Birkbeck,
University of London

Financial Statements
for the year ended 31 July 2023

Registered address:

Malet Street
Bloomsbury
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OFFICERS OF THE UNIVERSITY AND SENIOR MANAGEMENT 2022/23

PRESIDENT
Baroness Joan Bakewell

VICE-PRESIDENT
The Right Honourable the Lord Mayor of London

CHAIR OF GOVERNORS
Sir Andrew Cahn

SENIOR MANAGEMENT OF THE UNIVERSITY

VICE-CHANCELLOR
Professor David Latchman

DEPUTY VICE-CHANCELLOR
Professor Matthew Innes

PRO VICE-CHANCELLORS
PVC Education: Professor Diane Houston
PVC Research: Professor Julian Swann
PVC International: Professor Kevin Ibeh

EXECUTIVE DEANS*
School of Arts: Professor Joanne Leal (interim)
School of Business, Economics and Informatics: Professor Geoff Walters
School of Law: Dr Eddie Bruce-Jones (interim, left June 2023)
School of Science: Dr Hazel Willis (interim)
School of Social Sciences, History and Philosophy: Professor Matthew Davies

COLLEGE SECRETARY AND CLERK TO THE GOVERNORS
Mr Keith Harrison

DIRECTOR OF FINANCE
Mr Keith Willett

DIRECTOR OF HUMAN RESOURCES
Ms Eileen Harvey

*NOTE:

Following an academic restructure of the University during 2022/23, from 1 August 2023, the five Schools have been replaced by three Faculties as follows:

- Faculty of Business and Law
- Faculty of Humanities and Social Sciences
- Faculty of Science

MEMBERSHIP OF COMMITTEES 2022/23

THE GOVERNING BODY

Chair of Governors	Sir Andrew Cahn
Deputy Chair	Mr Simon Davis
Academic Board governors:	Professor Stephen Frosh Dr Elena Loizidou
Academic staff governors:	Dr Ashok Kumar Dr Carolyn Burdett
Non-teaching staff governor:	Ms Wendy James
Student governors:	Mr Pedro Malheiro Mr Ibrahim Badmus (from September 2022)
Alumnus governor	Ms Odessa Hamilton
Independent governors:	Mr Robert Allison Ms Nana Banton Ms Gillian Broadley Mr Andy Kemp Ms Cindy Leslie Ms Rachel Neaman Mr Daniel Peltz Mr Duncan Sankey Mr Andreas Utermann
Ex-Officio governors who are also officers of the University:	
The Vice-Chancellor	Professor David Latchman
The Deputy Vice-Chancellor	Professor Matthew Innes
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Pro Vice-Chancellor - Education	Professor Diane Houston
The Pro-Vice-Chancellor - Research	Professor Julian Swann

Staff and student governors were elected under existing standing orders.

MEMBERSHIP OF COMMITTEES 2022/23 (continued)

FINANCE AND GENERAL PURPOSES COMMITTEE

Chair	Ms Gillian Broadley
The Vice-Chancellor	Professor David Latchman
The Deputy Vice-Chancellor	Professor Matthew Innes
The Chair of Governors	Sir Andrew Cahn
Academic governors:	Dr Elena Loizidou
	Professor Stephen Frosh
Non-teaching staff governor:	Ms Wendy James
Student governor	Mr Pedro Malheiro
Independent governors:	Mr Robert Allison
	Mr Andreas Utermann
	Mr Daniel Peltz
	Ms Nana Banton
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
Interim Director of Human Resources	Ms Eileen Harvey
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Director of Estates	Mr Daniel Xuereb
The Director of Marketing & External Relations	Ms Lynn Grimes

NOMINATIONS COMMITTEE

The Chair of Governors	Sir Andrew Cahn (Chair)
The Deputy Chair of Governors	Mr Simon Davis
The Vice-Chancellor	Professor David Latchman
Academic governors:	Professor Stephen Frosh
	Dr Elena Loizidou
Student governor	Mr Pedro Malheiro
Independent governors:	Mr Robert Allison
	Ms Cindy Leslie
	Ms Rachel Neaman
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Deputy College Secretary (Governance)	Mrs Katharine Bock

MEMBERSHIP OF COMMITTEES 2022/23 (continued)

REMUNERATION COMMITTEE

The Chair of Governors	Sir Andrew Cahn (Chair)
The Deputy Chair of Governors	Mr Simon Davis
Independent governors:	Mr Andreas Utermann
	Ms Nana Banton
	Ms Gillian Broadley
In attendance:	
The Director of Human Resources	Ms Eileen Harvey

AUDIT COMMITTEE

Chair	Ms Cindy Leslie
Independent governors:	Mr Duncan Sankey
	Mr Andy Kemp
External co-opted member:	Ms Sam Broadhead (from May 2023)
By invitation:	
The Vice-Chancellor	Professor David Latchman
In attendance:	
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Deputy Director of Finance	Ms Aarti Rayrella
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Internal Auditor (KPMG)	Mr Neil Thomas
The External Auditor (BDO)	Mr James Aston

STRATEGIC ESTATES AND INFRASTRUCTURE COMMITTEE

Chair	Mr Daniel Peltz
The Vice-Chancellor	Professor David Latchman
Independent governors:	Ms Rachel Neaman
	Ms Gillian Broadley
Academic governors:	Dr Elena Loizidou
	Professor Stephen Frosh
Student Union representative	Ms Katie Wilcher
External co-opted member:	Mr Peter Zinkin
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Director of Finance	Mr Keith Willett
The Director of Estates	Mr Daniel Xuereb
The Chief Information Officer	Mr James Smith

MEMBERSHIP OF COMMITTEES 2022/23 (continued)

DIGITAL SUB-COMMITTEE

Chair:	Ms Rachel Neaman
Three independent Governors	Mr Daniel Peltz (stepped down February 2023)
	Ms Nana Banton
	Mr Andy Kemp
Independent external co-opted member	Mr Peter Zinkin
Academic Governor	Professor Stephen Frosh
The Pro Vice Chancellor Education	Professor Diane Houston
The College Secretary	Mr Keith Harrison
The Director of Estates	Mr Daniel Xuereb
The Director of Finance	Mr Keith Willett
The Chief Information Officer	Mr James Smith
A student nominated by the Students' Union	Mr Pedro Malheiro

STRATEGIC PLANNING COMMITTEE*

Chair	Professor David Latchman
The Deputy Vice-Chancellor	Professor Matthew Innes
The Pro-Vice-Chancellors:	
Education	Professor Diane Houston
Research	Professor Julian Swann
International	Professor Kevin Ibeh
The College Secretary and Clerk to the Governors	Mr Keith Harrison
The Deputy College Secretary (Governance)	Mrs Katharine Bock
The Deputy College Secretary (Operations)	Ms Megan Reeves
The Director of Finance	Mr Keith Willett
The Director of Human Resources (interim)	Ms Eileen Harvey
The Director of Planning	Mr Nick Head
The Interim Director of Planning	Mr Ashton McGregor (from January 2023)
The Director of External Relations	Ms Lynn Grimes
The Director of Estates	Mr Daniel Xuereb
The Chief Information Officer	Mr James Smith
The Director of Access and Engagement	Ms Caroline McDonald
The Policy Advisor	Mr Jonathan Woodhead
The Deputy Academic Registrars	Ms Julie Crofts
	Ms Eleanor Mongey
	Mr Justin Lynas
The Executive Deans:	
School of Arts	Professor Joanne Leal
School of Business, Economics & Informatics	Professor Geoff Walters
School of Law	Dr Eddie Bruce-Jones (to June 2023)
School of Science	Dr Hazel Willis
School of Social Sciences, History and Philosophy	Professor Matthew Davies

*Note:

As part of the academic restructure in 2022/23, the Strategic Planning Committee will be replaced by the University Executive Board from 1 August 2023.

MISSION STATEMENT

The **principal aims** of Birkbeck are to:

- provide flexible and part-time higher education courses which meet the changing educational, cultural, personal and career needs of students of all ages; in particular those who live or work in the London region;
- enable adult students from diverse social and educational backgrounds to participate in our courses;
- make available the results of research, and the expertise acquired, through teaching, publication, partnerships with other organisations and the promotion of civic and public debate; and
- maintain and develop excellence in research and provide the highest quality research training in all our subject areas.

The **key supporting objectives** are to:

- offer our students an integrated range of flexible, research-led courses across all levels of provision;
- achieve and maintain strong research cultures in support of interdisciplinary work in each school and faculty;
- ensure the University provides an inclusive working and learning environment for its students and staff so that all may develop to their full potential;
- develop the University's capacity to respond rapidly to new and changing opportunities in higher and further education; and
- develop sustainable partnerships within the London region and beyond.

STRATEGIC REVIEW

Foreword from Chair of Governors

Birkbeck continues to have an impact, pursuing a distinctive mission, transforming lives through education, and contributing at the forefront of research across the full range of its academic breadth from the sciences to the arts.

2023 is our Bicentenary and will be a time for commemoration of the past as well as reinvention for the future. Joanna Bourke's fine history, 'Birkbeck: 200 Years of Radical Learning for Working People' shows how the University, throughout its history, has had to change both to stay true to our mission and to survive in the face of changes in public policy, social structures and student aspirations.

The University of London Act 2018 made it possible for members of the University of London to apply for university status in their own right, while remaining part of the federation. The granting of university status will not affect such things as the degrees we award, our relationships or contracts, but it enables us to refer to Birkbeck University where we wish to. It is particularly fitting that this status has been formally granted to us in our bicentenary year. The process has been a long one but we finally received our new Royal Charter from the Privy Council in May 2023.

Birkbeck is in the midst of another challenging period of change. In 2020/21 we achieved our highest level of new recruitment for over a decade at over 4,800 FTE. In the two years that followed student recruitment has been significantly lower, in the region of 3,500 FTE. There are reasons specific to Birkbeck and the students it serves behind this shift, but these are set against a backdrop of major volatility in student demand across the whole sector, particularly in London.

In last year’s report we set out a framework of measures to address this situation for the future. The priority for the Governors this year has been to turn that framework into action, firstly by supporting the debate and consultation necessary to facilitate change, and then to support University management in planning and implementing that change. In the Vice-Chancellor’s report below, you will hear in more detail about the progress we have made in this process, and I stress that it is very much a process. There is more still to do and more still to achieve.

This has been a critical year for Birkbeck, but also a difficult and pressured one. There has been intense debate about its future direction, shape and organisation amongst the University community but also well beyond it. Birkbeck connects with people, organisations, and fellow higher education institutions directly through our work and, rightly, more broadly through our history, mission and values. In one sense we are a small institution; in other senses we are not and the issues we face resonate much further than Bloomsbury. Many have expressed views and have done so passionately and forthrightly.

I would like to thank my fellow Governors for their engagement and commitment during a year when there have been serious debates to both listen to, and participate in, and difficult decisions to make. I want to recognise Birkbeck’s Senior Management Team not only for their work during the year but the way that work is so clearly founded on a collective loyalty and deep-rooted belief in the University. Finally, I want to thank the Birkbeck community as a whole. Making change happen has been the work of many, not just a few, and the immediate realities are experienced directly by everyone, especially when what we are doing is driven by imperatives of time and finances. Inevitably, change will be subject to question; what has never been in question is the commitment and dedication of our staff.

STRATEGIC REVIEW (continued)

Another priority for the Governors this year has been the recruitment of our next Vice-Chancellor. Last year Professor David Latchman announced his intention to retire at the end of 2023 and I want to pay tribute here to his unprecedented 21 years of distinguished service to Birkbeck and his impact on the development of the University during that period. I thank him for guiding us through what have been turbulent times for higher education and for staying faithful to our founding principles.

The appointment of the Vice-Chancellor is key to the overall leadership of the University, both directly through their role as chief executive and far more generally; their style of leadership and management sets the tone for the broader culture of leadership, management and engagement across the institution. In this context, in August the Governors were pleased to announce the appointment of Professor Sally Wheeler, OBE as our new Vice-Chancellor, who will take up her new post on 1st January 2024.

Professor Wheeler is currently Deputy Vice-Chancellor (International and Corporate) at the Australian National University. She has nearly 30 years of experience in higher education management, encompassing leadership of both research and education at the highest levels. She has made significant contributions to institutional change and development in all these roles. She is strongly aligned to our values and our culture, having taught here earlier in her career.

Professor Wheeler will join Birkbeck as it advances into its third Century - a time of ongoing challenge but also significant future opportunity. As Vice-Chancellor, she will lead, support and work with the whole Birkbeck community. Sally will be driving forward the change needed to secure our future; to provide the platform for financial stability, growth and confidence; and to ensure that we continue to deliver on our core mission. We welcome her warmly to Birkbeck.

Sir Andrew Cahn
Chair of Governors

Vice-Chancellor's Report

About Birkbeck

Birkbeck is a unique London-based teaching and research institution providing access to higher education for traditional and non-traditional students of all ages. Our students face the reality of competing priorities and calls on their time. From 18 to 61+ (nearly 300 of our students were over 61 in 2022/23), they are living their lives with all the commitments that entails. Often, they are working, have caring or other responsibilities. Our job is to make sure that in doing all that, they can benefit from higher education, not miss out on it.

Our student body is diverse with 44% from ethnic minority backgrounds and 57% women in 2022/23. As well as serving the needs of Londoners, we have a growing international student community now welcoming students from over 140 countries around the world.

Our aim is to provide high quality teaching in the context of excellent research and have that proposition at the forefront of our access and widening participation agenda. Birkbeck was successful in the 2021 Research Excellence Framework (REF) return with 83% of our research being rated either 'world leading' (4*) or 'internationally excellent' (3*).

Student recruitment

The recruitment picture has remained challenging. Following a high point in 2020/21 when new admissions totalled 4,819 FTE, 2021/22 saw recruitment at a significantly lower level: 3,493 FTE. In 2023, whilst new admissions did not decline further, they did not increase and totalled 3,500 FTE. In the main this was due to strong contributions from our international recruitment efforts and the significant expansion of our January Start programmes.

A very clear part of our strategy post-Brexit has been to focus on, and significantly increase, international recruitment. Thus, it was encouraging to see significant progress here in 2022/23. International recruitment was up significantly from 706 FTE in 2021/22 to 1,070 FTE in 2022/23, leading to our highest ever number of international students. As well as growth at postgraduate Masters level where international recruitment has been previously concentrated we had an increased cohort of international undergraduates as well. Our expanded offer of programmes starting in January and providing an alternative entry point are also proving attractive and a positive addition to our course portfolio. We recruited 324 FTE to these programmes in 2022/23 compared to 155 FTE the year before.

The nationwide downturn in the number of adult learners and part-timers entering higher education later in life has continued at undergraduate as well as postgraduate level and the trends and factors underlying that continue to play out. The long-term downward trend resulting from poor maintenance support and older students' aversion to the debt associated with higher fees has been amplified by post-Covid factors and the extended timescale for the implementation of the Lifelong Learning Entitlement. New and emerging patterns of work in London and across the UK, as well as immediate and challenging economic circumstances. are determining the way mature learners want to study and, just as importantly, their capacity to commit to study now.

The indications from the 2023/24 recruitment cycle, are that building back recruitment will be the work of a number of years, not one or two. The current issues across the sector in relation to international student recruitment are a reminder of the volatility and risk in the international market and that that there is no single quick fix to be relied on.

STRATEGIC REVIEW (continued)

Instead, there is the reality of the hard work necessary to adapt, develop and innovate our course portfolio, the way we deliver and teach it and where, how and with what message and offer we reconnect with the Birkbeck students of the future. We need to, and are, shifting perspectives and challenging thinking that is rooted in the circumstances of the past, not directed to the future.

Birkbeck students are often thought of in terms of their age, but the fact that we have over many years recruited, for example, undergraduates later in life, is a reflection of the opportunities, or rather lack of them in the broader higher education landscape and the consequent life choices our students have taken in response. Things change. Birkbeck students, or rather the students Birkbeck exists to serve, are not ultimately defined by age; they are defined by the circumstances and the struggles they face, the ambition they have, and their commitment to achieve it. Whether 18, 28, or 38, we will find them. We need to attract them with the compelling study offer that fulfils that ambition, matches that commitment and fits with those circumstances.

Current operating position

The 2022/23 total comprehensive income for the year was £1.9 million. This compares to a comprehensive expenditure of £10.8 million in the previous year. The outturn itself and how it relates to last year is impacted significantly by changes in the USS pension liability, by changes to severance costs and by the impact of property disposals last year. 2022/23 saw an £8.2 million reduction in our share of the USS liability, compared to an increase in the liability of £20.4 million the year before. Severance costs this year were £3.9 million, up by £1.4 million, reflecting the significant work undertaken on reducing staff costs during 2022/23. The prior year figures also included the £13.9 million profit on the sale of our property Egmont House, which was surplus to requirements following a reconfiguration of our estate to support agile working for our professional services staff.

Our underlying operating deficit for 2022/23 was £2.2 million (2021/22: underlying deficit of £0.5 million) which reflects the ongoing impact of the significant fall in student numbers in 2021/22 and the repeat of recruitment at that lower level in 2022/23 (see Table 4).

The impact of our recruitment challenge is magnified by the structural financial issues that are playing out across the sector. Annual increases in staff costs - due to promotions, inflationary increases, increment advancement and pension costs - exceed the inflationary increase in our main source of income, primarily due to the fee cap set by the government on undergraduate tuition fees. The continued cap on home undergraduate tuition fees is affecting the whole higher education sector in England. The £9,250 fee is now worth over a third less than it was when it was introduced in 2012 and with inflation running at the current high level the pressure placed on universities to generate an excess of income over expenditure is intense.

We have not stood by in the face of these circumstances, however, but taken concerted action wherever we can to improve the position. The deficit is not what we want but it is significantly better in relation to the budget and forecast position with which we started the year. This reflects focussed effort in relation to cost management, particularly in relation to staff costs. We have delivered savings through pay restraint, vacancy management and controls on recruitment. In addition, as well as making savings for the long-term we have been able to make some of those savings earlier during the year. We have worked hard to boost our other income and have benefited from a strong recovery in income linked to the use of our estate and the renting of space. Higher interest rates have improved the return on our investments whilst also contributing to the improved performance of the Universities Superannuation Scheme resulting in lower future contribution rates.

STRATEGIC REVIEW (continued)

Progress in implementing our recovery plan

With a significant decline in recruitment in 2021/22 followed by flat recruitment in 2022/23, Birkbeck recognised it faced immediate challenges which required concerted action.

The University's plans for 2022/23 focused on the following:

- introduction of a new academic structure that maintains academic breadth, whilst creating larger more sustainable groupings for the future which are better aligned to opportunities for growth and which are supported by simplified, more focussed management structures and roles;

- linked to the academic re-organisation, a review and restructuring of our arrangements for student facing administration services and support;

- the development of a more competitive flexible Birkbeck course offer;

- the rollout of new simplified teaching models for undergraduate and postgraduate provision; and

- investment in a flexible blend of campus and digital experience, designed to give our diverse student community the opportunities they deserve in a form that recognises their changed circumstances and needs.

In terms of the immediate financial challenges linked to student recruitment we have been working closely with Governors to confirm the immediate steps in our recovery plan and during 2022/23 Governors agreed the following key actions:

- a reduction in staff costs of £12 million over two years to bring costs back into alignment with reduced tuition income;

- increased income totalling £15 million by 2026/27, primarily from new programmes, new modes of delivery (including classes taking place simultaneously on campus and online), rationalisation and simplification of existing portfolio to make programmes more attractive, plus some additional third-stream income; and

- a reduction in the size of our estate. Having purchased the building adjacent to our main campus site as part of our strategy to provide improved learning and teaching facilities for our staff and students we are in a position to dispose of estate assets that are less suited to our future needs.

STRATEGIC REVIEW (continued)

Organisational change and cost savings

On the 1st of August 2023, the University moved from its old, 5 School, 19 Department academic structure, to a new streamlined model, focussed around 3 larger Faculties – of Science, Business and Law, and Humanities & Social Sciences. Each Faculty is composed of larger Schools (replacing Departments), in total 8, which have brought together disciplines in configurations that support continuing academic breadth whilst ensuring efficient and effective scale.

Allied to this, and to the same timescale, we have re-organised the student-facing professional services staff based within our Faculties, moving from a highly generalist, primarily local and departmentally based structure to a Faculty based structure with roles defined specifically around the delivery of teaching, the support of students, and separate roles supporting functional areas such as finance, human resources and governance.

Broad organisational reform has gone hand-in-hand with refreshing and renewing academic leadership and management roles, creating a streamlined and professionalised structure where academic colleagues take on Head of School and Faculty Director positions as substantive roles, supported by appropriate training and professional development. Reform has not stopped there. A remodelled senior management team has been constituted, now operating as the University Executive Board, to provide more focussed leadership for change across the University.

This set of changes represents the culmination of concerted debate and consultation within the University and outside it. It also represents the hard work of many hands, committed to making it happen to the timescale demanded, to whom the University owes a significant debt of thanks. Whilst there have been considerable challenges on both sides, the University has worked constructively with its recognised Trade Unions - UCU, UNISON and UNITE - throughout this period.

The purpose of the re-organisation was to deliver both a better structure but also significant staff savings within it. We have done so, achieving the £8 million of savings scheduled for 2023/24. £6 million of academic staff savings have been achieved for the 2023/24 financial year and, similarly, £2 million of savings from professional services. Some of these savings were achieved sooner than expected contributing to an improved operating position 2022/23. Whilst this outcome can be simply described, for the University it has been a hard and difficult path to tread. I can report that all the savings were achieved through voluntary means, with no compulsory redundancies. That is important but we have all been confronted with the sobering reality of many long-standing colleagues – colleagues who have contributed much to our community - leaving us during the year. There is no doubt though that these savings are vital to our future and as noted already, they were critical to deliver as soon as practical thereby creating the time to adapt and reposition ourselves in relation to the changes in student demand with which we have been confronted.

Our organisational changes necessarily have delivered significant savings but that categorically is not their only purpose and scope. They lay the foundation for a Birkbeck that can build and take advantage of its opportunities for the future, not just survive in its present. There are some key themes to that transformation. Birkbeck is a small institution and in the current climate there are challenges associated with that. Whilst we cannot compensate for all the disadvantages associated with size we should be able to play to the advantages of smaller scale. Complexity, fragmentation, and operational variation have stood in our way. They have stopped us from being the responsive, agile and innovative place we need to be. The simplification of structure, management, lines of communication and operation are designed to give us back this advantage for the future.

STRATEGIC REVIEW (continued)

Repositioning our course offer and the delivery of our teaching

Our starting point for change has been at the level of strategy. We have a refreshed and renewed education strategy that sets our clearly the steps, interconnections and complex dependencies that underpin the major change to which we are committing and the journey that involves. In 2022/23 we have made progress in the following areas.

In October 2022 Birkbeck was awarded £3 million in capital funding by the Office for Students, (OfS) as joint funding for a programme of linked projects entitled Creating Inclusive Learning (CIL). This project is core to our strategy to invest in and deliver our teaching through a flexible blend of campus and digital experience. The driving force behind this initiative is to give our diverse student community the opportunities they deserve in a form that recognises their changed circumstances and needs.

The project has two strands:

- HyFlex teaching– adaptation of our classrooms (particularly in relation to IT and AV) enabling students to choose whether they join their classes in-person or join the same class online whilst providing a high-quality interactive learning experience in both modes.

- Virtual Reality & Immersive Learning (VRIL) – the use of Virtual Reality in purpose-built spaces to enhance the range and scope of our teaching and support for the longer term. This will deliver genuine innovation through new types of course content and new ways of teaching and interacting with our students.

In 2022/23 the project focused on research, pilot and evaluation work which culminated in the development of a clear specification of the equipment required for high quality HyFlex delivery and an invitation to tender for this work. The pilot work was sufficiently rigorous to enable us to offer a suite of HyFlex pilot programmes for the 2023/24 academic year.

Alongside our longer-term development of HyFlex – the ability to bring together our physical and virtual classrooms - we have also re-configured a suite of programmes to be ‘flexible masters’. At this point, this means that students can choose to study entirely online, in-person, or a combination of both and separate groups are provided for different learning modes where appropriate. This has proved successful and popular. In 2022/23 21% of our Master’s students were enrolled on these programmes.

We have undertaken an extensive portfolio redesign laying the ground work for a move to a more simplified, flexible and attractive mix of undergraduate and postgraduate courses starting from 2023/24. We built on the work to digitally transform our virtual learning environment in response to the pandemic to create courses that provide a blend of excellent interactive teaching sessions and the highest quality asynchronous online learning materials available to our diverse body of students 24 hours a day 7 days a week.

Our new pathway system aims to create choice within subject areas in a way which constrains some elements of module choice but creates more coherent programmes, stronger cohorts of students and choice in the flexibility of delivery. This work has also created greater economies of scale, whilst maintaining Birkbeck’s broad academic subject base.

STRATEGIC REVIEW (continued)

Our new course design principles aim to simplify the framework for learning, teaching and assessment and to create greater uniformity in the structure of our programmes of study with a focus on programme-level thinking and team teaching. Core objectives for the new model address student feedback about preferences for attendance and greater consistency of student experience across subject areas. Students are now taught over three terms and are assessed at the end of the term in which teaching content is taught. The portfolio redesign work resulted in a 25% reduction in the number of modules and programme variants whilst maintaining a broad portfolio.

Looking forward

We are now focussing on the following immediate priorities.

Daytime teaching in a small number of subject areas where there is high potential demand. Drawing on successful pilots in Law and Science, we will offer teaching in a small range of defined afternoon slots, alongside the existing evening timetable, in subject areas where there is clear evidence of largescale market demand.

We will offer students in these areas of largescale demand the choice between an afternoon and an evening offer, with study organised around two or three days campus attendance a week. As with evening teaching sessions, day-time study will be supported with rich online learning resources.

Pilots will be run in Business, Management, Law, Psychology and Biomedicine, in the current recruitment cycle and they will be promoted with a clearly segmented marketing campaign. Market analysis indicates that this model should appeal to younger commuter students in Greater London and its immediate hinterland combining study with other commitments and our location and reputation will enable us to take some of this growing cohort from other providers.

Building our international market. Daytime teaching also gives us the opportunity to change our approach to international recruitment. Cambridge Education Group (CEG) have taught large cohorts of international students on introductory/foundation level programmes on our campus during the day, but these students have tended to move on to other University of London institutions as there has been no natural feed through onto our programmes. A positive relationship built over time around provision of space and services has the potential to deliver much more. We are creating a formal progression agreement that guarantees recognition of CEG qualifications as entry points onto our degrees in cognate areas (Business, Management and Law).

We are also changing the way we operate with recruitment agents. Alongside our existing approach, we will be trialling a new model for 2024 involving a major largescale recruitment partner with the infrastructure and capacity to support recruitment across multiple regions and markets with targets for a major additional contribution to recruitment. Learning from these tactical changes will allow us to pursue further strategic partnership opportunities both locally and internationally.

New programmes. We will be launching new programmes across the University in 2024 and 2025, bringing together academic creativity with market research. These programmes include new provision in Health and Wellbeing, Business, Data Analytics, Natural Sciences and Social and Political Sciences, which are now open for entry in autumn 2024 with further new initiatives being planned for entry in 2025.

STRATEGIC REVIEW (continued)

HyFlex. We are continuing to invest in the infrastructure and facilities that will enable us to reach new students through HyFlex delivery with teaching simultaneously taking place on campus and online. This innovation means that in our areas of major academic and research strength we will be able to open our cutting-edge Masters provision at distance across the UK, as well as to those able to attend classes in central London.

Developing, rethinking and resizing our estate

Our starting point for change has once again been to define our strategy, setting out strategic principles.

We have committed to create a connected campus clearly focussed on our main Torrington Square site, rationalising our other estate holdings to create the foundation for a future estate that can be sustainable, both environmentally and financially. Linked to our education strategy we will work towards all Birkbeck classes being delivered in Birkbeck classrooms, recognising that to deliver the learning experience we want we need to have tight integration between our physical estate and our digital infrastructure including direct control over both.

Our aim through development, investment and the co-location of facilities and services is to create a campus environment that supports a transformational student experience alongside modern facilities that underpin the excellence of our research. We will do that by focussing on the development and refurbishment of the adjacent buildings that now run the full length of Torrington Square to the West: Birkbeck Central, the Torrington Square Main Building, and, in the longer-term, the redevelopment of the Main Building extension.

We will retain our existing buildings around Torrington Square to the East – the Wohl Wolfson Toddler Lab, the Clore Management Centre, and the Henry Wellcome Building - to support our connected campus, creating a clear Birkbeck presence and identity around the Square.

In this context we have progressed the identification of options for the location of our teaching, our staff and our key infrastructure and facilities. This is now allowing us to pursue various opportunities for estate asset sales that support both our overall financial position and provide long-term capacity for strategic investment.

We have continued with our planning for the progressive development of Birkbeck Central as the focus for investment in the student experience. Our Estates and IT Teams have worked in close collaboration on the initial phases of our HyFlex teaching project.

This year, we have created more dedicated space that supports agile, hybrid working, bringing the professional services teams in our new Faculties together to enable more collaborative working in modern flexible and highly efficient workspaces.

In pursuit of the connected campus agenda we have identified opportunities to improve the public realm environment surrounding our estate and the overall visual identity and wayfinding. We have been successful in securing external funding to support our environmental and sustainability agenda and this will give further impetus to our work on heat decarbonisation.

STRATEGIC REVIEW (continued)

Alumni and friends of the University

The ongoing generosity of alumni, friends, corporate partners, and charitable trusts and foundations allows the University to continue amplifying its commitment to ensuring access to higher education, enabling us to best support our student community to succeed academically and helping to widen the impact of our world leading research. Our alumni, partners and friends play a vital role in advocating, supporting and volunteering for the University.

Last year, over £1.8 million of new philanthropic income was committed to Birkbeck. This included hundreds of donors making regular monthly gifts, as well as multiple six and five figure gifts from individuals, corporates and charitable foundations.

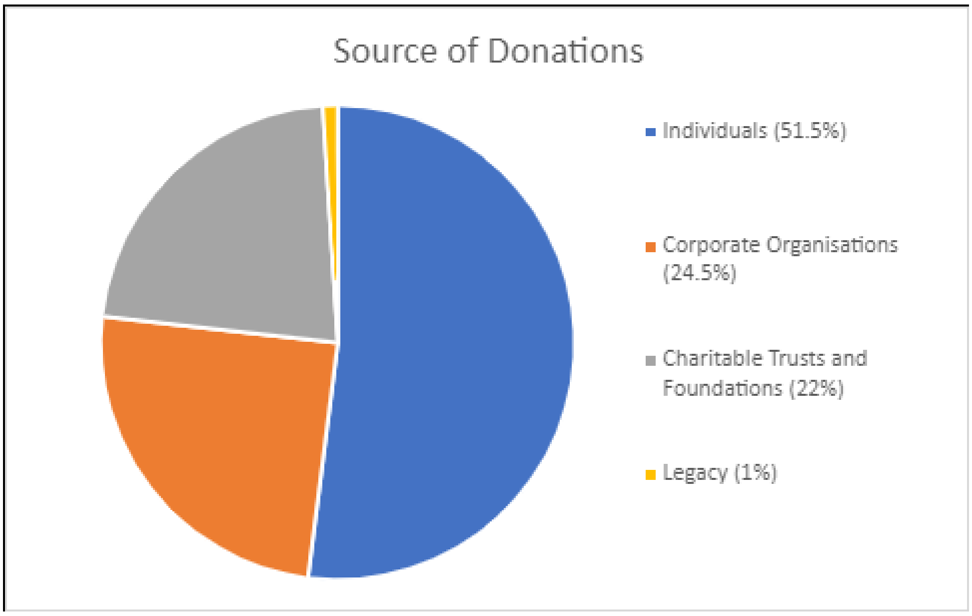


Chart 1: Breakdown of entities that supported Birkbeck with donations in 2022/23

These donations will support a range of priority areas across the University such as:

- **widening access to education and enhancing student support** by strengthening financial support offerings around bursaries, scholarships and hardship funding and enriching pastoral care such as careers advice, wellbeing services and community outreach;
- **academic research and PhD studentships** through initiatives like the Research Innovation Fund which provides seed funding for new research ideas, post-doctoral awards for emerging academics and PhD scholarships for the next generation of academic thinkers;
- **capital projects, facilities and equipment** by improving our provision of technology enhanced learning, supporting state of the art equipment for our researchers and contributing towards infrastructure projects that enrich the Birkbeck learning experience; and
- **funding for areas of greatest need** where our donors understand the importance of flexible funding to respond to the changing needs of our community and to enable us to move quickly on innovative new projects.

STRATEGIC REVIEW (continued)

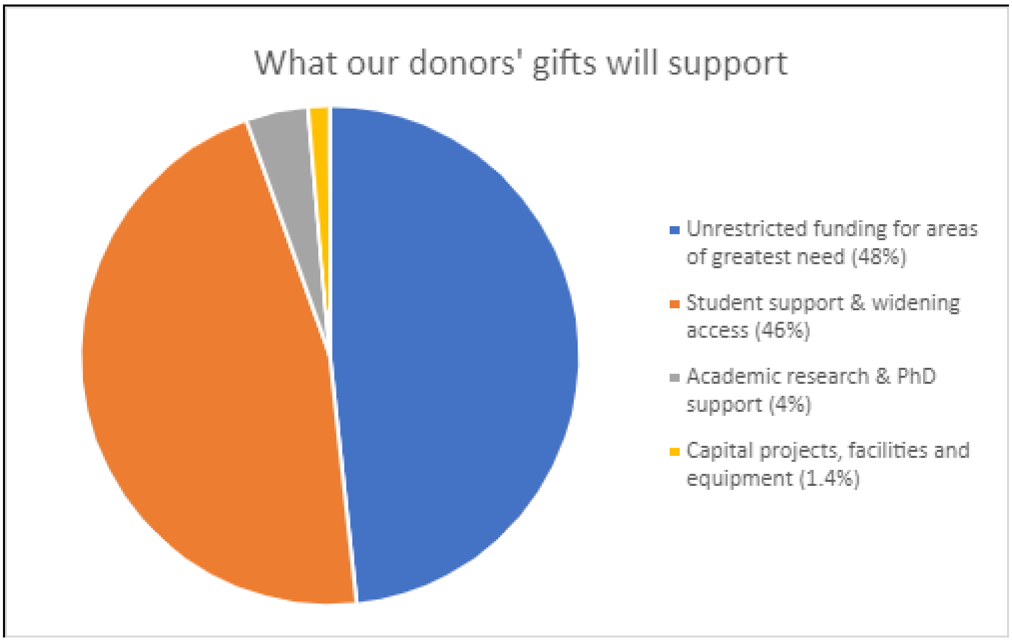


Chart 2: Summary of activities to be supported by donations

In the last year, support for The World Needs More Birkbeck campaign has continued. The University's first ever comprehensive fundraising and engagement campaign is deepening our relationships with current supporters and attracting new donors to support Birkbeck's ambitions.

In addition to supporting the University financially, our alumni and friends play an important role in aiding student recruitment, retention and employability initiatives. Last year we continued to see more students benefiting from the support, guidance and advice given by our growing community of valued volunteers. Through flagship volunteering programmes such as Mentoring Pathways, Global Buddies and Career Clinics 460 students benefited from support, guidance and advice given by 351 volunteers, a total of 5,457 hours of time. This included time given by 126 corporate volunteers from organisations including Goldman Sachs, Fidelity, PwC, Clifford Chance and the Arts Council England.

The post-pandemic economic recovery, global turbulence and ongoing cost-of -living crisis means that many of our students, alumni and donors are facing new challenges and uncertain times ahead. During our 200th Anniversary year, we were proud that our existing community continued to come together to provide vital funding and expertise to ensure that Birkbeck students and researchers continue to have access to the tools, support and services that enable them to thrive and succeed at Birkbeck and beyond.

As we underwent our strategic organisational review so that the institution could be in a stronger position to thrive as we entered our third century, it was not immune to the uncertainty and impacts associated with any such large-scale change programme. Although existing donor support remained strong, there was inevitably a knock-on effect on the generation of new philanthropic income from individuals, corporates and foundations. However, we are encouraged by the healthy pipeline of future funding support that we have identified which will enable us to return to our previous funding levels.

STRATEGIC REVIEW (continued)

Birkbeck's 200th Anniversary commemorations programme has also seen strong alumni and supporter engagement across the University. Organised by the alumni engagement team, hundreds of alumni, staff, students and friends attended the first four of our 200th Anniversary Leadership lecture series in person and online. Covering a range of topical issues aligned with our founding mission, the series has included: 'Creating a More Equitable Tech Sector', a panel discussion chaired by Birkbeck Governor Rachel Neaman with senior representatives from Google and Meta; and an inspirational lecture on 'The Dramaturgy of Leadership' by actor and playwright, Kwame Kwei-Armah. The Anniversary Lectures have been complemented by a series of alumni celebratory gatherings in fifteen cities across the globe and those organised by several departments to mark this special year in Birkbeck's history.

Gender pay gap

Birkbeck supports the principle of equal pay for work of equal value and is committed to operating a pay system that is transparent, based on objective criteria, free from bias and which rewards staff in line with the University commitment to equality and diversity. The Gender Pay Gap report is produced each year as part of our ongoing commitment to monitor gender equality and diversity pay issues in our workforce. We have been publishing equal pay audits since 2009 and continue this practice in response to our responsibilities under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which require us to report on certain metrics annually.

In addition to the mandatory annual Gender Pay Gap report, Birkbeck also undertakes a full pay audit periodically (most recently April 2022) to provide analysis and recommendations in relation to reward and related management strategies, policies and practices across the institution. This report considers the pay of staff with other protected characteristics.

The gender pay data published in March 2023 for hourly pay and bonus pay is summarised in Tables 1 and 2:

Publication date	Mean hourly pay		Median hourly pay		Total employees	
	Female (£)	Male (£)	Female (£)	Male (£)	Female	Male
March 2020	23.44	25.63	21.33	23.74	1,013	879
	Female pay gap 8.5%		Female pay gap 10.2%		Total employees 1,892	
March 2021	23.37	25.54	21.15	22.91	1,035	875
	Female pay gap 8.5%		Female pay gap 7.7%		Total employees 1,910	
March 2022	24.02	25.61	21.15	21.72	969	833
	Female pay gap 6.2%		Female pay gap 2.6%		Total employees 1,802	
March 2023	25.51	27.13	23.32	24.60	909	774
	Female pay gap 6.0%		Female pay gap 5.2%		Total employees 1,683	

Table 1: Gender pay gap – hourly pay

STRATEGIC REVIEW (continued)

Although we are pleased that the mean gender pay gap has fallen to 5.9% and is one of the lowest in the sector we remain committed to further progress on equal pay and have set out both an action plan and monitoring targets.

Publication date	Mean bonus pay		Median bonus pay		Total receiving bonus	
	Female (£)	Male (£)	Female (£)	Male (£)	Female	Male
March 2020	1,156	835	1,163	689	3.0%	1.8%
	Male pay gap 38.4%		Male pay gap 68.8%		Total receiving bonus 46	
March 2021	975	916	1,000	912	2.4%	1.1%
	Male pay gap 6.4%		Male pay gap 9.6%		Total receiving bonus 34	
March 2022	888	951	1,098	678	2.8%	1.2%
	Female pay gap 6.6%		Male pay gap 61.9%		Total receiving bonus 42	
March 2023	636	705	400	400	7.2%	4.8%
	Female pay gap 9.8%		No gender pay gap		Total receiving bonus 235	

Table 2: Gender pay gap – bonus pay

Birkbeck operates several contribution related schemes which are tailored to reflect the different conditions required to accumulate the skills, knowledge and experience necessary to demonstrate excellence within a role. All schemes formally take account of personal circumstances, and all committee members undertake both formal Equality & Diversity and unconscious bias training. Reward scheme data is reviewed annually by Birkbeck for equality & diversity issues in application and success rates.

74% of bonus payments made in 2022 were staff contributions directly related to the COVID pandemic. Therefore, the figures for this period are not a true reflection of year-on-year trends.

The distribution of men and women across the highest to lowest paid staff groups inverts in favour of men and is not uncommon in the Higher Education sector. Our commitment to equal pay for work of equal value minimises the horizontal pay gap within grades meaning the population distribution is the most significant factor in the overall gender pay gap. Targeted actions from previous pay reviews and other gender analysis activities, such as Athena Swan, have been identified and put in place to address population imbalances.

Although the vertical gender pay gap remains 2022 saw another small shift towards greater gender equality. For the top quartile in 2020 46.8% of staff were female. This increased to 48.9% in March 2021 and 49.3% in 2022.

STRATEGIC REVIEW (continued)

Facility time under the Trade Union Regulations 2017 for the relevant period from 1 April 2022 to 31 March 2023

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017 and require public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a union representative. Trade unions play an important role in the modern workplace and there are significant benefits to both employers and employees when organisations and unions work together effectively. The regulations provide a framework for open and transparent monitoring of this. The facility time data for the relevant period is shown below.

Relevant union officials:

Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
2023	2022	2023	2022
33	33	27.2	26.2

Percentage of time spent on facility time:

Percentage of time	Number of employees	
	2022/23	2021/22
0%	6	9
1 - 50%	26	24
51 - 99%	1	-
100%	-	-

Percentage of pay bill spent on facility time:

	2022/23	2021/22
Total cost of facility time	£61,620.05	£44,078.09
Total pay bill	£77,602,471.39	£70,773,000.00
Percentage of the total pay bill spent on facility time	0.08%	0.06%

Paid trade union activities:

Number of hours spent by employees (who were relevant union officials during the relevant period) on paid trade union activities as a percentage of total paid facility time hours.

	2022/23	2021/22
Time spent on paid trade union activities as a percentage of total paid facility time hours	8.23%	11.67%

STRATEGIC REVIEW (continued)

Afterword

This will be my last Vice-Chancellor's report. I will retire from my position at the end of December 2023. It has been a huge privilege to serve as Birkbeck's Vice-Chancellor since 2003. I have been fully committed to putting in place the changes necessary to secure the future of Birkbeck and in leading the University through this critical period. The concerted response to the challenges we face highlighted in this report has been a team effort and University-wide endeavour: the work of many dedicated colleagues, working with the support of our Governors. I thank all those who have contributed so much. I wish our new Vice-Chancellor well. In the Birkbeck community, I know she will find the collective commitment and spirit to take the University forward through current challenges and into its third century.

Professor David S. Latchman, CBE
Vice Chancellor

Financial Review

The Financial Statements presented to the Governors only comprise the results of the University. Prior to 2022/23 the consolidated Financial Statements also included the results of a wholly owned subsidiary which was closed in 2022. The principal activities undertaken by the University are teaching and research together with ancillary activities necessary to facilitate this. Additional activities include rendering academic services to a variety of educational, commercial and other organisations.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102: The financial reporting standard applicable in the UK and Republic of Ireland. The University is a public benefit entity and, therefore, has applied the relevant public benefit requirement of FRS 102. The Financial Statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The completion of the United Kingdom's exit from the European Union, global recovery from the effects of the pandemic, geopolitical events and increases in inflation have had a significant effect on families, businesses, and economies in the last few years. Despite a swift and successful move to on-line learning during lockdown student numbers fell significantly in 2021/22 and have not recovered since. This has led to direct and indirect financial consequences for Birkbeck and increased risks as we try and assess an uncertain future.

Although we need to rapidly address a financial position where costs exceed income we are not alone in the UK HE sector. Government regulated tuition fees for Home undergraduate students remain fixed at £9,250 despite rapidly rising costs. The erosion in value of the fee that can be charged is placing considerable strain on the budgets of all universities in England. This Financial Review will comment on our performance for the year and the financial impact of pension and other adjustments which contribute to the Statement of Comprehensive Income & Expenditure and Statement of Financial Position.

Results for the Year

Chart 3 compares the main income streams for the last five years whilst Chart 4 summarises the total income for 2022/23.

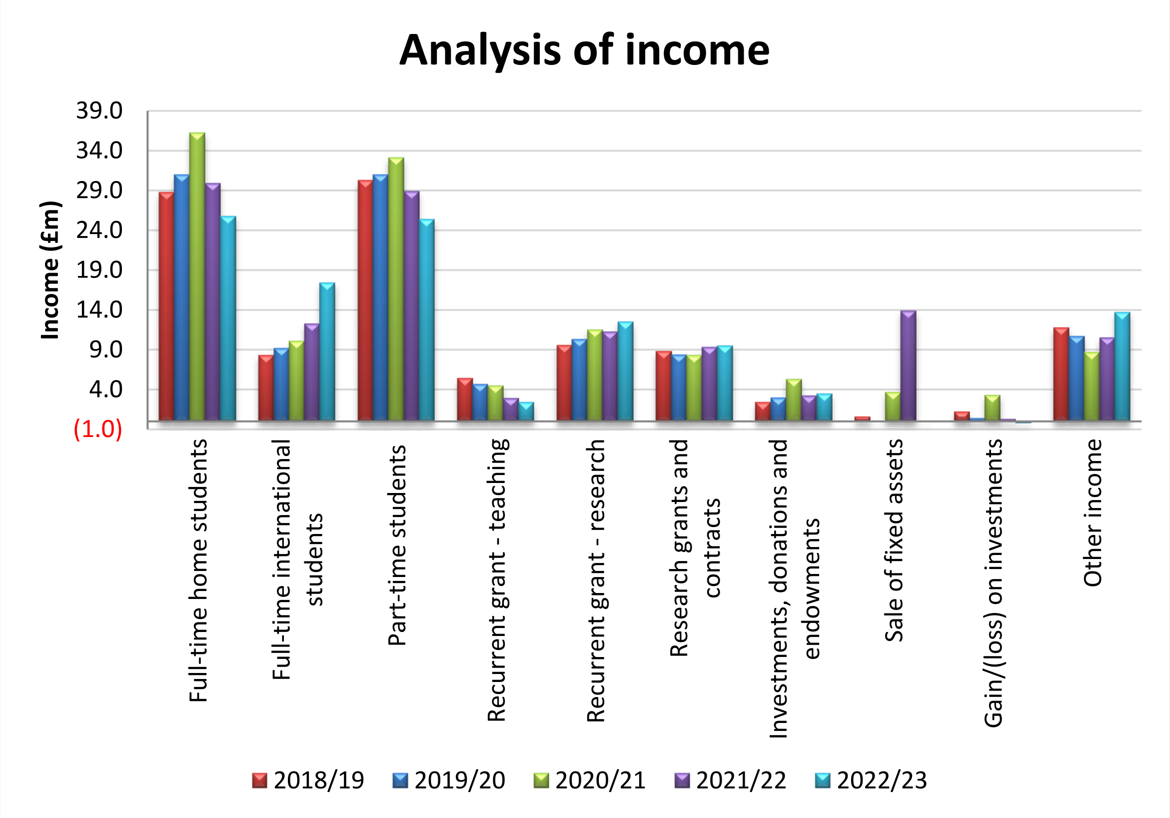


Chart 3: Income by category 2018/19 to 2022/23

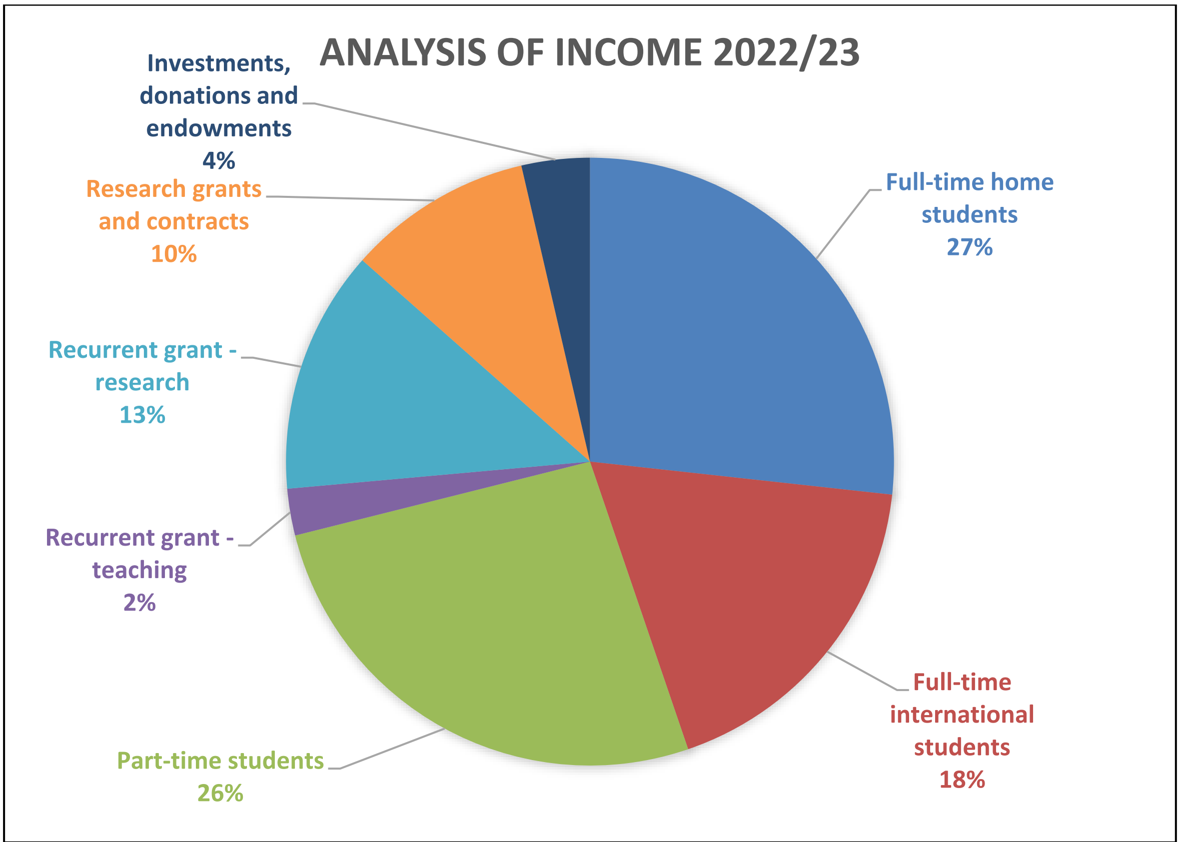


Chart 4: Analysis of income 2022/23

STRATEGIC REVIEW (continued)

The recurrent teaching grant from the government continues to fall and fell by a further £0.5 million in 2022/23. Teaching grant now represents only 2.1% of total income in comparison with 47.5% in 2005/06. In contrast, income from academic fees has risen from 25.7% in 2005/06 to 62.2% in 2022/23. Tuition income fell by £2.5 million this year on top of an £8.4 million fall in 2021/22. 2020/21 saw a spike in applications from EU students wishing to benefit from the final year of UK government tuition fee loans and this increase was replaced by a significant reduction the following year as EU students had to pay their own fees – an outcome seen across the sector not just at Birkbeck. The fall in new student numbers between 2020/21 and 2021/22 has a knock-on effect on future years as larger graduating cohorts of undergraduates are replaced by lower incoming groups of students. Whilst incoming student numbers were similar in 2021/22 and 2022/23 the numbers of returners fell by around 650 due to the cohort effect.

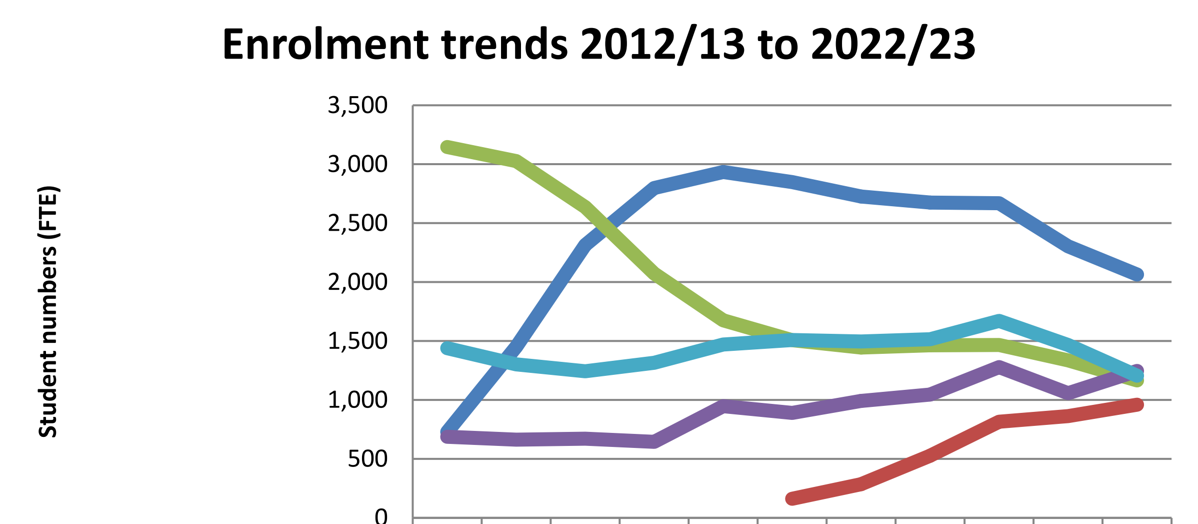
Recurrent grant from Research England rose by £1.2 million (10.9%) primarily due to additional non-recurrent grant funding to help offset the negative impact of not being associated with Horizon Europe. We are pleased that UK universities are once again able to collaborate with partners under the programme following the announcement that agreement had been reached in September 2023. Externally funded research activity returned to pre-pandemic levels as restrictions on movement (and, therefore, research activity) were relaxed post-Covid. Overall, the total amount of grant and fee income remained similar this year (a net fall of £71,000).

Birkbeck primarily provides teaching to its students in the evening and rents much of its space to other universities during the daytime. With lockdown and ongoing safety restrictions limiting the activities which could take place on campus, other income was depressed during 2020/21 with a partial recovery in 2021/22. Income from lettings, catering and conferences rose by a further £1.8 million in 2022/23 (2021/22: a rise of £2.0 million) almost returning to pre-pandemic levels.

Increasing interest rates from recent historic lows has had a positive impact on investment income which increased by £0.9 million this year. Rates are expected to fall slowly over the coming years. Governors agreed a new investment strategy in 2019/20 which aims to support our core business activities, purchase of capital equipment, infrastructure improvements and our estates strategy. £10.0 million was invested in two externally managed funds with strong Environmental, Social and Governance criteria embedded in investment decision making. Both funds performed remarkably well and In November 2021 combined gains of £4.0 million were realised and converted into cash with both funds reset to £10.0 million. Equity values have subsequently fallen with an unrealised loss on investments of £0.3 million (2021/22: unrealised gain of £0.3 million) being recorded.

STRATEGIC REVIEW (continued)

Chart 5 highlights enrolment trends for our main categories of student since 2012/13 (the first year of higher student fee loans).



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
UG Degree (Full time)	729	1,451	2,315	2,798	2,934	2,849	2,726	2,675	2,669	2,304	2,065
UG Degree + FY (Full time)*						162	286	527	815	863	960
UG Degree (Part time)	3,146	3,027	2,637	2,072	1,676	1,507	1,445	1,464	1,466	1,336	1,166
PG Masters (Full time)	688	664	671	645	948	891	992	1,046	1,279	1,057	1,246
PG Masters (Part time)	1,440	1,302	1,244	1,316	1,470	1,508	1,496	1,516	1,671	1,466	1,206

Chart 5: Undergraduate (UG) and postgraduate (PG) enrolment trends 2012/13 to 2022/23

**Undergraduate degree with a foundation year studied in a full-time mode*

The dramatic decline in part-time undergraduate students since the government increased the maximum fee which universities could charge to Home undergraduates to £9,000 in 2012 appeared to have plateaued but further falls have now been experienced in the last two years. We are pleased that the Lifelong Learning Entitlement (previously Lifelong Loan Entitlement) is scheduled to be introduced from 2025 albeit with a phased approach to modular delivery. We are generally supportive of measures aimed at relaxing the apprenticeship levy criteria thereby enabling businesses to support a wider range of skills training through part-time and short courses. It is clear that re-skilling and up-skilling of the UK workforce in key areas is a core part of both national and local government strategies and we will be developing new programmes and modes of delivery to further support the ambitions of part time students.

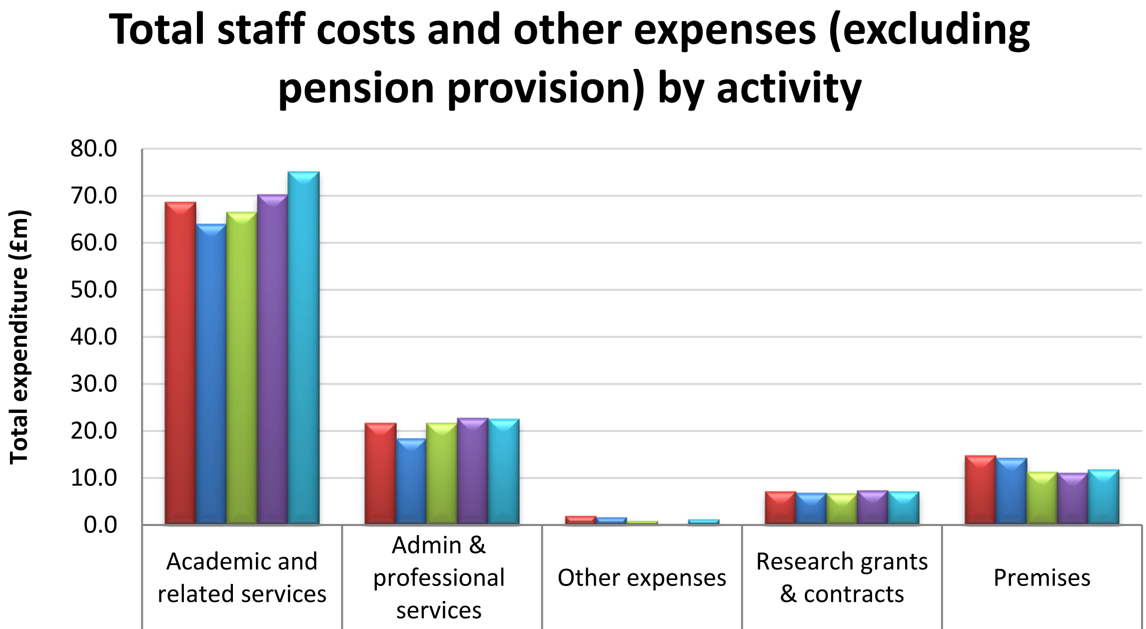
Historically, postgraduate numbers have increased at points of economic downturn and this occurred again in 2020/21 as a direct consequence of the Covid pandemic. Lockdown restrictions clearly contributed to the significant rise in Home students commencing a Masters programme: students had time available to study so took the opportunity to study as a means to upskill or retrain with an eye on improving career prospects during a post-pandemic (and post-Brexit) recovery. This increase was reversed in 2021/22 in part due to positive employment rates in London and the cost pressures of high inflation. International students drove an increase in full time postgraduate enrolments whilst Home enrolments studying full and part-time fell further.

STRATEGIC REVIEW (continued)

Income from full-time Home students fell by £3.3 million in 2022/23 as mature students in particular delayed the commencement of education as employment levels and inflation rose. Conversely, income from international students rose by £5.1 million as international travel returned to normal and some of the latent demand following the pandemic was met. Income from part-time students fell by £3.5 million following the fall of £4.2 million in 2021/22.

We have seen a continuing upward trend in the number of students looking to complete a foundation year before progressing on to year one of a degree programme. Many of our students return to study later in life and often did not achieve A-levels or equivalent earlier in life. We were extremely disappointed when the Government announced that from 2025/26 the maximum fee allowable for foundation year provision would be £5,670 rather than £9,250. We believe that the foundation year is critical from an equality perspective and remain committed to delivering the programmes. This fee reduction, coupled with the continuing freeze in the maximum fee we are able to charge undergraduate Home students, will deepen the funding gap between the cost of teaching a student and the fee received with an inevitable impact on the services we wish to provide. This financial challenge is being faced by all universities and is unsustainable for a sector which is fundamental to the success of the UK and its economy.

Charts 6 and 7 summarise where our expenditure has been incurred.



	Academic and related services	Admin & professional services	Other expenses	Research grants & contracts	Premises
2018/19	68.6	21.7	1.9	7.1	14.8
2019/20	64.0	18.4	1.6	6.8	14.2
2020/21	66.5	21.7	0.8	6.7	11.2
2021/22	70.2	22.7	0.2	7.3	11.0
2022/23	75.1	22.5	1.2	7.1	11.8

Chart 6: Expenditure by activity 2018/19 to 2022/23

STRATEGIC REVIEW (continued)

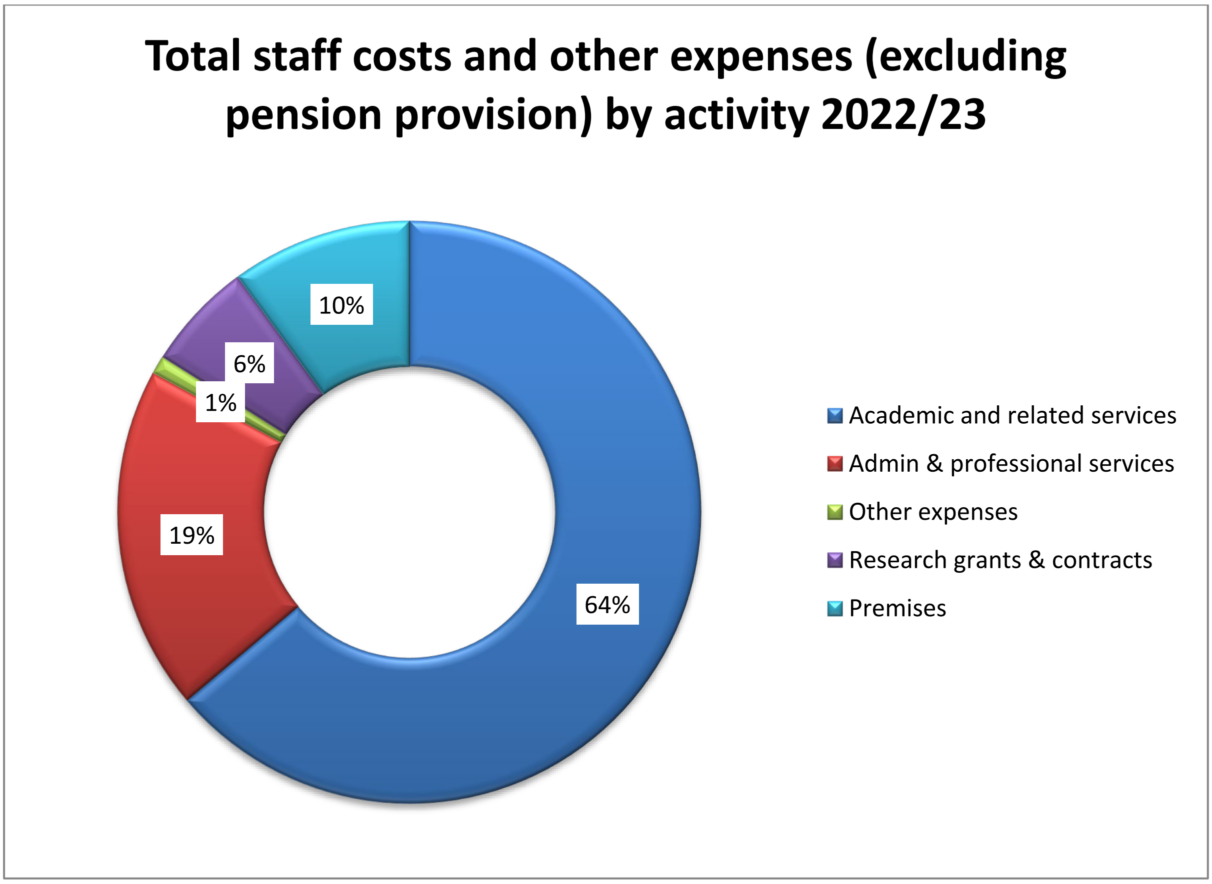


Chart 7: Analysis of expenditure 2022/23

A significant proportion of our budget is focussed on academic and related services - 2022/23: 63.8% of total expenditure compared with 58.0% in 2018/19. Over the same five-year time period administrative and professional costs have been kept at broadly the same level only increasing by £1.7 million (now representing 20.8% of expenditure compared with 18.2% in 2018/19).

The ratio of staff costs to total income (excluding movements in the pension provision and restructuring costs) is a helpful metric to review when considering financial sustainability. In general, restructuring costs should be included in this metric but are excluded from Table 3 allowing for better year-on-year comparison. The University does not own any student residences (which increase income without a corresponding material increase in staff costs) so this percentage remains one of the highest in the sector.

	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
Gross salaries	70,226	73,313	73,942	75,403	74,626	75,397
Movement on pension provision	(660)	20,481	(14,884)	(62)	20,270	(9,460)
Restructuring costs	401	3,308	299	534	2,518	3,872
Total expenditure on salaries	**69,967**	**97,102**	**59,357**	**75,875**	**97,414**	**69,809**
Gross salaries (excluding movement on pension provision and restructuring costs) as a percentage of total income	64.4%	69.5%	68.0%	64.0%	68.9%	68.4%

Table 3: Change in underlying staff costs 2017/18 to 2022/23

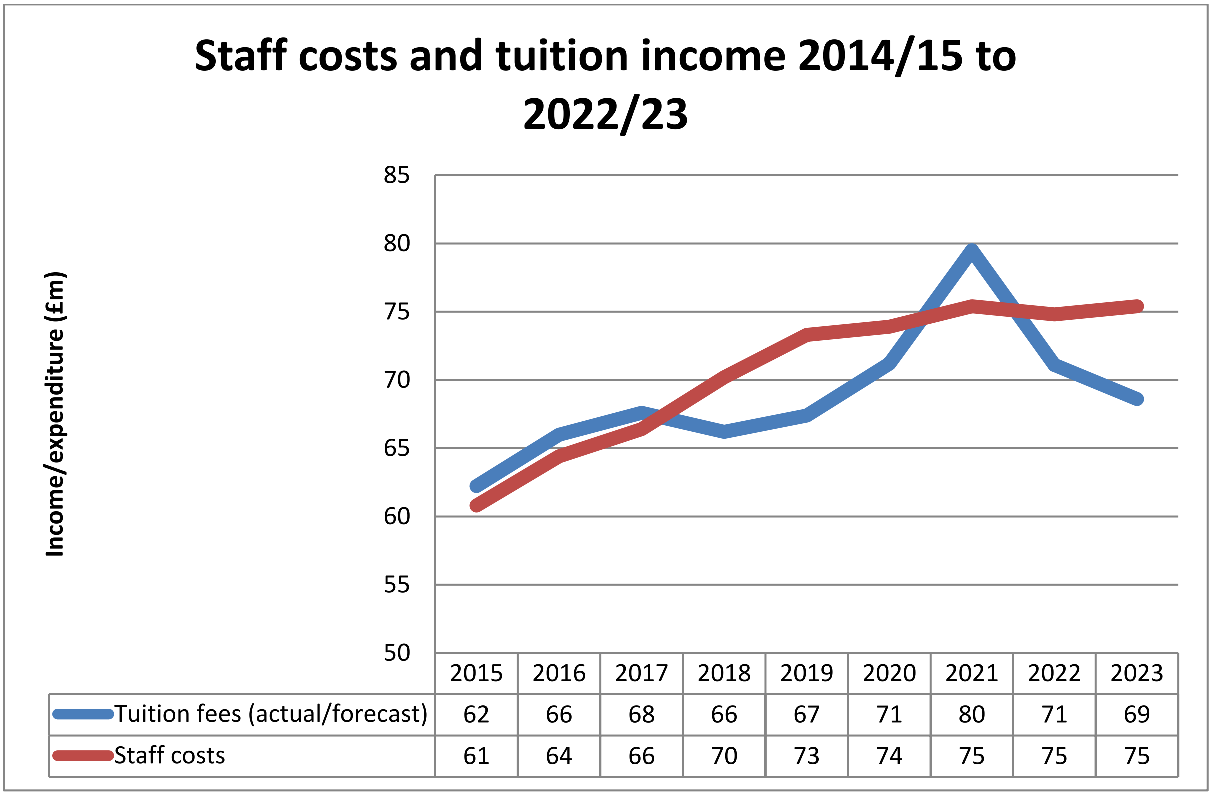


Chart 8: Staff costs (excluding pension provision and restructuring) and tuition income 2014/15 to 2022/23

Tuition fees and education contracts provided 64.3% of total income in 2022/23 (2021/22: 66.8%) whilst staff costs (excluding pension provision and restructuring) represent 68.4% of total income (2021/22: 68.9%). With Home undergraduate fees fixed by the UK government the annual increases in staff costs through promotions, incremental drift and pay award create a mismatch between the inflationary increase in income and the additional staff costs. The underlying pressure is currently exacerbated by historically high inflation increasing costs.

STRATEGIC REVIEW (continued)

Until 2017/18, the trajectory of our main source of income was tracking the rise in staff costs and the University delivered regular surpluses. A post-Brexit referendum fall in students enrolling from the EU coupled with increasing pension costs switched this around as indicated in Chart 8 and directly led to the underlying deficit in 2018/19. We saw a significant switch in 2020/21 due to the pandemic-influenced spike in tuition income and a surplus was delivered. Unfortunately, the fall in new student enrolments in 2021/22 immediately reversed the trend – a trend which has continued into 2022/23.

Chart 8 graphically illustrates the financial challenge the University faces: with a heavy reliance on tuition income, and an inability to increase the Home undergraduate fee, the University must increase student numbers each year to offset cost inflation. With such a high percentage of our costs currently invested in our staff we are unable to quickly adapt our cost base to a reduction in our primary income stream. Following the recent fall in student numbers and income we had no choice but to develop plans to reduce our staff establishment. The first phase of this difficult process was completed in 2022/23 with £9.0 million of staff cost savings identified through a combination of voluntary severance, early retirement and vacancy management. The full year effect of the savings will be felt in 2023/24 although vacancy management delivered an in-year variance against budget of around £3.0 million. Restructuring costs of £3.9 million were required to deliver the staff savings.

Unlike a number of universities, we continue to apply the sector pay award in full when it is announced. This included the early payment in 2022/23 of part of the 2023/24 award which added an additional £0.6 million in unbudgeted staff costs. We also remain committed to paying the London Living Wage from the first day of the month following the announcement of any increase.

The University Superannuation Scheme (USS) was revalued at 31 March 2020 with the effect that the scheme deficit increased. Employee benefits were reduced and a repayment plan was agreed in 2021/22. This deficit recovery plan increased our share of the pension liability by £20.3 million with a corresponding reduction to the comprehensive income for the year. At 31 July 2023 the assumptions which underpin the calculation of the pension liability had improved with our share of the liability estimated to fall to £29.0 million – resulting in a corresponding increase in comprehensive income for the year of £8.2 million. The instability of the scheme over recent years and the impact on contribution rates is highlighted in Table 3a.

Contribution rates	2011 - Mar 16	Apr 16 - Mar 19	Apr 19 - Sep 19	Oct 19 - Sep 21	Oct 21 - Mar 22	Apr 22 - Mar 24	Likely Jan 24
Members	6.5%	8.0%	8.8%	9.6%	9.8%	9.8%	6.1%
Employers	16.0%	18.0%	19.5%	21.1%	21.4%	21.6%	14.5%

Table 3a: Key data for the Universities Superannuation Scheme (USS)

As can be seen from Table 3a, the Universities Superannuation Scheme has become more costly over time with the University contribution rate 35% higher in 2022/23 than it was in early 2016. Additional covenant support was provided to USS by employers and benefits to members were reduced to ensure that the 2020 valuation was concluded without unaffordable increases in contributions being enforced.

STRATEGIC REVIEW (continued)

The latest triennial valuation was undertaken as at 31 March 2023 and determined that movements in valuation assumptions had improved the position significantly such that the scheme deficit of £14.1 billion assessed at 31 March 2020 had changed to a surplus of £7.4 billion at 31 March 2023. The 2023 valuation has recommended that contribution rates can fall significantly whilst benefits can also be restored to those in place prior to the 2020 valuation. Our share of the scheme liability will be reversed in 2023/24 once the 2023 USS valuation has been formally approved. Table 3b summarises the movement in the share of our USS pension liability over the last seven years.

Liability (£ million)	2017	2018	2019	2020	2021	2022	2023
Birkbeck share of the pension liability at 31 July	11.9	11.1	31.8	16.8	16.9	37.3	29.0

Table 3b: Key data for the Universities Superannuation Scheme (USS)

The higher pension liability calculated at 31 July 2022 led to an increase in the notional interest charged on the liability in 2022/23 to £1.2 million (2021:22: £147,000). We should see a significant reduction in this figure in 2023/24 once the 2023 valuation concludes and the liability is reversed in full.

Governors have long been concerned about the risk the scheme places on the financial health of the University and the periodic uncertainty that the valuations introduce. They are also mindful of the fact that around 20% of eligible staff nationally have chosen not to be members of USS with many citing that the contribution rates are unaffordable. The positive outcome of the 2023 valuation should introduce a period of stability for all and we remain supportive of plans to develop alternate, flexible pension options for staff within USS.

Non-staff cost budgets were reduced in autumn 2022 when we realised that student recruitment would remain flat and budget managers adapted and carefully monitored their spend plans identifying further savings throughout the year. The provision for doubtful debts provides an assessment at the end of each year as to the proportion of student related debt which may be unlikely to be recovered. The provision increased by £1.0 million over 2021/22 to £4.3 million almost certainly as a consequence of the challenge many of our students are facing as inflation and interest rates have risen significantly. Although this will impact all students in the UK our more mature students are also likely to have mortgages and family costs to manage. International students, particularly those from our core market in Nigeria, may have seen a significant reduction in the value of their local currency against Sterling making the cost of studying in the UK more expensive. The University was protected from the significant increases in energy costs of the last couple of years having entered a fixed price contract. This contract ended in autumn 2023 and a rise of around £1.0 million is expected in 2023/24. Although other operating expenses rose by £1.8 million compared with 2021/22 this represented a saving against the revised budget of £1.0 million.

During the year we decided to terminate a loan facility we had arranged in 2020/21. Due to the fall in student numbers we agreed to pause and review our estates strategy determining that until our underlying financial position improved we will be unlikely to undertake large scale improvements to our assets and infrastructure. The loan facility was undrawn with only a commitment fee being incurred each year (part-year cost in 2022/23 £11,000).

STRATEGIC REVIEW (continued)

Financial sustainability

Table 4 brings together some key pieces of financial data for the Group from the last four years.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Total income **A**	108,707	117,795	108,248	110,284
Total comprehensive income/(expenditure) for the year	18,977	18,005	(10,765)	1,886
Total comprehensive income/(expenditure) as a percentage of total income	17.5%	15.3%	(9.9%)	1.7%
Total expenditure	90,127	106,783	131,731	108,152
Adjust for restructuring costs*	(299)	(534)	(2,518)	(3,872)
Adjust for change in pension liability	14,884	62	(20,418)	8,226
Adjusted total expenditure **B**	104,712	106,311	108,795	112,506
Adjusted surplus/(deficit) before other gains and losses **A-B**	3,995	11,484	(547)	(2,222)
Adjusted surplus/(deficit) as a percentage of adjusted total income	3.7%	9.7%	(0.5%)	(2.0%)
Non-current assets	112,630	154,640	145,730	142,885
Cash plus current investments	40,618	14,205	32,543	30,013
Payments to acquire fixed assets	12,225	44,649	6,341	3,356
Net cash inflow/(outflow) from operating activities	2,276	10,894	6,037	(1,299)
Operating cash as a percentage of total income	2.1%	9.2%	5.6%	(1.2%)
Investments (long-term)	19,692	23,367	19,740	19,572
Cash plus current and long-term investments	60,310	37,572	52,283	49,585
Investments (long-term) as a percentage of cash plus total investments	32.7%	62.2%	37.8%	39.5%
Net liquidity days	146	50	111	98
Net pension liability	(16,792)	(16,852)	(37,270)	(29,044)
Total net assets	88,829	106,834	97,621	99,507

*Table 4: Key financial data for the University and its subsidiary** 2019/20 to 2022/23*

** Restructuring costs are excluded from total expenditure to allow for better year on year comparison*
*** Wholly owned subsidiary closed 2021/22*

STRATEGIC REVIEW (continued)

Total income has been impacted over recent years by both Brexit and the Covid pandemic with a fall in new student enrolments since the post-Covid spike in 2020/21 continuing into 2023/24. Despite a very strong start to the 2023/24 recruitment cycle with more offers being made to international students than ever before, confirmed acceptances fell away dramatically over the late summer period and the annual growth achieved in 2022/23 fell away entirely. National and global circumstances have adversely affected international recruitment at all institutions and we have been no exception. In particular, the economic and currency situation in specific regions, the policy stance taken over the summer by the Government on post study work visas and dependents rules, and the extended UKVI processing issues, have all contributed to a sector wide drop in conversion. Our application to enrolment conversion rate for international applicants has fallen this year from 5-6% to 4%.

Similarly, sector trends have affected recruitment from the Home market where cost of living challenges and low unemployment rates are impacting on the mature postgraduate market in particular. Despite an increase in the number of school leavers the HE participation rate in this group has fallen for a second year. With Home undergraduate fees remaining fixed once again by the UK Government, the reducing real value of income from Home undergraduate students has required universities to increasingly look to grow the number of Home postgraduate and international students.

Each year, staff costs increase due to the national pay award, incremental drift and promotions. Whilst the expected fall in contributions to USS are welcome the fixed unit of resource from Home undergraduate students requires student number growth simply to meet the inflationary increase in staff costs. Not only do we need to reduce costs quickly to manage the fall in student numbers but the challenge of managing rising costs with a fixed annual income is a cycle we must break.

To deliver this objective we identified £9.0 million of staff savings during the year with further savings to be identified from central professional services during 2023/24. Identifying staff savings as soon as practical was critical (albeit very difficult for the University community) as it extended the time we now have to focus on the delivery of new academic programmes to deliver growth in income. Had we delayed identifying savings and tried to deliver growth first we would have been in a difficult financial position given the external impacts on recruitment.

With income growth now the priority we have created two new committees to identify opportunities, develop plans for delivery and oversee performance. The Academic Growth Steering Group is Chaired by a new Pro Vice Chancellor for Academic Projects and is concentrating on additional programmes, subject areas and modes of delivery at both undergraduate and postgraduate level. The Innovation & Commercialisation Board is tasked with identifying third stream income projects. Both committees report through to the University Executive Board which is tasked with ensuring that our income growth targets are met over the coming years.

Although we posted an underlying deficit for the second year running, with a budget deficit also forecast for 2023/24, we are confident that we will be able to increase income over the next few years whilst also keeping costs down. We do not have any loans so are not pressured by financial covenants during a period of recovery. Total cash plus investments fell by £2.7 million but remains at a relatively healthy balance of £49.6 million at the year end. The cash reserves provide a buffer which will allow us a period of time to turn the deficits around. Although income growth is essential for the University to return to a break even position a review of downside scenarios (including a no growth scenario) indicates that the University remains a going concern.

Risk Management

An effective approach to risk management is seen by the University as an essential element of corporate governance. We provided a full compliance statement on internal control last year and will continue to do so.

The internal auditor confirmed significant assurance with minor improvement opportunities on the overall adequacy and effectiveness of Birkbeck's framework of governance, risk management and control in 2021/22. The internal auditor also reviewed risk management practices at the School and Department level as part a review of devolved controls and found that action was needed to ensure completeness and recording of risk management locally. Implementing this recommendation was deferred during the transition to the new academic structure and is being taken forward by the new Faculties in 2023/24.

The University Risk Management Policy explains the underlying approach to risk management and documents the roles and responsibilities of the governing body, the Audit Committee, University management groups and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures. The University has reviewed its approach to risk management to strengthen risk ownership and to improve Birkbeck's ability to identify and assess significant risks and respond to them quickly and effectively. It has been making regular reports on this to Audit Committee.

The top-level Risk Register is compiled by senior management and overseen by a Risk Management Group comprising the principal risk owners. Each risk owner is responsible for a risk register for their risk area in which current and potential future risks are identified and evaluated together with the controls in place to mitigate them. Governance and oversight for each risk area is provided by the relevant University committee or management group. The risks are monitored by Audit Committee and Governors.

Risks are assessed and scored using gross and net likelihood and impact scores. Gross scores indicate the magnitude of the risk without successful controls, and net scores take into account the impact of management interventions. Risk scores are divided into low/green (below 9), medium/amber (9-12.5) and high/red (12.5+). The maximum risk score which can be achieved (highest impact and likelihood) is 25.

The top risks are reduced student income leading to a position where costs exceed income. The financial risk escalated due to lower student numbers in recent years coupled with inflation at an historic high level in 2023. The underlying risk factors plus the actions taken and to be taken to mitigate the risks have been discussed in this Strategic Review. Although the University is forecasting underlying financial deficits for the next few years as it looks to recover student numbers we have modelled the impact of not achieving or partially achieving our plans. A downside stress test indicates that we will remain solvent but liquidity could become an issue. Monthly cash flow reports and management accounts are prepared and reviewed by management to help with early identification of emerging risks.

Our Estates and IT teams have developed detailed risk registers for their areas of responsibility this year which have been reviewed termly by the Strategic Estates & Infrastructure Committee and Digital subcommittee respectively. Monthly e-learning modules covering various aspects of IT and data security have been released to staff throughout the year with uptake reported to the Strategic Planning Committee. Audit Committee has also overseen other improvements in compliance with data protection legislation and in managing IT security risk. Cybersecurity is likely to remain a significant risk indefinitely due to the adaptability of those looking to breach security arrangements.

STRATEGIC REVIEW (continued)

Recognising that the organisation change we embarked on during the year was itself a risk. In mitigation we increased the range and frequency of project and management oversight groups. The Vice-Chancellor chaired fortnightly meetings of the Academic Executive Team, which includes the DVC, PVCs, Executive Deans of Schools and key Professional Service Directors and there were also frequent meetings of Strategic Planning Committee which is the University's wider executive group. Weekly meetings of the change management project group led by the Deputy Vice-Chancellor and supported by a dedicated professional project management team ensure appropriate progress was made. The Governors increased the frequency of their meetings to ensure effective oversight, and the Chairs of the Governors' committees met regularly with senior management to discuss progress. As a result, the new academic structure was implemented as planned on 1 August 2023. A transition group has now been formed to deal with any emerging operational matters which may arise.

Public Benefit Statement

The University Charter updated 25 May 2023 states:

"The objects of Birkbeck shall be to promote for the public benefit and to provide for persons who are engaged in earning their livelihood during the daytime and other persons, education, instruction and means for research and such facilities as may be deemed appropriate, in subjects determined by the Governors, advised by the Academic Board."

As an exempt charity within the meaning of the Charities Act 2006 (updated 2011), we are required to demonstrate how our activities are of benefit to the public. The Governing Body has regard to the Charity Commission's guidance on public benefit and meets these requirements in the following manner.

The advancement of education

The Charities Act 2006 (updated 2011) determines that for education to be a charitable aim for the public benefit it "must be capable of being 'advanced'. This means to promote, sustain and increase individual and collective knowledge and understanding of specific areas of study, skills and expertise." It goes on to note that education includes "formal education, training (including vocational training) and life-long learning, research and adding to collective knowledge and understanding of specific areas of study and expertise [and] the development of individual capabilities, competences, skills and understanding".

The Charter and mission statement align with this charitable purpose which underpins everything we do.

In addition to our contribution to the advancement of education from teaching, our success in driving forward research directly contributes to a number of the public benefit criteria outlined in the Charities Act. The following table summarises our research income over the last four years:

	2019/20	2020/21	2021/22	2022/23
Recurrent research grant from Research England (£m)	10.3	11.5	11.3	12.5
Research grants & contracts (£m)	8.4	8.3	9.3	9.5
Total research Income as a percentage of total income	17.3%	16.8%	19.0%	20.0%

Table 5: Research income trends

STRATEGIC REVIEW (continued)

Income from research grants and contracts is released in line with progress on the projects. The pandemic depressed the amount of research activity that could be undertaken in the latter part of 2019/20 and most of 2020/21 leading to a fall in income recognised. Work has now returned to normal with a corresponding increase in income. The University currently has a portfolio of live research projects representing in excess of £50 million in external grant funding.

Whilst our core mission underpins the advancement of education this in turn can have a profound impact on wider public benefits.

The Act notes that "in current social and economic circumstances, poverty includes many disadvantages and difficulties arising from, or which cause, the lack of financial or material resources … [and] can both create, and be created by, adverse social conditions, such as poor health and nutrition, and low achievement in education and other areas of human development." It goes on to state that "the [Charity] commission recognises that many charities that are concerned with preventing or relieving poverty will do so by addressing both the causes (prevention) and the consequences (relief) of poverty." This section explains how our mission contributes to the prevention or relief of poverty through the provision of education. It also describes our more widespread support for students with a wide range of characteristics.

Birkbeck predominantly delivers teaching in the evening, retaining our historic mission to educate working Londoners. We are proud to be a university that opens its doors to people who may otherwise not be able to study. We have maintained our commitment to enabling access for mature students, whilst also diversifying and increasing the number of younger students, through our full-time undergraduate evening degrees. We continue to be a widening access institution and a significant voice for the high proportion of our students coming from under-represented groups. We introduced a foundation year in 2017/18 to provide non-traditional students without strong A level grades a route into our undergraduate programmes with numbers steadily increasing to 960 FTE in 2022/23 (see Chart 6). During 2022/23 44% of our students are from ethnic minority backgrounds (2021:22: 41%), 42% male (2021/22: 42%), 24% declaring a disability (2021/22: 23%) and 64% over the age of 25 (2021/22: 65%). We are proud to offer an opportunity to groups of students which may be denied to them elsewhere and remain committed to driving this agenda in the higher education sector.

Our student body has a high proportion of part-time and mature students. Many of our students have non-traditional qualifications and high proportions of students have low income, are from ethnic minorities or have a disability. The vast majority of students live and work in London. 97% of our part-time students (2021/22: 97%) and 73% of full-time students (2021/22: 75%) are over 21. We provide an opportunity for students who wish to combine evening university teaching with daytime work and, therefore, offer opportunities for students who otherwise would not be able to study. Over recent years we have seen a steady increase in the number of full time undergraduates aged 21 or under choosing to study at Birkbeck suggesting the ability to mix education and work is increasingly attractive to younger students.

In recent years, higher tuition fees, the absence of maintenance loans, and debt aversion have resulted in lower recruitment onto our part-time programmes. We are pleased to see that government policy is re-focussing on lifelong learning and increasing the range of study modes for mature students, including part-time study. Despite the challenges faced by the part-time sector our outcomes regarding access to higher education continue to be strong and demonstrate an institution-wide commitment to working with non-traditional students. We plan to continue with our current approach on access.

STRATEGIC REVIEW (continued)

Many of our students work during the day and have families. These critical life factors inevitably challenge our students and this is reflected in our continuation rates. Through the pandemic, the move to on-line was welcomed as it enabled our students to study when time allowed. Since the pandemic, hybrid working has become the norm for many workers who no longer need to travel to the capital five days a week. To ensure that working students with other life priorities can continue to engage with higher education and succeed we are moving all our programmes towards HyFlex delivery. This change in pedagogy will be facilitated by upgrades to the AV and IT of all classrooms across our estate over the next three years. This project is supported by capital funding from the Office for Students.

Detailed information on the ways that we provide support to our students can be found in the University Access and Participation Plan 2020/21 to 2024/25. Further details are provided in Note 9 to the Financial Statements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This Statement of Corporate Governance and Internal Control relates to the financial year ending 31 July 2023 and the period leading up to the approval of the financial statements on 30 November 2023.

Birkbeck is a chartered university and a College of the University of London. Its legal status derives from a Royal Charter originally granted in 1926, with the most recent version confirming university status granted in May 2023. It is an educational charity with exempt status, regulated by the Office for Students. Birkbeck has charitable purposes and applies them for the public benefit. Its objectives, powers and governance framework are set out in its Charter and Statutes and Standing Orders.

The University has a public interest duty to conduct its affairs in a transparent and responsible way, in accordance with the Nolan principles, to meet the regulatory requirements of relevant statutory bodies. Birkbeck complies with the Higher Education Code of Governance published by the Committee for University Chairs.

In accordance with the Charter and Statutes, the governing body is responsible for exercising the powers of the University. The governing body has oversight of the University's affairs and is responsible for ensuring effective operation, management and internal control. Governors review this statement of corporate governance and internal control arrangements annually and it is published as part of the Financial Statements.

Leadership

The Vice-Chancellor is the University’s Chief Executive and principal academic officer. The Vice-Chancellor is also the Accountable Officer for the purposes of the Higher Education and Research Act 2017.

In 2022 the Vice-Chancellor Professor David Latchman announced his retirement from Birkbeck, to be effective from 31 December 2023. In March 2023 Governors appointed a selection committee to oversee the recruitment of a new Vice-Chancellor and make recommendations to Governors. In August 2023 Governors appointed Professor Sally Wheeler as Vice-Chancellor of Birkbeck from 1 January 2024.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The governing body has delegated authority to the Vice-Chancellor for the academic, corporate, strategic and financial management of the University. The Vice-Chancellor is a member of the governing body and chair of the Academic Board. The Vice-Chancellor also chairs the University Executive Board, comprising senior academic and professional service members, which functions as the University's Executive Board.

Governance

Governing body

The governing body of the University, known as Governors, is also its board of charitable trustees, and is responsible for the strategic development and overall achievement of Birkbeck's mission and purposes and for all areas of its operation. It comprises independent members, students, alumni and employees appointed under the Statutes of the University, the majority of whom are non-executive. The Vice-Chancellor and Deputy Vice-Chancellor are Governors ex officio. Students, staff and alumni are elected. There is a majority of independent members appointed by the Nominations Committee, which includes the Chair and Deputy Chair of the Governing Body.

Governors provide a register of interests and a declaration that they are fit and proper persons.

The Clerk to the Governors is appointed by, and responsible to, the Governors for the operation and conduct of Birkbeck's governance structures, ensuring effective processes are in place to provide assurance and to ensure compliance with the Charter and Statutes and external regulatory and legal requirements.

The powers and functions of the Governors are set out in the Charter and Statutes. The matters specially reserved to the Governors for decision are set out in the Charter and Statutes and the Governors' Statement of Primary Responsibility. They include:

- approval and monitoring of major strategic initiatives;
- approval of the annual budget, financial forecasts and the annual audited accounts;
- compliance with the Office for Students' ongoing conditions of registration and terms and conditions of funding;
- confirming assurance of regularity and propriety in the use of public funding;
- appointment of the Vice-Chancellor, Clerk to the Governors, internal and external auditors and independent governors; and
- review of governing body effectiveness.

Powers delegated by Governors to other bodies and individuals are also defined in the Governors' Statement of Primary Responsibility.

Governors' Committees

The governing body has several Governors' committees, including Finance and General Purposes Committee, Audit Committee, Nominations Committee, Strategic Estates and Infrastructure Committee and Digital Sub-Committee. All of these committees make formal reports to Governors and have terms of reference approved by Governors.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Finance and General Purposes Committee

The Finance and General Purposes Committee (F&GPC) is responsible for advising Governors on all matters relating to the finances of the University. It reviews and recommends to the Governors the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It reviews and recommends to Governors the financial regulations and financial policies that are applied to management. It reviews the annual financial statements and considers financial strategy.

F&GPC has established an Investment Committee to be responsible for the University's investments on behalf of F&GPC. The Chair of Investment Committee, with University management, is in the process of reviewing the committee's terms of reference and membership.

Following the academic restructure and implementation of the new governance and committee structure from 1 August 2023, the committees below (which previously reported to the F&GPC), will report to the University Executive Board in future. They are:

- Human Resources Strategy and Policy Committee;
- Equality, Diversity and Inclusion Committee; and
- Health and Safety Committee.

The (Student) Recruitment, Outreach and Access Committee has been stood down and a Student Recruitment Committee is being set up, reporting to the University Executive Board.

Audit Committee

The Audit Committee is constituted in line with guidance issued by the Committee of University Chairs and comprises wholly independent members. Senior University executives attend meetings but are not members. The External and Internal Auditors have independent access to the Audit Committee, and vice versa.

The remit of the Audit Committee includes:

- making recommendations to the governing body on the appointment of the External and Internal Auditors;
- meeting with the External Auditors to discuss their audit findings, and reviewing and approving the audit aspects of the annual financial statements, providing Governors with its own opinions based on the information available to it;
- approving and keeping under review the annual internal audit plan;
- considering internal audit reports and their recommendations for improvement of the University's systems of internal control, reviewing management responses to internal audit reports and monitoring implementation of their recommendations;
- satisfying itself and assuring the Governors that satisfactory arrangements are in place to promote economy, efficiency and effectiveness thereby securing value for money; and
- assessing compliance with external funding and regulatory bodies.

The Audit Committee's role in relation to risk oversight and assurance is set out below.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Nominations Committee

The Nominations Committee considers nominations for independent governor vacancies and the membership of the Governors' committees. Recommendations to the Governors take into account the balance of skills, knowledge and experience of members and are based on assessment against objective criteria. Nominations Committee also considers issues of succession planning and diversity within the Governing Body and confirms the appointment of the Chair and Deputy Chair of Governors annually. This year Nominations Committee also considered and recommended to Governors a proposal to establish a Selection Committee for the new Vice-Chancellor

Strategic Estates and Infrastructure Committee

The Strategic Estates and Infrastructure Committee (SEIC) is responsible for overseeing and advising Governors on the development and ongoing review of the University's estates and infrastructure strategy in the context of the University's overall plan and strategic objectives. It advises Governors, in conjunction with F&GPC, on the University's property portfolio and the acquisition and disposal of property and leases; and on proposals for, and subsequent monitoring of, major University-level estates, infrastructure and equipment projects. SEIC reports to Governors, but for business with budget or financial strategy implications, it does so via F&GPC.

Digital Sub-Committee

The Digital Sub-Committee has been set up to oversee digital strategy, IT infrastructure and key IT risks. It is chaired by an independent Governor and its membership comprises independent governors, academic governors, an external co-opted adviser, plus a nominee from the Students Union. The Committee reports to SEIC on the University's IT infrastructure and equipment projects.

Remuneration Committee

Remuneration Committee develops and has oversight of an overall framework to cover the remuneration, benefits and conditions of employment of the staff of the University. It considers the remuneration, benefits and conditions of employment of the University's senior team and the remuneration, benefits and conditions of employment of other members of staff with senior management roles on salaries of more than £100,000 (full time equivalent), making an annual report to the Governors. The Committee's terms of reference are compliant with the CUC's Remuneration Code. The Committee's membership is wholly independent and does not include any University staff.

Strategic Planning Committee

The Strategic Planning Committee (SPC) is chaired by the Vice-Chancellor and consists of University officers with strategic management responsibility. Its remit is to act as the University's Executive Committee responsible for its effective and successful operation. SPC has considered University-wide strategic issues and priorities and advised Governors accordingly. It has been responsible for internal planning and resource allocation, policy and procedures. It oversees the annual planning and budgeting process, giving feedback to Schools and Professional Services on developing plans and co-ordinates and integrates budget plans for presentation to Finance and General Purposes Committee.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

As part of the academic restructure in 2022/23 and subsequent changes to the governance and committee structure, it was agreed that a University Executive Board (UEB) would replace SPC as Birkbeck's principal executive group, with groups reporting to it on student recruitment, international strategy, HR, and ethics, from 1 August 2023.

Academic Board and Academic Board Executive Committee

Under the University Statutes Governors have oversight and responsibility for all the University's activities, but must consider the advice of the Academic Board on all academic matters. Academic Board is responsible to the Governing Body for the academic work of the University and reports termly on the business it has considered. The Academic Board is chaired by the Vice-Chancellor and has a membership of more than 200 drawn from academic and library staff and the students of the University. To increase the effectiveness of its decision making, it has established the Academic Board Executive Committee (ABExCo) as its steering committee. ABExCo is also chaired by the Vice-Chancellor, whose members include the Deputy and Pro Vice-Chancellors, the Executive Deans of the academic Schools (now Faculties) and the academic staff and student Governors, all of whom are also members of the full Academic Board.

The membership of the above committees during the year is shown on pages 4-7.

Statement of internal control

The governing body is responsible for maintaining a sound system of internal control that supports the achievement of Birkbeck's strategies, policies, aims and objectives whilst safeguarding the public and external funds for which we are responsible, in accordance with the responsibilities assigned to the governing body in the University Charter and Statutes and the public interest governance principles set out in the regulatory framework for Higher Education in England.

The system of internal control includes arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities. It is designed to manage rather than eliminate the risk of failure to fulfil strategies, policies, aims and objectives and safeguard public funds, and can provide only reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks and manage them efficiently, effectively and economically. The process is regularly reviewed by Governors and accords with the principles in the Committee of University Chairs' HE Code of Governance.

Birkbeck manages risks through a Risk Register, reviewed by the Strategic Planning Committee (and UEB from 1 August 2023), and the Audit Committee reporting to Governors. The University's Risk Management Policy is reviewed annually by the Risk Management Group and Audit Committee reporting to Governors.

The following processes have been established:

- the performance and strategic direction of Birkbeck is reviewed by the Strategic Planning Committee (UEB from 1 August 2023) and the Governors at each meeting;

- Governors agree and annually review Key Performance Indicators linked to strategic objectives and risks;

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

- Governors receive termly and annual reports from the Audit Committee concerning internal control and risk management;

- Audit Committee receives regular reports from the Internal Auditor, which include an independent opinion on the adequacy and effectiveness of Birkbeck's system of internal control, together with recommendations for improvement. Audit Committee may also request additional reports to gain assurance from other parties on areas of concern;

- a risk prioritisation methodology based on assessment of likelihood and impact has been established. The Risk Register covers corporate level risks, including ability to fulfil Birkbeck's aims and objectives and ability to continue to comply with its conditions of registration with the Office for Students;

- Audit Committee receives regular reports from University management on action taken to mitigate the risks and the impact of that action and on changes to the risk profile including new risks;

- Ethics Committee provides assurance on ethical matters related to research activities;

- there are comprehensive Financial Regulations, detailing financial controls and procedures, approved by Governors on the advice of the Audit Committee and F&GPC;

- the governing body has reviewed Birkbeck's governance system against the CUC's HE Code of Governance and concluded that the University is compliant with the principles of the Code. The Governing Body has asked Audit Committee to keep under review Birkbeck's processes and practices in line with the provisions of the Code;

- the governing body commissioned an independent review of its effectiveness in 2021. The review report confirmed that the governing body is effective and is compliant with OfS and CUC expectations;

- the diversity of the governing body has increased following the appointment of new independent governors through an open call for expressions of interest. The Review of Governance Effectiveness asked Governors to consider the definition and meaning of Equality, Diversity and Inclusion for Birkbeck. An Equality Diversity and Inclusion Committee with a refreshed remit has been set up with the UEB as its parent committee; and

- Governors review annually their Statement of Primary Responsibilities which covers responsibilities reserved to Governors and responsibilities delegated to committees or to the Vice-Chancellor.

There have been no significant internal control weaknesses or failures during this reporting period. This statement is based on the information provided to Governors in the regular reports on internal audit and risk management.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Governors have appointed a professional independent Internal Audit Service whose annual programme is approved by the Audit Committee. The internal audit function provides, by undertaking review, independent objective assurance to the governing body, through the Audit Committee, on the effectiveness of the risk management framework and the design and effectiveness of the operation of internal controls that are intended to control critical business application risks. Internal audit also helps the University accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes and, by working with management, adding value through advice and guidance.

The internal audit work programme is risk-focused and the plan remains dynamic, being updated regularly to reflect changes in the University's risk profile. Internal audit monitors the progress made by operational units in implementing recommendations to ensure that they are addressed in a timely and effective manner, and reports progress regularly to the Audit Committee.

Governors have appointed a professional external audit service to assess and report on whether:

- the financial statements of the University give a true and fair picture of the state of its affairs and of its income and expenditure, gains and losses and cashflow for the financial year;
- the financial statements have been prepared in accordance with relevant accounting standards including the Office for Students' Accounts Direction;
- external grants and income for specific purposes have been properly applied to those purposes and managed appropriately; and
- income has been applied in accordance with the Terms and Conditions from both the Office for Students and Research England.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF BIRKBECK, UNIVERSITY OF LONDON

Opinion on the financial statements

In our opinion, the financial statements:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF BIRKBECK, UNIVERSITY OF LONDON (continued)

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The Board of Governors is responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF BIRKBECK, UNIVERSITY OF LONDON (continued)

Opinion on other matters required by the Office for Students ("OfS") and UK Research and Innovation (including Research England)

In our opinion, in all material respects:

- funds from whatever source administered by the [University] for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions;
- the requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in notes 1-3 to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 9a to the accounts, has been materially misstated.

Responsibilities of Governors

As explained more fully in the Statement of Corporate Governance and Internal Control, the Board of Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors 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 Board of Governors are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF BIRKBECK, UNIVERSITY OF LONDON (continued)

Non-compliance with laws and regulations

Based on:

- our understanding of the University and the sector in which it operates;
- discussion with management and those charged with governance, including the Audit Committee;
- obtaining and understanding of the University's policies and procedures regarding compliance with laws and regulations;
- direct representation from the Accountable Officer; and
- our risk assessment

we considered the significant laws and regulations to be the **Financial Reporting Standard 102, the Statement of Recommended Practice: Accounting for Further Education and Higher Education (FEHE SORP 2019), the OfS' Accounts Direction (OfS 2019.41) and UK tax legislation**.

The University is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be **registration with the Office for Students and their ongoing conditions of registration**.

Our procedures in respect of the above included:

- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance, the Audit Committee and internal audit regarding any known or suspected instances of fraud;
- obtaining an understanding of the University's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- performing substantive procedures over management override and the completeness of research and other income; and
  considering performance targets and the related financial statement areas impacted by these.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF BIRKBECK, UNIVERSITY OF LONDON (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journals to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including going concern assumptions; assumptions applied in calculation of pension scheme liabilities; bad debt provision; impairment of tangible and intangible assets; useful economic lives of tangible fixed assets.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Board of Governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017 and the charters and statutes of the University. Our audit work has been undertaken so that we might state to the University's Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston MBE (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income and Expenditure
for the year ended 31 July 2023

	Notes	Year ended 31 July 2023	Year ended 31 July 2022
		£'000	£'000
Income			
Tuition fees and education contracts	1	70,920	72,266
Funding body grants	2	16,740	15,606
Research grants and contracts	3	9,474	9,333
Other income	4	9,627	7,907
Investment income	5	1,231	378
Total income before donations and endowments		107,992	105,490
Donations and endowments	6	2,292	2,758
Total income		110,284	108,248
Expenditure			
Staff costs - Annual remuneration	7	75,397	74,626
Staff costs - Restructuring	7	3,872	2,518
Staff costs - (decrease)/ increase in pension liability	7	(9,460)	20,270
Total staff costs		69,809	97,414
Other operating expenses		31,126	29,361
Depreciation & amortisation	10, 11	5,967	4,714
Interest and other finance costs	8	1,250	242
Total expenditure	9	108,152	131,731
Surplus/ (deficit) before other gains and losses		2,132	(23,483)
Gain on disposal of tangible fixed assets	11	6	13,946
Impairment of investment in subsidiary	13	-	(1,552)
(Loss)/ gain on investments	13	(252)	324
Surplus/ (deficit) before tax		1,886	(10,765)
Total comprehensive income/ (expenditure) for the year		1,886	(10,765)
Represented by:			
Endowment comprehensive (expenditure)/ income for year		(803)	242
Restricted comprehensive income/ (expenditure) for year		20	(629)
Unrestricted comprehensive income/ (expenditure) for year		2,820	(10,277)
Revaluation reserve comprehensive expenditure for year		(151)	(101)
		1,886	(10,765)

All items of income and expenditure relate to continuing activities.

The notes and policies on pages 53 to 84 form part of these financial statements.

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

	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	9,988	1,488	90,448	6,462	108,386
Deficit from the income and expenditure statement	1,192	83	(11,939)	(101)	(10,765)
Release of restricted funds spent during the year	(950)	(712)	1,662	-	-
Total comprehensive expenditure for the year	242	(629)	(10,277)	(101)	(10,765)
Balance at 31 July 2022	10,230	859	80,171	6,361	97,621
Surplus from the income and expenditure statement	535	35	1,467	(151)	1,886
Release of restricted funds spent during the year	(1,338)	(15)	1,353	-	-
Total comprehensive income for the year	(803)	20	2,820	(151)	1,886
Balance at 31 July 2023	9,427	879	82,991	6,210	99,507

The notes and policies on pages 53 to 84 form part of these financial statements.

Statement of Financial Position
for the year ended 31 July 2023

		As at 31 July 2023 £'000	As at 31 July 2022 £'000
Non-current assets			
Intangible assets	10	908	1,235
Fixed assets	11	122,200	124,557
Heritage assets	12	205	198
Investments	13	19,572	19,740
		142,885	145,730
Current assets			
Stock	14	27	41
Trade and other receivables	15	17,979	15,600
Cash and cash equivalents	21	30,013	32,543
		48,019	48,184
Creditors: amounts falling due within one year	16	(31,968)	(30,883)
Net current assets		16,051	17,301
Total assets less current liabilities		158,936	163,031
Creditors: amounts falling due after one year	17	(26,878)	(26,904)
Provisions			
Pension provision	18	(29,044)	(37,270)
Other provisions	18	(3,507)	(1,236)
Total net assets		99,507	97,621
Restricted reserves			
Income and expenditure reserve - endowments	19	9,427	10,230
Income and expenditure reserve - restricted	20	879	859
Unrestricted reserves			
Income and expenditure reserve - unrestricted		82,991	80,171
Revaluation reserve		6,210	6,361
Total reserves		99,507	97,621

The financial statements were approved by Governors on 29 November 2023 and were signed on its behalf by:

Sir Andrew Cahn	Professor David Latchman	Mr Keith Willett
Chair of Governors	Vice Chancellor	Director of Finance

The notes and policies on pages 53 to 84 form part of these financial statements.

Statement of Cash Flows
for the year ended 31 July 2023

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities			
Surplus/ (deficit) for the year		1,886	(10,765)
Adjustment for non-cash items			
Depreciation and amortisation	10, 11	5,967	4,714
Loss/ (gain) on investments	13	252	(324)
Decrease/ (increase) in stock	14	14	(41)
(Increase)/ decrease in debtors	15	(2,380)	862
Increase in creditors	16	1,080	3,085
(Decrease)/ increase in pension provision	18	(8,226)	20,418
Increase in other provisions	18	2,271	1,044
Impairment of investment in subsidiary		-	1,552
Adjustment for investing or financing activities			
Investment income	5	(1,017)	(172)
Interest payable	8	16	95
Endowment payments	6	751	228
Gain on the sale of tangible fixed assets		(6)	(13,946)
Capital grant income		(1,900)	(1,436)
Write off of previously capitalised assets		-	716
Reduction in value of heritage assets		-	7
Donated heritage asset		(7)	-
Net cash (outflow)/ inflow from operating activities		(1,299)	6,037
Cash flows from investing activities			
Proceeds from sale of fixed assets		6	14,291
Capital grant receipts		1,954	551
Investment income		1,017	172
Payments made to acquire fixed assets		(3,356)	(6,341)
New non-current asset investments		(138)	(51)
Non-current asset investment disposals		54	4,002
		(463)	12,624
Cash flows from financing activities			
New endowments		586	722
Endowment payments		(1,338)	(950)
Interest paid		(16)	(95)
		(768)	(323)
(Decrease)/ increase in cash and cash equivalents in the year		(2,530)	18,338
Cash and cash equivalents at beginning of the year	21	32,543	14,205
Cash and cash equivalents at end of the year	21	30,013	32,543

The notes and policies on pages 53 to 84 form part of these financial statements.

Statement of Accounting Policies
for the year ended 31 July 2023

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102: The financial reporting standard applicable in the UK and Republic of Ireland. The University is a public benefit entity and, therefore, has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The University's activities, together with the factors likely to affect future development, performance and position are set out in the Financial Sustainability section of the Strategic Review.

Going Concern

The impact of lower student income following Brexit, increased competition across London and external factors impacting international recruitment, together with historic high rates of inflation, have significantly impacted our financial position. Annual increases in staff costs (due to promotions, inflationary increases and increment advancement) exceed the inflationary increase in our main source of income, primarily due to the fee cap set by the government on undergraduate tuition fees. Not only have we seen surpluses of 5% of income eroded but we now need to implement a recovery plan to move from a period of actual and forecast deficits back into a sustainable financial position.

In November 2021, the University endorsed a new five-year strategy covering 2021-26. The strategy is focussed on the difficult challenges we faced prior to the pandemic as well as the lessons learnt and strides taken forward in responding to it. The analysis underpinning the strategy points to fundamental challenges for the University. In particular, financial sustainability, the ability to maintain research intensity, market position and teaching competitiveness. Repositioning will involve a fundamental revision of our underlying operational and teaching delivery models, creating the greater degree of standardisation in mode of teaching delivery which is necessary to create clarity and flexibility in our student offer and support student success. Addressing competitiveness will also involve the major efficiency gains that are necessary to return Birkbeck to financial sustainability.

With a significant decline in recruitment in 2021/22 followed by flat recruitment in 2022/23 and lower recruitment once again in 2023/24, Birkbeck now faces immediate challenges which confirm the importance of this strategic change but which makes its rapid realisation also essential. In terms of the immediate financial challenges linked to student recruitment we have been working closely with Governors to confirm the immediate steps in our recovery plan and during 2022/23 Governors agreed the following key actions:

- a reduction in staff costs of £12 million over two years to bring costs back into alignment with reduced tuition income;
- increased income totalling £15 million by 2026/27, primarily from new programmes, new modes of delivery (including HyFlex), rationalisation and simplification of existing portfolio to make programmes more attractive, plus some additional third-stream income; and
- a reduction in the size of our estate. Having purchased the building adjacent to our main campus site as part of our strategy to provide improved learning and teaching facilities for our staff and students, we are in a position to dispose of estate assets that are less suited to our future needs.

Significant progress was made during the year such that we delivered £9 million of staff savings for the start of 2023/24 - £1m ahead of the phased target. In addition, around £3 million of savings were achieved early during 2022/23 helping us to deliver a much improved financial position (albeit still an underlying deficit of £2.2 million) against budget. Reducing our staff costs quickly has provided sufficient financial headroom to allow us to now focus on delivering income recovery plans over the next few years.

Statement of Accounting Policies (continued)
for the year ended 31 July 2023

1. Basis of preparation

Going Concern (continued)

Financial modelling has been undertaken based on varying assumptions of tuition income and efficiency savings, including stress testing. Although the base-case scenario predicts underlying deficits for the next few years as we build new programmes and deliver education via new modes of delivery the forecasts indicate that cash reserves will be maintained. Even under a downside scenario where no income recovery is possible we remain solvent and have sufficient time to undertake further mitigating actions. Governors have reviewed the financial forecasts, the assumptions which underpin them, our short and medium term recovery strategy and the risks we face. They have concluded that despite the challenges resulting from the drop in student numbers there is a reasonable expectation that the University has adequate resources to continue in operation for the foreseeable future. As a consequence, we continue to adopt the going concern basis of accounting in preparing these annual financial statements.

2. Basis of consolidation

The financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

3. Income recognition

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

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

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Grant funding

Government revenue grants, including OfS teaching and UKRI research and research grants, are recognised as income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants, including research grants, from non-government sources, are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are treated as donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within restricted reserves until it is utilised in line with such restrictions at which point the income is released to general reserves.

Statement of Accounting Policies (continued)
for the year ended 31 July 2023

3. **Income recognition (continued)**

Donations and endowments (continued)

Donations with no restrictions are recognised as income when the University is entitled to the funds.

Investment income from endowments and appreciation of endowment funds are recorded as income during the year in which the growth arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are three main types of donations and endowments identified within reserves:

a) restricted donations - the donor has specified that the donation must be used for a particular objective;
b) unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University; and
c) restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised as income over the expected useful life of the asset the funds were used to purchase/construct. Other capital grants are recognised as income when the University has satisfied any performance related conditions associated with the grant.

4. **Accounting for retirement benefits**

University staff are members of two principal pension schemes - the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The schemes are primarily defined benefit schemes which are externally managed. Each fund is valued every three years by professionally qualified independent actuaries.

Both schemes are multi-employer schemes for which it is not possible to identify the assets and liabilities of the University due to the mutual nature of the schemes. The schemes are accounted for as a defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the schemes.

Defined contribution plan

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

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the university's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the university. The university should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the university is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Statement of Accounting Policies (continued)
for the year ended 31 July 2023

5. **Employment benefits**

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

6. **Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest of the remaining balance of the liability.

7. **Service concession arrangements**

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

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

8. **Operating leases**

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

9. **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income for the year.

10. **Fixed assets**

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.
Borrowing costs directly attributable to the acquisition, construction or production of a building are capitalised.

Land and buildings

Land and buildings are stated at cost (deemed cost). Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line.

Statement of Accounting Policies (continued)
for the year ended 31 July 2023

10. Fixed assets (continued)

The useful lives of land and buildings are assessed on a building by building basis and the cost is depreciated as follows:

Buildings: 40 to 100 years

Refurbishments: 5 to 20 years

Plant and machinery: 10 to 30 years

Leasehold land: the life of the lease

Assets in the course of construction: no depreciation is charged until the asset is brought into use

Equipment

Equipment costing less than £10,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life. Indicative useful lives are as follows:
- Computer hardware: 3 years
- Equipment acquired for specific research projects is depreciated over the life of the project
- Other equipment: 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

11. Heritage assets

Works of art and other valuable artefacts are capitalised and recognised at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. They are subsequently held at carrying value. Heritage assets are not depreciated as their long economic life means that any depreciation would not be material.

The most recent professional valuation of heritage assets was carried out in June 2022. The impairment has been recognised in these financial accounts. See note 12 for further information.

12. Intangible assets

Intangible assets are amortised over the remaining estimated economic life of the assets. Large value software implementations are treated as intangible assets with amortisation commencing once the initial phase of development is complete. The rate of amortisation for the current software intangible asset is 8 years.

Programme development expenditure in collaboration with the University of London is charged to the Statement of Comprehensive Income in the year incurred unless it meets the recognition criteria for capitalisation as set out in FRS 102: 18.4 and 18.8H. When the recognition criteria have been met then such expenditure is capitalised as an intangible asset under construction. When the asset becomes available for use the useful life is estimated and the asset is amortised on a straight line basis over the useful life. The useful economic life of jointly funded course development is 3 years.

13. Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment. Investments in subsidiaries are carried at cost less impairment in the University's accounts. Current asset investments are held at fair value with movements recognised within total comprehensive income for the year.

Statement of Accounting Policies (continued)
for the year ended 31 July 2023

14. **Cash and cash equivalents**

Cash includes cash in hand, short term deposits which have a maturity date of less than three months from placement and overdrafts.

15. **Provisions**

Provisions are recognised in the financial statements when:

a) the University has a present obligation (legal or constructive) as a result of a past event;
b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

16. **Taxation**

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

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

17. **Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the university must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and, therefore, the University is restricted in the use of these funds.

18. **Judgements in applying accounting policies and key sources of estimation uncertainty**

Management considers that certain accounting estimates and assumptions relating to revenue, debtors, fixed assets and provisions are its critical accounting estimates.

In preparing these financial statements the University has made the following judgements:

a) Pension provisions include key assumptions on discount rates, salary inflation and staff numbers in the future. As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is based on the USS deficit recovery plan agreed in the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries between 1 April 2020 and 30 June 3034. The contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 26.
b) The holiday pay provision is calculated using a sample of departments within the university.
c) A general provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but necessarily requires a degree of estimation. A specific provision for bad and doubtful debts is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.

Notes to the Accounts
for the year ended 31 July 2023

		Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
1	**Tuition fees and education contracts**		
	Full-time home and EU students	25,781	29,058
	Full-time international students	17,353	12,273
	Part-time students	25,410	28,871
	Research Training Support Grant	2,376	2,064
		70,920	72,266
2	**Funding body grants**		
	Recurrent grant		
	Teaching (OfS)	2,371	2,871
	Research (UKRI)	12,494	11,271
	Specific grants		
	Hardship funds (OfS)	60	28
	Release of capital grant - OfS (Note 17)	1,603	1,311
	Release of capital grant - UKRI (Note 17)	212	125
		16,740	15,606

The OfS hardship funds received were fully disbursed to students during the year.

		Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
3	**Research grants and contracts**		
	Research councils	3,332	3,749
	Research charities	3,102	2,994
	UK government	652	199
	Industry and commerce	44	76
	EU government	1,939	1,698
	Other	405	617
		9,474	9,333

The source of grant and fee income, included in notes 1 to 3 is as follows:

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Grant and fee income		
Grant income from the OfS	4,034	4,209
Grant income from other bodies	22,180	20,728
Fee income for taught awards (exclusive of VAT)	67,864	69,224
Fee income for research awards (exclusive of VAT)	2,731	2,808
Fee income from non-qualifying courses (exclusive of VAT)	325	236
	97,134	97,205

Notes to the Accounts (continued)
for the year ended 31 July 2023

		Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
4	**Other income**		
	Lettings	4,166	2,773
	Catering and conferences	729	289
	Other revenue grants	788	464
	Other income	3,944	4,381
		9,627	7,907
5	**Investment income**		
	Investment income on endowments	56	58
	Other investment income	1,175	320
		1,231	378
6	**Donations and endowments**		
	New endowments	586	722
	Donations with restrictions	35	83
	Unrestricted donations	1,671	1,953
		2,292	2,758
7	**Staff costs**		
	Salaries - annual remuneration	58,349	57,925
	Social security costs	5,797	5,853
	Other pension costs	11,251	10,848
	Sub-total	75,397	74,626
	VSER restructuring	3,872	2,518
	Movement on pension provision	(9,460)	20,270
		69,809	97,414

Notes to the Accounts (continued)
for the year ended 31 July 2023

7 Staff costs (continued)

Average staff numbers by category :

	Year ended 31 July 2023 Number	Year ended 31 July 2022 Number
Academic	431	463
Research	86	97
Technical	14	15
Professional and Support	598	614
	1,129	1,189

	£	£
Emoluments of the Vice Chancellor of the University:		
Salary	315,219	348,552
Pension contributions to USS	19,859	19,461
Alternate pension contribution	30,289	30,289
	365,367	398,302

With effect from 30 September 2021 the USS employer contribution rate in respect of enhanced opt out members increased from 2.0% to 6.3%.

The Vice Chancellor receives no other benefits either monetary or in-kind.

The Vice Chancellor's basic salary is 7.6 times (2021/22: 8.9) the median pay of staff, where the median basic salary is calculated on a full-time equivalent basis for the basic pay of all staff.

The Vice Chancellor's total remuneration is 7.3 times (2021/22: 8.1) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all staff.

Remuneration of the Vice Chancellor

The Vice Chancellor’s remuneration has been determined and reviewed through appropriate and robust processes in terms of independence, objectivity, and assessment of individual and overall institutional performance.

Remuneration Committee

The Vice Chancellor’s remuneration has been set and reviewed by a remuneration panel comprised of independent Governors. The panel includes the Chair of Governors, but in accordance with good practice, is chaired by another independent Governor. The Vice Chancellor is not a member of this panel and does not attend or participate in its meetings or business. The panel is supported by the College Secretary & Clerk to the Governors and, additionally, advice is provided, or commissioned, by the Director of Human Resources.

7 Staff costs (continued)

Process

The panel reviews the remuneration of the Vice Chancellor annually in the light of the following information:

- Sector remuneration benchmarking information provided by the CUC and other sources for a range of relevant comparator institutions.
- Retention and continuity of senior leadership through a period of profound challenge and transformation for the University has been a priority, thus additional institutions have been added to the benchmarking profile to support objective consideration of retention issues.
- The outcome of the Vice Chancellor's annual appraisal conducted by the Chair of Governors. This is a formal documented process in which annual objectives are set and performance against those objectives are reviewed.
- The broader context provided by institutional performance information and institutional KPIs agreed by Governors.

Outcomes

The Vice Chancellor last received an increase in base salary, over and above the level of the national pay award, in 2012. He last received a bonus payment in 2016/17. As confirmed last year, the Vice Chancellor's salary will not be subject to any increase in relation to the national pay award. The Vice Chancellor's historic salary reflects his contribution to the leadership and development of the University over a 20 year period which has had transformational impact over this time. In 2022, in view of Birkbeck's financial position, the Vice Chancellor requested that his salary be reduced by £50,000 per annum until further notice. The Remuneration Committee agreed to this reduction. This reduction came into effect on 1 December 2022.

Remuneration of higher paid staff (excluding employer's pension contributions)

	Year ended 31 July 2023 Number	Year ended 31 July 2022 Number
£100,000 to £104,999	9	4
£105,000 to £109,999	7	1
£110,000 to £114,999	-	2
£115,000 to £119,999	2	1
£120,000 to £124,999	-	1
£125,000 to £129,999	-	1
£130,000 to £134,999	3	1
£140,000 to £144,999	1	-
£150,000 to £154,999	-	1
£160,000 to £164,999	1	-
£175,000 to £179,999	-	1
£185,000 to £189,999	1	-
£260,000 to £264,999	-	1
£295,000 to £299,000	1	-
£345,000 to £349,999	-	1
	25	15

7 Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Below are the pay costs including employer's pension contributions for staff listed as senior management of the University on page 3.

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Key management personnel pay plus employer's pension	2,069	2,240

Key management personnel compensation

The Remuneration Committee postponed decisions on senior staff remuneration until restructuring had been concluded. The Committee will return to this matter at its next meeting in November 2023.

Severance Payments

During the year the University undertook further restructuring for 85 employees, £3,872,000. (2021/22: 70 employees, £2,325,000).

All compensation for loss of office in respect of higher paid staff is approved by the University's Remuneration Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved in line with the scheme and in accordance with delegated authority.

Governors

The Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Board, being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor may have an interest. Such transactions have been declared under note 24 Related Parties.

No Governors received any remuneration or waived payments from the group during the year (2021/22: Nil). Governors who are employees of the University receive no additional remuneration for their services as governors.

No Governors received reimbursement of travel expenses incurred in attending meetings and events in their official capacity during the year (2021/22: Nil).

Notes to the Accounts (continued)
for the year ended 31 July 2023

8 Interest and other finance costs

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Loan commitment fee	11	96
Exchange differences	5	(1)
Net charge on pension scheme	1,234	147
	1,250	242

The loan facility was cancelled in September 2022.

9 Analysis of total expenditure by activity

Academic and related expenditure	74,986	70,189
Administration and professional services	22,534	22,683
Premises	10,622	10,344
Catering and conferences	1,154	656
Research grants and contracts	7,066	7,347
Change in pension provision (Note 7)	(9,460)	20,270
Other expenses	1,250	242
	108,152	131,731
Other operating expenses include:		
External auditor - audit services	95	72
Internal auditor - audit services	68	64
Operating lease rentals:		
Land and buildings	271	630
Other	22	22
Grant to Birkbeck Students' Union	365	340

9a Access and Participation

Access investment	428	371
Financial support	586	560
Disability support	1,154	930
Research and evaluation	99	114
	2,267	1,975

£1,479,000 (2021/22: £1,230,000) of these costs are included in the overall staff costs figures, see note 7.

9a Access and Participation (continued)

The University records and reports on its access and participation plan according to the requirements of the Office for Students, divided into the following areas:

- access work to help students from under-represented groups to go into higher education;
- financial support for eligible students;
- work to support disabled students in their study; and
  research into and evaluation of our activities.

The University's revised Access and Participation Plan for 2022-25 was approved early in the academic year and this plan outlines both the priorities and the proposed activity to achieve these priorities. The University's strategic activity included progress in developing and delivering a project to improve how will be able to monitor student engagement and thus support our students in their learning. We established an implementation plan to address the awarding gap in the performance between our Black and White students. Finally, we completed the portfolio review commenced in 2021-22, restructuring the teaching model to simplify and standardise the approach so students will be taught across three terms, in manageable module sizes with regular feedback. The new programmes will commence in autumn 2023.

The Access and Engagement Team continued to deliver programmes to support young people in further education, mature learner engagement and embarked on work to start delivering new objectives in the Access and Participation Plan from 2023-24 and its spend was on target within the year.

The University purposefully reduced its overall expenditure on individual student bursaries as agreed with the OfS, recognising that investment in institutional approaches, such as the student engagement programme would provide benefit to a greater number of students. Investment to support disabled students, including learning support, increased (with additional investment in mental health services and study support) significantly this year. Research and evaluation investment remained as planned (marginally under target owing to staff changes), with further support (and a dedicated staff role) secured for 2023-24 onwards.

The 2020/21 - 2024-25 Access and Participation Plan can be found here:

https://accessandparticipationplans.officeforstudents.org.uk/accessplansdownloads/2024/BirkbeckCollege_APP_2020-21_V2_10007760.pdf

Notes to the Accounts (continued)
for the year ended 31 July 2023

10 Intangible Assets

	Software	Programme Development	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2022	2,238	272	2,510
Additions	-	65	65
At 31 July 2023	2,238	337	2,575
Amortisation			
At 1 August 2022	(1,210)	(65)	(1,275)
Charge for the year	(280)	(112)	(392)
At 31 July 2023	(1,490)	(177)	(1,667)
Net book value			
At 31 July 2023	748	160	908
At 31 July 2022	1,028	207	1,235

Notes to the Accounts (continued)
for the year ended 31 July 2023

11 Fixed assets

	Land & buildings	Assets in the course of construction	Plant & machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	75,990	35,482	24,293	35,928	171,693
Additions	(2)	2,271	288	855	3,412
Written back during the year	-	(194)	-	-	(194)
Transfers	35,117	(36,439)	818	504	-
Disposals	-	-	-	(213)	(213)
At 31 July 2023	**111,105**	**1,120**	**25,399**	**37,074**	**174,698**
Consisting of valuation as at					
1 July 2023					
Cost	111,105	1,120	25,399	37,074	174,698
	111,105	**1,120**	**25,399**	**37,074**	**174,698**
Depreciation					
At 1 August 2022	(19,375)	-	(10,978)	(16,783)	(47,136)
Charge for the year	(1,692)	-	(1,050)	(2,833)	(5,575)
Disposals	-	-	-	213	213
At 31 July 2023	**(21,067)**	**-**	**(12,028)**	**(19,403)**	**(52,498)**
Net book value					
At 31 July 2023	**90,038**	**1,120**	**13,371**	**17,671**	**122,200**
At 31 July 2022	56,615	35,482	13,315	19,145	124,557

The fixed assets for the university can be further analysed as follows:

Within land & buildings are freehold buildings with a net book value at 31 July 2023 of £24,009,000. (31 July 2022: £24,403,000). The remaining assets within land and buildings are held on a leasehold basis.

Shortly after the year-end it was decided that the project to refurbish the auditorium within Birkbeck Central would not be progressed. Costs incurred to date have been transferred from assets in construction to the Statement of Comprehensive Income.

Notes to the Accounts (continued)
for the year ended 31 July 2023

12 Heritage assets

The University holds a number of assets of historical or artistic interest. The assets were donated to the University over a number of years with nil cost. They were last valued by Bonham and Sons Ltd in June 2022.

There was one addition during the year, a donation from Patsy Hickman to the School of Arts. No heritage assets were disposed of during the year.

Heritage assets are not depreciated.

The heritage assets can be summarised as follows:

	Number of Items	Year ended 31 July 2023 £'000	Number of Items	Year ended 31 July 2022 £'000
Furniture and works of art	19	28	19	28
Pictures and wall hangings	75	129	75	129
Sculptures	7	17	6	10
Silver and silver plate	33	30	33	30
Other items	4	1	4	1
	138	205	137	198

The items with the highest valuation are:

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Portrait of Lord Denning by John Stanton	20	20
Portrait of Dame Helen Gwynne-Vaughan by De Lazlo	15	15
Portrait of George Birkbeck by S Lane	10	10

Notes to the Accounts (continued)
for the year ended 31 July 2023

13 Non-current investments

	Total
	£'000
At 1 August 2022	19,740
Additions	138
Disposals	(54)
Revaluation	(252)
At 31 July 2023	19,572

Fixed asset investments have been valued at market value as follows:

	Year ended 31 July 2023
	£'000
Mercer Sustainable Global Equity Fund	9,516
Ruffer Charity Assets Trust Funds	9,862
Other Listed UK equities	194
At 31 July 2023	19,572

During the year the Investment Committee agreed that the remaining other listed UK equities holdings, in Marie Curie and L&G, would be sold. This was approved by Governors after the year-end. At the year-end disposal of the holdings had not commenced.

The University receives detailed semi-annual sustainability reporting from Mercer on the global equity fund, which includes details of carbon intensity, sustainable thematic allocations, engagement activity and case studies. This reporting allows the Investment Committee to understand in more detail how the University's equity investments are performing from a responsible investment perspective. A similar performance report is provided regularly by Ruffer.

14 Stock

	Year ended 31 July 2023	Year ended 31 July 2022
	College	College
	£'000	£'000
General consumables	27	41

Notes to the Accounts (continued)
for the year ended 31 July 2023

15 Trade and other receivables

Amounts falling due within one year	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Research grants receivables	2,557	2,690
Other trade receivables	11,205	8,214
Other receivables	59	64
Prepayments and accrued income	4,098	4,542
Loan to Students' Union	30	30
	17,949	15,540

Amounts falling due after one year	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Loan to Students' Union		
Due between one and two years	30	30
Due between two and five years	-	30
	30	60

16 Creditors : amounts falling due within one year

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Trade payables	3,038	2,351
Social security and other taxation payable	1,500	1,532
Accruals and deferred income	27,430	27,000
	31,968	30,883

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

Research grants received on account	3,934	4,625
Grant income	1,325	1,245
Other income	10,645	10,429
	15,904	16,299

Notes to the Accounts (continued)
for the year ended 31 July 2023

17 Creditors : amounts falling due after more than one year

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Grant income	26,878	26,904
	26,878	26,904

The deferred income relates to government capital grants which are transferred to income over the useful economic life of the assets funded.

18 Provisions for liabilities

	Obligation to fund deficit USS pension	Other Provisions	Total Provisions
	£'000	£'000	£'000
At 1 August 2022	37,270	1,236	38,506
Utilised in year	(1,234)	(1,236)	(2,470)
(Reductions)/ additions in 2022/23	(6,992)	3,507	(3,485)
At 31 July 2023	29,044	3,507	32,551

Pension provision

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation.

The USS 2020 valuation was signed with an effective date of 1 October 2021. The recommended deed on benefit changes was executed by 28 February 2022.

Key assumptions and further information is provided in note 25. See also note 7 in respect of significant one-off pension costs. More details on the 2020 actuarial valuation are set out in note 25.

Other provisions

During the year, the University undertook further restructuring under a voluntary severance scheme. A provision has been recognised for amounts agreed before the year-end that are due to be paid after the year-end.

Notes to the Accounts (continued)
for the year ended 31 July 2023

19 Endowment Reserves

	Restricted permanent £'000	Unrestricted permanent £'000	Expendable £'000	2023 total £'000	2022 total £'000
Balance at 1 August					
Capital	3,959	1,705	-	5,664	5,314
Accumulated income	880	26	3,660	4,566	4,674
	4,839	1,731	3,660	10,230	9,988
New endowments	10	-	576	586	722
Investment income	47	-	9	56	45
Expenditure	(175)	-	(1,163)	(1,338)	(950)
Change in market value	(62)	(25)	(14)	(101)	425
Other	-	(6)	-	(6)	-
Total comprehensive income for the year from endowments	(180)	(31)	(592)	(803)	242
Balance at 31 July	4,659	1,700	3,068	9,427	10,230
Represented by					
Capital	3,906	1,680	-	5,586	5,664
Accumulated income	751	21	3,069	3,841	4,566
	4,657	1,701	3,069	9,427	10,230
Analysis by purpose					
Lectureships	95	-	-	95	73
Scholarships and bursaries	2,449	-	992	3,441	3,589
Research support	-	-	978	978	1,297
Prize funds	183	-	37	220	310
General	1,932	1,700	1,061	4,693	4,961
	4,659	1,700	3,068	9,427	10,230
Analysis by asset					
Current and non-current asset investments				4,844	5,777
Cash & cash equivalents				4,583	4,453
				9,427	10,230

Notes to the Accounts (continued)
for the year ended 31 July 2023

20 Restricted reserves

	Unspent capital grants £'000	Donations £'000	2023 total £'000	2022 total £'000
New donations	-	35	35	83
Expenditure	-	(15)	(15)	(712)
Total comprehensive expenditure for the year from restricted reserves	-	20	20	(629)
Balance at 1 August	100	759	859	1,488
Balance at 31 July	100	779	879	859
Analysis by purpose				
Scholarships and bursaries			446	447
Research support			64	64
General			369	348
			879	859

21 Cash and cash equivalents

	Balance at 1 August 2022 £'000	Cash Flows £'000	Balance at 31 July 2023 £'000
Cash and cash equivalents	32,543	(2,530)	30,013
	32,543	(2,530)	30,013

Notes to the Accounts (continued)
for the year ended 31 July 2023

22 Capital and other commitments

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Capital commitments contracted for but not provided for in the accounts	-	689
Capital commitments not contracted for and not provided for in the accounts	5,464	1,169
	5,464	1,858

23 Lease obligations

Total rentals payable under operating leases:

	Year ended 31 July 2023 Land & buildings £'000	Other leases £'000	Total £'000	Year ended 31 July 2022 £'000
Payable during the year	271	22	293	652
Future minimum lease payments due:				
Not later than 1 year	343	-	343	438
Between 1 and 5 years	342	-	342	317
Total future lease payments due	**685**	-	**685**	755

Notes to the Accounts (continued)
for the year ended 31 July 2023

24 Related party transactions

All Governors and senior staff of the university are required to complete an annual statement detailing any significant personal links they have with other organisations. Due to the nature of our business and the composition of the Board of Governors (being drawn from a range of private and public sector organisations) it is inevitable that transactions will take place with organisations in which a Governor or senior member of staff may have an interest. All transactions involving related parties are conducted in accordance with the university's financial regulations and procurement policies/procedures.

During the year, the University entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 July 2023 are as follows:

Name of related party and relationship	Nature of transaction	Income 2023 £'000	Expenditure 2023 £'000	Income 2022 £'000	Expenditure 2022 £'000
Abertay University	Other Income	-	1	1	-
British Academy	Other Expenditure	-	20	-	-
British Council Higher Education Sector Group	Other Expenditure	-	4	-	-
Kings College London	Other Inc/ Exp	30	4	103	2
London Higher	Other Expenditure	-	14	-	13
University of Reading	Research funding	-	-	-	-
UCISA	Other Expenditure	-	5	-	3
University of London (UoL)	Other Inc/ Exp	248	330	58	188
University of Bristol	Other Expenditure	-	9	-	13
University College London (UCL)	Research funding/ Other income	2,284	449	2,053	499

Balances at the year-end were:

Name of related party	Balance due to Birkbeck at 31 July 2023	Balance due from Birkbeck at 31 July 2023	Balance due to Birkbeck at 31 July 2022	Balance due from Birkbeck at 31 July 2022
Abertay University	-	-	1	-
Kings College London	3	-	-	(2)
University of London (UoL)	-	144	-	(168)
University College London (UCL)	1,694	-	73	-

The consolidated financial statements do not include the income and expenditure of Birkbeck Students' Union as the university does not exert control or dominant influence over policy decisions. A grant of £365,000 (2021/22: £340,000) was provided to the Union.

In 2018/19 a loan of £175,000 was issued to the Birkbeck Students' Union. The loan was issued to support their return to a position of financial sustainability. The loan is repayable over seven years and no interest is charged. The loan outstanding as at 31 July 2023 was £60,000.

At the year-end, there was a balance due to the Students' Union of £19,000 (2021/22: £50,000). As at 31 July 2023 there was no balance due from the Students' Union (2021/22: Nil).

Notes to the Accounts (continued)
for the year ended 31 July 2023

25 Pension schemes

Different categories of staff were eligible to join one of two pension schemes:
- Universities' Superannuation Scheme (USS); and
- The Superannuation Arrangements of the University of London (SAUL).

Both schemes are defined benefit schemes, the assets of which are held in separate trustee administered funds.

The total cost charged to the Statement of Comprehensive Income and Expenditure was:

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
USS	8,655	8,732
SAUL	2,596	2,116
	11,251	10,848

(i) The Universities' Superannuation Scheme (USS)

The University participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with the related expenses being recognised through the profit and loss account.

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) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. University Governors are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

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

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

25 Pension schemes (continued)

(i) The Universities' Superannuation Scheme (USS)

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

In accordance with the requirements of the SORP, the university currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS).

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

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

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

Mortality base table	2020 Valuation 101.0% of S2PMA "light" for males and 95.0% of S3PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2023 valuation	2022 valuation
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

25 Pension schemes (continued)

The funding position of the scheme has since been updated on an FRS 102 basis:

	2023	2022
Total scheme assets	£66.5bn	£66.5bn
Total scheme liabilities	£80.6bn	£80.6bn
FRS 102 total scheme deficit	£14.1bn	£14.1bn
FRS 102 total funding level	82.5%	82.5%

The liability figures have been produced using the following assumptions.

	2023	2022
Discount rate	5.52%	3.31%
Pensionable salary growth	3.50%	4.20%

In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit.

A new deficit recovery plan was put in place as part of the 2020 valuation which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan.
The latest triennial valuation was undertaken as at 31 March 2023 and determined that movements in valuation assumptions had improved the position significantly such that the scheme deficit of £14.1 billion assessed at 31 March 2020 had changed to a surplus of £7.4 billion at 31 March 2023. Although unlikely to be formally approved before the date of signing these Financial Statements it is likely that contribution rates will fall significantly whilst benefits will also be restored to those in place prior to the 2020 valuation. Our share of the scheme liability will be reversed in 2023/24 once the 2023 USS valuation has been formally approved.

Employer and employee contribution rates for the scheme during the last three years were:

	Employer	**Employee**
From April 2022	21.6%	9.8%
October 2021 - March 2022	21.4%	9.8%
October 2019 - September 2021	21.1%	9.6%
April - September 2019	19.5%	8.8%

(ii) The Superannuation Arrangements of the University of London (SAUL)

General description of the Pension Scheme

Birkbeck participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

On 1 April SAUL introduced SAUL Start, a defined contribution scheme. Individuals joining SAUL from 1 April 2023 are automatically enrolled into SAUL Start for the first three years of membership. After three years of membership members are automatically transferred to SAUL Care however members can opt to remain in SAUL Start. SAUL Start is managed by Legal & General.

25 Pension schemes (continued)

(ii) The Superannuation Arrangements of the University of London (SAUL) continued

Birkbeck is not expected to be liable to SAUL for any other current or participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margin to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2021 and will be reviewed again at SAUL's next formal valuation in 2023.

At the 31 March 2020 valuation SAUL was 94% funded on its Technical Provisions basis. However, market movements following the valuation date were positive and the Trustee and Employers agreed to allow for post-valuation experience up to 30 April 2021. As SAUL was in surplus on its Technical Provisions basis at that date, no deficit contributions were required. However, the Trustee and the Employers agreed that the ongoing Employers' contributions would increase from a rate of 16% of CARE Salaries to 19% of CARE salaries from 1 April 2022 and to 21% of CARE Salaries from 1 January 2023.

Employer contribution rates for SAUL Start are set at 16%, employee contribution rates are the same as for the defined benefit scheme.

Accounting Policy

Birkbeck is a Participating member in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets at 31 March 2020 was £3,612 million representing 94% of the liabilities. The market value of SAUL's assets at 30 April 2021 was £4,369 million representing 109% of the estimated liabilities.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. Birkbeck accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

Although there was a Technical Provision deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL has a Technical Provisions surplus. Therefore no deficit contributions were required following the 2020 valuation and there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the University.

Notes to the Accounts (continued)
for the year ended 31 July 2023

26 US Loans Supplementary Schedule

We have an obligation as part of our participation in the US Federal Loans program to include supplemental information which complies with Federal Register/Vol. 84 No 184 / Monday, September 23, 2019 / Rules and Regulations. The data is prepared using UK GAAP and does not include any adjustments that would be required to comply with US GAAP.

			Year ended 31 July	2023	Year ended 31 July	2022
			£'000s	£'000s	£'000s	£'000s
Reference	Expendable net assets					
24	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		89,201		86,532
30	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		10,306		11,089
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,757		164	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		1,757		164
8	Statement of Financial Position - Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	112,405		124,755	
FS Note line 8A	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation	Property, plant and equipment pre implementation		66,250		66,250
FS Note line 8B	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase		-		-
FS Note line 8D	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase		55,035		16,025

Notes to the Accounts (continued)
for the year ended 31 July 2023

26 US Loans Supplementary Schedule (continued)

			Year ended 31 July 2023		Year ended 31 July 2022	
			£'000s	£'000s	£'000s	£'000s
Reference	Expendable Net Assets (continued)					
FS Note line 8C	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress		1,120		42,480
9	Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	-		-	
Excluded Line 9 Note Leases	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation		-		-
M9 Note Leases	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-	Lease right-of-use asset post-implementation		-		-
10	Statement of Financial Position - Goodwill	Intangible assets		908		1,235
17	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities		29,044		37,270
14,20,22	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	-		-	
M24,20,22, Note Debt A	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre-implementation		-		-
M24,20,22, Note Debt B	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes post-implementation		-		-
M24,20,22, Note Debt C	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process		-		-

Notes to the Accounts (continued)
for the year ended 31 July 2023

26 US Loans Supplementary Schedule (continued)

			Year ended 31 July 2023		Year ended 31 July 2022	
			£'000s	£'000s	£'000s	£'000s
Reference	Expendable net assets (continued)					
21	Statement of Financial Position - Lease right-of-use asset liability	Lease right-of-use asset liability	-		-	
Excluded Line 21 Note Leases	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases		-		-
Line 21 Note Leases	Statement of Financial Position - Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases		-		-
25	Statement of Financial Position - Annuities	Annuities with donor restrictions		-		-
26	Statement of Financial Position - Term endowments	Term endowments with donor restrictions		-		-
27	Statement of Financial Position - Life Income Funds	Life income funds with donor restrictions		-		-
29	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity		10,306		11,089
Reference	Total expenses and losses					
43	Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities		108,152		131,731

Notes to the Accounts (continued)
for the year ended 31 July 2023

26 US Loans Supplementary Schedule (continued)

			Year ended 31 July 2023 £'000s	Year ended 31 July 2023 £'000s	Year ended 31 July 2022 £'000s	Year ended 31 July 2022 £'000s
Reference	**Total expenses and losses (continued)**					
(35),45,46,47,48,49	Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)		(979)		(702)
(35),45	Statement of Activites - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses		(979)		(702)
47	Statement of Activities - Pension related changes other than periodic pension	Pension-related changes other than net periodic costs		-		-
Reference	**Modified net assets**					
24	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		89,201		86,532
30	Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions		10,306		11,089
10	Statement of Financial Position - Goodwill	Intangible assets		908		1,235
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,757		164	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		1,757		164

Notes to the Accounts (continued)
for the year ended 31 July 2023

26 US Loans Supplementary Schedule (continued)

			Year ended 31 July 2023 £'000s	Year ended 31 July 2023 £'000s	Year ended 31 July 2022 £'000s	Year ended 31 July 2022 £'000s
Reference	**Modified assets**					
12	Statement of Financial Position - Total Assets	Total Assets		190,904		193,914
Excluded Line 9 Note Leases	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation		-		-
Excluded Line 21 Note Leases	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases		-		-
10	Statement of Financial Position - Goodwill	Intangible assets		908		1,235
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,757		164	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		1,757		164
Reference	**Net income ratio**					
51	Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions		2,669		(8,725)
38, (35), 50	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenue and Gains		109,059		121,816