backed fund to encourage investment in energy-saving projects in the higher education sector. During the year, the University and Salix discussed the future of the fund and have reached the decision that the fund has naturally come to the end of its useful lifetime. The University agreed to repay in installments over a period of three years.

19 Financial Instruments

19 Financial Instruments		Consolidated		University	
	Note	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m
Financial Assets					
Financial Assets at fair value through Statements of Comprehensive Income					
Equities and term deposits	16	118.2	181.2	118.2	181.2
Financial Assets measured at undiscounted amount receivable					
Cash and cash equivalents		144.6	133.5	136.6	126.2
Long-term loans receivable	15	0.0	0.0	5.7	5.5
Trade and other receivables	15	58.9	28.5	52.5	22.1
Financial Liabilities					
Financial Liabilities measured at undiscounted amount payable					
Loan and Salix revolving green fund	18	60.3	60.5	60.3	60.5
Trade and other creditors	17	61.5	82.3	63.0	82.4

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 Year Ended 31 July 2024 £m	Total Year Ended 31 July 2023 £m
Consolidated				
At 1 August	182.9	14.9	197.8	289.7
(Decrease)/increase in provision	(185.3)	3.5	(181.8)	(80.4)
Unwind of finance charge	4.2	0.0	4.2	9.5
Utilised in year	(1.8)	(13.0)	(14.8)	(21.0)
Release of provision	0.0	(0.9)	(0.9)	(0.0)
Total Change in the year	(182.9)	(10.4)	(193.3)	(91.9)
At 31 July	0.0	4.5	4.5	197.8
University				
At 1 August	180.1	14.9	195.0	286.0
(Decrease)/increase in provision	(182.5)	3.5	(179.0)	(79.6)
Unwind of finance charge	4.1	0.0	4.1	9.4
Utilised in year	(1.7)	(13.0)	(14.7)	(20.8)
Release of provision	0.0	(0.9)	(0.9)	0.0
Total Change in the year	(180.1)	(10.4)	(190.5)	(91.0)
At 31 July	0.0	4.5	£4.5	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. Following the outcome of the USS 2023 valuation, the scheme is now in surplus and the remaining provision at 1 August 2023 has been released in full in the SOCI.

The increase in the restructuring provision for the year relates to the Associate Lecturers Voluntary Severance scheme.

21 Endowment Funds: Consolidated and University

	Restricted permanent £m	Restricted expendable £m	2024 Total £m	2023 Total £m
At 1 August				
Capital	0.1	3.7	3.8	3.7
Accumulated income	0.0	(1.0)	(1.0)	(0.9)
Opening balance at 1 August	0.1	2.7	2.8	2.8
Additions	0.0	0.2	0.2	0.1
Expenditure	0.0	(1.6)	(1.6)	(0.1)
Balance at 31 July	0.1	1.3	1.4	2.8

Balance at 31 July 2024 represented by:

Capital	0.1	3.9	4.0	3.8
Accumulated income	0.0	(2.6)	(2.6)	(1.0)
Total	0.1	1.3	1.4	2.8

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

	At 1 August 2023 £m	Cash flows £m	Non-cash- movements £m	31 July 2024 £m
Cash at bank and in hand	133.5	11.1	0.0	144.6
Fixed-term deposits and equities	181.2	(69.0)	6.0	118.2
Loans	(60.5)	0.2	0.0	(60.3)
Total	254.2	(57.7)	6.0	202.5

Non-cash movements relate to the increase in value of equity investments of £6.0m (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 22 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 2024 £m	Year ended 31 July 2023 £m
Access investment	1.6	1.7
Financial support provided to under-represented and disadvantaged students	6.2	5.0
Support for disabled students in the financial year	2.5	3.0
Research and evaluation related to access and participation activities	0.5	0.7
Total Access and Participation Expenditure	10.8	10.4

£2.5m (2023: £2.3m) 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 2023/24, this is 71.1% (2023: 71.3%). Additionally, some expenditure is also an attribution of students meeting the criteria of widening participation as a percentage of total England students. For 2023/24, this is 63.1% (2023: 61.5%).

The 2023/24 Access and Participation Plan forecast expenditure of £5.1m 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 £4.0m above the basis used for the plan.

24 Lease Obligations

During the year ended 31 July 2024, the Group recognised £0.5m (2023: £0.7m) 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 2024 £m	Year ended 31 July 2023 £m
Payable during the year	0.5	0.7
Future minimum lease payments due:		
Not later than one year	0.3	0.4
Later than one year and not later than five years	0.6	0.8
Later than five years	0.2	0.1
Total lease payments due	1.1	1.3

25 Related Party Transactions

Due to the nature of the University's operations and the composition of 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 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 earnings. The USS is a multi-employer hybrid scheme with both a defined benefit and defined contribution elements.

Defined contribution schemes

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.

Employees of OCA are members of the College's defined contribution group personal pension plan.

Following the implementation of the auto-enrolment pension legislation, some of the University contractors and staff are members of the National Employment Savings Trust (NEST).

The total pension cost for all these defined contribution schemes was £0.3m (2023: £0.3m).

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 (£70,296 at 31 July 2024). 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 £132.7m (2023: credit of £49.1m). This includes £3.6m outstanding contributions as at 31 July 2024 (2023: £5.5m). The total pension cost for year ended 31 July 2024 is after a £187.1m release of the USS deficit provision (2023: a reverse charge of £114.0m).

USS actuarial valuation

The latest available complete actuarial valuation of the USS is at 31 March 2023, which was carried out using the projected unit method. This is the seventh valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objectives). At the valuation date, the value of the assets of the scheme was £73.1bn and the value of the scheme's technical provisions was £65.7bn, indicating a surplus of £7.4bn and a funding ratio of 111%.

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 2023 valuation

Price inflation: CPI	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. from 2030
Pension increases	CPI assumption plus 0.03%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4

Employer and employee contributions

Following the outcome of the 2023 valuation, below is the summary of agreed contributions:

Contribution rates	From 1 April 2024	From 1 April 2022
Employee contribution rate	6.1%	9.8%
Employer contribution rate	14.5%	21.6%

Changes to member benefits from 1 April 2024

For the defined benefit element of the scheme, an accrual rate of 1/75th instead of 1/85th (with equivalent adjustment for the lump sum benefits). The salary threshold up to which defined benefit pensions are based is to be increased to c £70,000 per annum. Pension increases / revaluation are to be based upon full CPI up to 5% then half of any increase up to 15%, meaning the maximum increase will be capped at 10% (this is sometimes referred to as the 'soft cap').

In addition, the change to pension increases / revaluation mentioned above will apply to benefits accrued between 1 April 2022 and 31 March 2024, and a benefit uplift will be granted in respect of certain members with service between those dates (broadly £215 per annum plus 3x lump sum for non-pensioners and £241 per annum for pensioners).

27 Acquisition of the Open College of the Arts (OCA)

With effect on 1 August 2023, the University acquired 100% of the Open College of the Arts (OCA). OCA is a company limited by guarantee, company number 2125674, and registered charity number 327446. No consideration was paid. The analysis of assets and liabilities acquired, and the fair value of this acquisition are as shown below. The results of OCA have been incorporated into the Group with effect from 1 August 2023 and the net assets acquired have been valued as at 31 July 2023. The consolidated Statements of Comprehensive Income and Expenditure includes £2.7m of income and £0.5m deficit from OCA since the acquisition date.

	At 1 August 2023 £m
Debtors (amounts falling due within one year)	0.5
Cash at bank and in hand	0.8
Creditors (amounts falling due within one year)	(1.5)
Net assets acquired	(0.2)
Goodwill created on acquisition	0.2
Cash consideration	0.0

Goodwill created on acquisition has been recognised directly as an expense in the Consolidated Statements of Comprehensive Income as allowed under FRS102 when a public benefit entity acquires an entity for £nil consideration.

28 Post Balance Sheet Event

On 30 August 2024, the purchase of Norloch House, Edinburgh, was completed – the purchase price is £4.8m.

Council and Committee Membership and Attendance

The members of the University's Council and Committees during the year ended 31 July 2024, and their attendance at the meetings held during their membership in that year, together with members serving in the period after 31 July 2024 and up to the date on which the financial statements were approved, are shown below.

	Council	Governance and Nominations	Remuneration	SPRC ¹⁶	Finance	Investment	Audit
Council Members							
Officers of the University							
Malcolm Sweeting, Chair	7/7	5/5	6/6	4/5	9/9		
Robert McCracken, Treasurer	7/7		5/6	5/5	9/9	5/5	
Tim Blackman, Vice-Chancellor (to 29 October 2024)	7/7	5/5		5/5	9/9		
Josie Fraser, Interim Vice-Chancellor (from 29 October 2024)	0/0	0/0		0/0	0/0		
President, Open University Students Association							
Margaret Greenaway (to 31 July 2024)	6/7	4/5		5/5			
Natalie Baker (from 1 August 2024)	0/0						
Elected Members: Staff							
Sas Amoah	7/7	5/5					
Emma Barker (from 1 August 2024)	0/0						
Tony Cox	7/7						
Gary Elliott-Cirigottis (from 1 August 2024)	0/0						
Hossam Kassem	7/7			5/5			
Carol Howells (to 31 July 2024)	5/7			5/5			
Rob Parker	7/7			5/5			
Eileen Scanlon	7/7	4/5		5/5			
Mary Shek (to 31 July 2024)	7/7						
Elected Members: Open University Students Association							
Matt Porterfield (from 20 September 2023 to 31 July 2024)	6/6						
Andrew Akin Kolapo (from 1 August 2024)	0/0						
External members Co-Opted by Council							
John Brooks (to 31 July 2024)	5/7	3/5	3/6	2/5			
Liz Bromley (from 6 November 2024)	0/0						
Andrew Dickinson	6/7						4/4
Ceri Doyle	4/7	4/5					
Thomas Frawley (to 31 July 2024)	3/7	0/5					
Julia Goodfellow	7/7	5/5					
Paul Gray	4/7			2/5	2/7		
Nikki Humphrey	6/6						4/4
Paul Kett	7/7						4/4
Jas Mann (from 1 August 2024)	0/0						
Rashik Parmar	5/7						1/2
Tevin Tobun	5/7						

¹⁶ Strategic Planning and Resources Committee

Non-Council Members			Governance & Nominations	SPRC ⁵	Finance	Investment	Audit
Vice-Chancellor’s Executive membership of committees							
Paul Traynor, Chief Financial Officer					9/9	4/5	
External membership of committees							
Paras Anand						5/5	
Julie-Ann Ashcroft						4/5	
Caroline Banszky (to 31 July 2024)						4/5	
Fabiana Fedeli						4/5	
Jas Mann (to 31 July 2024)					9/9		
Phillip Robert-Tissot					8/9	4/5	
Kelly Smith					7/9	4/5	
Suresh Patel							2/4
Ahmer Huda							4/4
Saritha Arunkumar (from 5 March 2024)							2/2

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

Units 164-166,
Midsummer Arcade
Milton Keynes MK9 3BA

Fund Managers

Baillie Gifford

Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Insight Investment Management Ltd

160 Queen Victoria Street
London EC4V 4LA

Legal and General Investment Management Ltd

One Coleman Street
London EC2R 5AA

BlackRock Investment Managers

33 King William Street
London EC4R 9AS

Troy Asset Management

33 Davies Street
London W1K 4BP

BNY Mellon Fund Managers Ltd

BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Solicitors

Anderson Law LLP

Manor House
Wallingford
Oxfordshire OX10 8BA

Shakespeare Martineau LLP

No 1 Colmore Square
Birmingham B4 6AA

Pinsent Masons LLP

30 Crown Place
Earl Street
London EC2A 4ES

Taxation Advisors

KPMG LLP

St James Square
Manchester M2 6DS

Grant Thornton UK LLP

One Valpy
20 Valpy Street
Reading
Berkshire RG1 1AR

