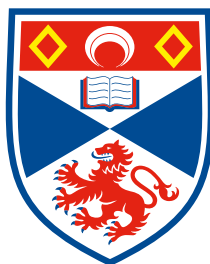


# Reports and Financial Statements of the University Court

*for the year to 31 July 2023*



University of  
St Andrews

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# Strategic Report



## Vision

*Our fundamental goal is to attract and nurture the best staff and the most promising students from around the world and provide an environment in which they can produce their best work for maximum societal benefit.*

### Strategy at a glance

The refreshed University [Strategy 2022-2027](#) sets out how we will change to invest in key areas of:

- Research and teaching and strategic appointments;
- Leverage our international partnerships to widen influence;
- Make smart use of digital technology to bring people together to share knowledge and ideas;
- Foster an inclusive and compassionate culture and become more diverse;
- Become a role model for how people and ideas can move seamlessly between academia, industry, and the wider world;
- Model the solutions and behaviours humanity will need to tackle the climate crisis.

This refreshed Strategy develops the **World-Leading**, **Diverse** and **Entrepreneurial** themes, of our existing strategy, and brings forward two others for a fast-changing world, **Sustainable** and **Digital**. All are underpinned by our continuing commitment to Social Responsibility.

Our University Strategy faces multifaceted challenges in today's landscape. The ongoing high inflation environment strains our financial resources, while the lasting impact of the Covid-19 pandemic necessitates adaptability in our teaching and learning models. We must prioritise student mental health and well-being, foster diversity and inclusion, and invest in digital transformation to ensure equitable access to education. Furthermore, we contend with intensified competition for funding, faculty, and students, even as we grapple with sustainability imperatives and increasing government regulations. These challenges demand a strategic approach that navigates financial stability, academic excellence, and societal relevance in an ever-changing higher education landscape.

We firmly acknowledge that our Strategy, underpinned by our values and unwavering determination, will continue to provide a clear path forward. We do not intend to become complacent; our work is ongoing, and we will not rest until we have met these challenges head-on, fortified our financial stability, enriched our academic excellence, and reaffirmed our commitment to societal relevance. Our University remains resilient and ready to evolve, ensuring that our students receive the best education, our research remains at the forefront, and our

community thrives amidst the dynamic landscape of the higher education sector.

### World-leading St Andrews will:

- Achieve global excellence, strengthening our academic community and impact.
- Promote interdisciplinary collaboration to tackle global challenges, forming key partnerships.
- Attract, nurture, and reward excellence in our staff and students within an inclusive scholarly environment.
- Develop our estate to advance research and interdisciplinary opportunities, including the development of the New College and science innovation.

### Diverse St Andrews will:

- Lead in equality, inclusion, and diversity across teaching, research, and operations.
- Cultivate an inclusive culture, challenging prejudice and discrimination.
- Address inequalities experienced by minority groups, including race, socio-economic status, LGBTIQ+ rights, disability, and gender.
- Enhance diversity in our student and senior staff communities, ensuring inclusive leadership.
- Promote well-being, resilience, and a culture of care among staff and students.

### Digital St Andrews will:

- Prioritise transformative digital opportunities to expand our influence.
- Invest in developing digital skills and innovations among our staff.
- Diversify our learners and education with an innovative digital portfolio.
- Utilise digital capabilities to push research boundaries and support researchers.

### Sustainable St Andrews will:

- Integrate sustainability into our vision and operations.
- Encourage our community to make informed sustainable decisions.
- Foster interdisciplinary sustainability contributions in academia.
- Create living lab opportunities for research and education.
- Influence policies for just societal progress.

### Entrepreneurial St Andrews will:

- Foster entrepreneurship through education and programs.
- Boost opportunities for commercial pathways and social enterprises.
- Provide seamless support for entrepreneurial journeys.
- Diversify research funding sources.
- Establish a supportive network of advisors and mentors.

### University Social Responsibility

Social responsibility is a deep-woven thread which already runs through what we do at St Andrews. Our sense of responsibility towards our staff and students is visible across the themes of the Strategy. Our responsibility towards the environment has been extended under the new theme of Sustainable St Andrews. We retain a keen sense of responsibility towards our local community and recognise that our day-to-day activities and plans have a profound impact.

### Realising the Vision

We will always stay true to our values and the Homeric motto that expresses our determination to move forward with purpose, integrity, and success: Ever to Excel.

### Preparation of the financial statements

The financial statements for the year to 31 July 2023 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (SORP 2019) and the Scottish Funding Council's (SFC) annual Accounts Direction.

As noted in the Statement of Principal Accounting Policies on page 46, the financial statements have been prepared on a historical cost basis as modified to include investments and financial instruments at their market value.

### Foreword

The 2022/23 academic year marked an extraordinary triumph for the University, achieving a historic double first, clinching the top spot in the United Kingdom in both [The Times and The Sunday Times Good University Guide 2024](#) and [The Guardian University Guide 2024](#) after topping the league in 2023 as well. Indeed, we stretched out our lead over both the Universities of Oxford and Cambridge. The previously suggested new brand of 'Stoxbridge' appears to be one that will hopefully become a new normal. We have also retained our top 100 place in the QS World rankings, moving to 95 from 96 last year. Considering our physical and geographic location, it is a truly remarkable achievement. We continue to punch significantly above our weight, particularly in light of little recognition or support from Government in the face of the funding

challenges we face through a time of such high inflation. Despite this, we continue to retain and attract the most gifted and committed staff who provide the highest quality of teaching and world-leading research, allowing us to attract the very brightest students to this ancient University.

The first year of returning to what was previously deemed 'normal' academic conditions has brought enormous satisfaction to both our staff and student bodies. However, we of course do not rest on our laurels, and have embraced the advantages of newly developed digital skills, methodologies, and resources to continue to strive to deliver enhanced teaching for our students.

At this time last year, it was suggested volatility and financial pressures could persist and dominate the year. Unfortunately, this turned out to be accurate, as inflationary pressures have proven to be higher and longer lasting than most commentators had anticipated a year ago. The University has sought to effectively manage its costs whilst looking for new areas of income growth. The development of our digital courses, both credit and non-credit bearing, will deliver income growth, whilst providing areas for the extension of our reach globally to areas where travel to St Andrews may prove particularly challenging. Whilst this University is not alone in looking at digital expansion, we aim to do this with the enhanced quality our staff, students and alumni expect.

The ongoing high inflation environment continues to strain our financial resources with energy and insurance in particular diverting funds from planned investments. Whilst high student retention numbers and strong application numbers across all cohorts of students provide confidence in our continued attractiveness to the student market, our need to live within the physical constraints of the town also provides a challenge whilst inflation pressure remains strong. Managing demand, costs and looking to deliver an ambitious capital investment programme that will deliver excellent research and teaching space, will provide a sharp focus over the coming year.

### Results for the year

#### Overview

In a year marked by the formidable challenges posed by high inflation and rising operating costs, the University's financial performance for the year 2022/23 reflects the challenges of these prevailing economic conditions.

Historically the total comprehensive income has been used as the key financial metric when explaining our financial performance. However, the complexity of the University's operations has continued to grow, along with the developments in accounting standards in recent years, we now believe a more appropriate measure for our financial performance is the underlying deficit/surplus, shown in the table below.

While the headline financial performance for the year appears positive, with the University's total income showing a growth of 2.8% to £322.4m (compared to 11% in 2021/22) and total comprehensive income of £60.1m (compared to £4.1m in 2021/22) it's crucial to consider both headline figures and the underlying results, a deeper examination reveals a more challenging financial landscape.

Our underlying operating (deficit)/surplus resulted in a deficit of £5.5m, (2021/22: surplus of £22.0m). This is higher than the projected operating deficit of £2.0m for the year and is primarily a result of the increased costs of conducting business due to inflation. The 2022/23 change in reported total comprehensive income to an underlying deficit, as shown in the table below, has been driven by the £65.6m non-cash movement in pension provisions, investment fluctuations, substantial one-off capital grants, and new endowment funds for investment that we disclose in our financial statements.

In managing this deficit the university delivered a mixed financial performance. On one hand, it achieved positive revenue growth primarily attributable to robust residential and summer income. These gains were a consequence of higher than anticipated occupancy levels, contributing £4.8m, as well as £1.7m from undergraduate overseas tuition fee income as a result of higher than

planned student numbers. Additionally, the University received £1.5m additional research support from the Scottish Funding Council (SFC), and bank interest surpassed expectations by £1.4m due to the prevailing high-interest rate environment. However, these positive developments were offset by overspending in utilities, insurance, higher maintenance costs across the estate and residencies and higher non-recurring costs associated with the Finance Improvement Project, based around the introduction of a new finance system across the University. Furthermore, student and staff focused initiatives aimed at mitigating the impact of rising living costs, such as subsidised travel and increased Post Graduate Research (PGR) stipends, all in response to high inflation, led to operating expenditure exceeding that originally planned by £10.8m. No Covid-19 sustainability funding was received in 2022/23.

The University continues to have a Revolving Credit Facility (RCF) as part of its approach to strategic treasury management, which remains fully available. In July 2023, the RCF was renegotiated, expanded to £35m, and extended for up to 5 years. This continues to solidify liquidity and cash headroom and has a strategic role in the University's treasury management approach, offering liquidity, security, and flexibility against future challenges like pandemics.

### Reconciliation to underlying (deficit)/surplus

	Note	Consolidated Period ended 31 July 2023 £000	Consolidated Period ended 31 July 2022 £000
<b>Total Comprehensive Income for the year</b>	<b>SOCI</b>	<b>60,131</b>	<b>4,126</b>
Less material non-recurring items:			
i) Impact of pension gain/(loss)	(a)	12,687	(57,935)
ii) Capital donations	4	9,570	9,733
iii) New endowments	23	5,198	1,332
iv) Other losses	SOCI	(5,016)	(4,137)
v) Actuarial gain	SOCI	43,188	33,101
<b>Underlying operating (deficit)/surplus for the year</b>		<b>(5,496)</b>	<b>22,032</b>
<b>a) Impact of pension costs:</b>			
i) USS Pension release/(provision)	7	17,085	(53,115)
ii) USS Pension net finance costs	8	(2,887)	(294)
iii) S&LAS net pension charge	(b)	(60)	(3,400)
iv) S&LAS Pension net finance costs	8	(1,451)	(1,126)
<b>Pension gain/(loss)</b>		<b>12,687</b>	<b>(57,935)</b>
<b>b) S&amp;LAS pension costs charged to statement of consolidated income:</b>			
i) Total operating charge	31	(5,360)	(8,323)
ii) Employer contributions	31	5,300	4,923
		<b>(60)</b>	<b>(3,400)</b>

The Financial Plan for 2022/23, presented a challenging picture, having moved into a stable recurring surplus position post-pandemic only for this to be significantly impacted due to the unprecedented inflationary increases in costs, with no support from the UK or Scottish Governments. Despite proactive financial planning that accommodated higher inflationary pressures, operating expenses ultimately exceeded projections, leading to a more substantial underlying deficit than originally anticipated. These elevated costs, which are primarily recurring in nature, deplete cash reserves with no immediate relief expected from the ongoing inflationary pressures as the institution approaches the upcoming academic year.

The 2023/24 Financial Plan continues to be challenging due to the significant increases in inflationary pressures continuing, placing considerable, and long-term, pressure on the HE sector and this institution resulting in a planned break even position. Having weathered the storm of the pandemic, we are now facing significant global supply issues of goods, services and staffing. With the continuing war in Ukraine, these combine to result in higher and longer lasting inflationary pressures than we imagined a year ago. The inability of the University to influence the core drivers of inflation, requires the university to deploy a combination of strategies to mitigate rising costs. The planned reduction in student numbers in 2023/24, following the unplanned ‘bulge’ through the Covid-19 pandemic period, has an inevitable impact on the income levels of the University. The need to reduce student numbers at the same time as inflation and supply issues have hit, adds to the financial complexity. However, the delivery of our strategic digital expansion, along with the new Business School, will significantly contribute to the long-term financial sustainability of the University. The recent accession of the UK into the Horizon Europe research programme, following a new agreement with the EU will allow our scientists to work together, irrespective of borders. The UK has been excluded from EU programmes over the last three years, as a result of Brexit. This development should improve research participation improving our applications and awards to prior levels. The decisions being taken now, and the supporting investment and pivoting of existing resource to support the delivery of these new and exciting developments, will provide the groundwork for a stable future.

As part of the Financial Plan, we will look to grow income outside of the core St Andrews based student body as we continue to consolidate the long-term financial sustainability of the University. We anticipate new net income growth of £5.5m starting in 2024/25, growing each year thereafter, as we continue to develop and roll-out those digital teaching techniques which have proven capable of delivering better outcomes for students and staff, expanding into digital education involving Post Graduate Taught (PGT) courses. We will also look to develop non-core education looking beyond the traditional

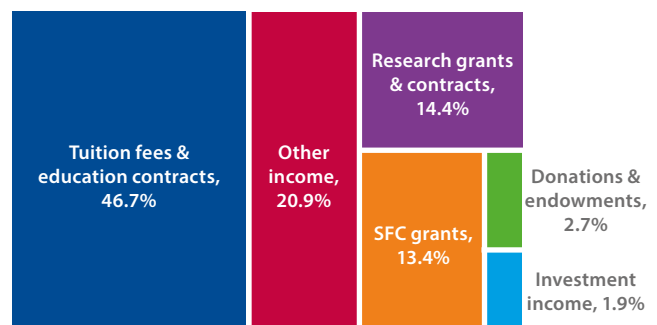
student markets. Our investment in the biomass plant and solar farm at Eden Campus will go some way to protecting the University from increasing energy costs, as a result of generating both heat and power. Plans to investigate generation and storage of additional green energy opportunities across the estate and beyond where feasible, tackling both our carbon footprint as well as the cost of utilities, remains a priority. Our continued high student retention and strong application numbers provide confidence in our continued attractiveness, which supports our confidence in delivering the current financial plan. A diverse admissions strategy ensures our exposure to geo-political issues is managed to an acceptable level. This delivers a breakeven position in 2023/24 and 2024/25 with a small surplus being delivered by 2025/26 as the impacts of strategic investments and careful cost management deliver long-term and sustained financial stability.

The next formal valuation of the USS is due based on information as at 31 March 2023. Based on recent forecasts, the deficit is expected to be significantly reduced from the position at the last valuation (at 31 March 2020) which was only formally agreed in February 2022. The timetable for completing the 2023 valuation aims to implement any changes decided by the Joint Negotiating Committee (JNC) from 1 April 2024 and is most likely to impact the 2023/24 financial statements. Scheme contributions currently total 31.4% (employers 21.6% employees 9.8%). Employer funding now sits at 68.8% of pension contributions.

## Income

Total income increased by 2.8% to £322.4m

### Sources of income



Refer to Consolidated statement of comprehensive income, page 53

Tuition fee income rose by 9.6% to £150.6m (2021/22: £137.4m), reflecting growth in overseas undergraduates along with increases in fees. Application levels from high quality overseas students remain strong noting, however, the competition to attract these students remains very high. In response to this, the University’s strategy is to maintain its excellent standards and reputation for world leading research-led teaching whilst looking to diversify and grow its market through digital means.

Funding body grants totalled £43.3m (2021/22: £44.2m), a decrease of £0.9m year on year primarily due to the removal of supplemental Covid-19 funding (2021/22: £2.2m) and a reduced Research Excellence Grant of £1.0m following the latest Research Excellence Framework (REF) results, despite improvements in the quality and number of our outputs. This was partly offset by a £0.3m increase in capital grant funding, £0.6m increase in medicine funded places and £1.6m additional flexible research support that was very welcomed, with the majority allocated towards research capital, with the remainder directed to schools. Excluding funding for specific non-recurring purposes such as Saltire scholarships, disabled student funding and counselling, the main recurring SFC teaching grant remained static this year. This recurring static grant settlement represents a major constraint of the existing Scottish Government funding model, with no recognition of yearly and cumulative inflationary pressures resulting in a significant reduction of real-term funding. This failure to keep track with inflation increases reliance on income growth from other sources and is identified as one of the key risks for the University. It is noted the Scottish Government now acknowledge, via the Scottish Funding Council, they only make a contribution towards the costs of education of home based students.

Research income for the year has decreased by 12.7% to £46.5m compared to £53.3m in the previous year. This decline can be primarily attributed to the conclusion of several significant projects across specific areas of the institution. The Eden Campus 'Innovate' projects and two Scottish Government transport-related projects reached their conclusion, accounting for a £3.5m decrease in research income. Additionally, the termination of two substantial EPSRC projects contributed to a further £1.0m decrease. There was also a further £1.7m reduction relating to the timing of research funded assets under construction. Looking at the three-year average, research awards stood at £38.5m which is 17% lower, with reductions in EU, Other Overseas and UK Government. However, research applications stood at £227.0m, which is 34% above the prior 3-year average and includes two large applications within Biology to the Simons Foundation (£17.0m) and American philanthropists (£23.0m). There remain reductions in EU, UK Charity and UK Industry applications. Research contributed £10.3m towards our overheads in 2022/23, which was £1.0m higher than planned.

Other income remained in line with the prior year at £67.5m. However, it's important to note that this figure incorporates two substantial capital focussed receipts. Over the course of the year, we received £6.3m in relation to the Tay Cities Deal (2021/22: £7.4m) for capital development works at our Eden Campus site alongside an additional £3.2m directed towards other capital projects including £1.9m for the development of the New College. Excluding these capital related receipts, underlying other

income remained stable year on year at £57.9m, mirroring pre-pandemic levels of activity. The strong demand for on-campus student accommodation, driven partially by a decrease in beds available within the external rental market in St Andrews led to a £2.1m increase in student residency income. However, this positive change was offset by a decrease in conference income due to the five yearly cycle of the Open golf championship being in St Andrews in 2022. Furthermore, we saw an uptick in external contributions directed towards other various small projects, salaries, scholarships and utilities in response to a broader inflationary rise in costs. Simultaneously, our subsidiaries generated improved income during the year.

Investment income, generated mainly from the University's endowment fund, plays a crucial role in supporting scholarships across the University, along with initiatives aimed at enhancing access to education, and providing financial assistance for accommodation and other living expenses through student bursaries. This income increased by £0.9m to a total of £5.9m compared to the previous year's figure of £5.0m. This increase is primarily attributed to the significant rise in interest earned on cash investments, which saw an improvement due to the recent upward adjustments in interest rates.

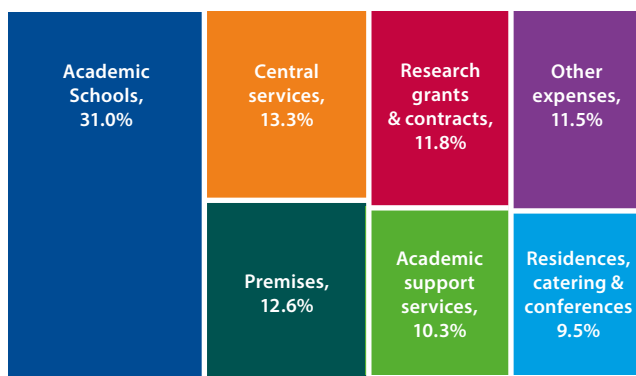
Income from donations and other grant income increased considerably by £2.4m to a total of £8.6m compared to the previous year's figure of £6.2m. Of this, £5.2m was for new permanent endowments with £3.4m being expendable. Expendable donations primarily contribute to scholarships, and notably, during the year we received a generous donation of £0.3m towards St Andrews Wardlaw Scholarships. These scholarships have been designed to support incoming students who possess the academic ability to thrive at St Andrews but encounter financial challenges that may hinder their ability to accept their place. A further £0.3m was received towards the Laidlaw research and leadership scholarships, £0.3m towards other scholarships and projects across the university as well as £0.1m towards the First Chances Fife Project that looks to work with P7 to S3 pupils from Fife primary and secondary schools to build early familiarity with university and college environments. We have also received £0.1m towards the St Andrews Prize for the Environment which supports a major international initiative led by the University of St Andrews that recognises and supports innovative and inspirational responses to environmental challenges, including the climate crisis. Finally, we received £0.1m towards the Student Support Fund helping students affected by the pandemic. We extend our deepest gratitude to our generous donors, especially for the remarkable increase in philanthropic support received this year. Your steadfast commitment propels our mission forward and empowers the transformative impact we strive to achieve.



## Expenditure

Total headline expenditure for the year of £300.5m shows a significant decrease of £37.9m (11.2%). This decrease is primarily attributed to pension accounting adjustments related to our USS and S&LAS pension schemes, as detailed in the staff costs reconciliation table below. However, when these pension movements are excluded, underlying expenditure has increased by £35.7m to £317.6m (2021/22: £281.9m). This rise in expenditure is driven by a £14.4m increase in staff costs, a £16.9m increase in other operating expenses due to the high inflation environment and the growing cost associated with conducting our operations, and £4.4 million related to depreciation and finance costs.

### Analysis of total expenditure by activity



Refer to Note 9, Analysis of expenditure by activity, page 68

Excluding the pension adjustments, underlying staff costs have increased by £14.4m to £167.1m

### Reconciliation to underlying staff costs

		31 July 2023	31 July 2022
	Note	£000	£000
<b>Total staff costs</b>	(7)	150,051	209,192
Pension adjustments:			
– USS pension adjustment	(7)	17,085	(53,115)
– S&LAS net pension charge	(b)	(60)	(3,400)
		17,025	(56,515)
<b>Underlying staff costs</b>		<b>167,076</b>	<b>152,677</b>

The University witnessed a substantial increase in staff costs, reflecting national pay award increases plus a measure aimed at alleviating the impact of inflationary pressures and rising living expenses on its staff. The University proactively addressed the challenges posed by escalating living costs by disbursing a one-off payment of £500 to all staff in September 2022, incurring additional costs of £1.4 million. Subsequently, the pay negotiations

conducted by UCEA for the 2023/24 financial year resulted in a staggered pay award, the initial portion of which was implemented in February 2023. This pay award contributed to an additional overspend in pay costs of £2.2m, with the remaining portion set to be implemented in August 2023.

Strategic staffing levels are reviewed by the Workforce Planning Group to ensure the quality and level of our teaching and research remains consistently high, and our professional services remain efficient and effective, within the tight financial constraints that the University operates in. Additional staffing investment was made to help support Academic schools deliver teaching and support to a larger student cohort than planned. In support of our strategic commitment to an expansion into the regularised delivery of predominately digital focused teaching, additional resources were allocated to employ new, highly skilled staff, to drive key transformational change projects. There continues to be a high number of vacant posts as some key professional service areas of the University struggle to fill positions in a challenging recruitment market.

The significant reduction in the USS pension liability is a result of updated assumptions, effective as of 31 July 2023, as detailed in note 31 of the financial statements. These updated assumptions take into account the impact of increased bond yields, which have led to higher discount rates and, consequently, a decrease in pension liabilities.

Other expenditure has risen notably by £16.9m (15.8%) reaching a total of £123.8m compared to the previous year's figure of £107.0m. This increase is primarily attributed to heightened spend across most areas driven by inflationary pressures leading to increased costs. Within this increase, £1.1m relates to increased research activity, offset by associated income. Inflationary increases in utilities, insurance and maintenance have been the worst affected areas, resulting in spending considerably more than planned for. Despite proactive financial planning that accommodated higher inflationary pressures in these areas, operating expenses ultimately exceeded projections by £10.8m, leading to a more substantial overspend than originally anticipated. These escalated costs, primarily recurring, are largely beyond the institutions control. Nonetheless a combination of strategies aimed at mitigating the impact of rising prices is being deployed to effectively manage these challenges. Additionally, there has been a non-recurring overspend on project costs related to the extension of the Finance Improvement Project. This project involves the implementation of a new finance system and processes critical to the University's transformation. The complexity and extensive workload required for successful delivery has driven the shift in timetable. Early success has already been achieved with the successful delivery of a new research collaboration tool enhancing support for research. Furthermore,

student and staff focused initiatives aimed at mitigating the impact of rising living costs, such as subsidised travel and increased Post Graduate Research (PGR) stipends, all in response to high inflation have further contributed to overspends. There were a few areas where spending was below budget including IT services, entrepreneurial activities and delayed strategic investments.

Depreciation has risen by £1.5m year on year to £18.3m. This increase is the result of continued investment in the University estate, which directly contributes to the enhancement of our teaching and research capabilities.

Interest and other finance costs have also increased by £2.9m year on year reaching £8.3m. The increase is solely attributable to pension-related factors, specifically the increase in the net finance charge for both USS and S&LAS pension schemes. Interest payable on long-term debt remains unchanged from the prior year at £4.0m.

## Non-operational income and spend

### Disposal of Assets

During the year the University sold assets valued at £1.2m resulting in a loss of £1.2m. The asset sales relate to two development sites and the transfer of the main distributor road which form part of the St Andrews West development agreement, that will see a major expansion of the St Andrews footprint over the next decade. Future receipts from the sale of land to developers will see the University generating funds for future investment.

### Endowment Investments

The endowment portfolio has continued to struggle this year mirroring wider market performance. Despite it turning out to be a better year for economies than envisaged and the avoidance of major recessions, most developed world stock markets tumbled as they braced for the high interest rates and the associated expected economic downturn. This has led to a decrease in value of endowments of 2.6% for the year and a fund value of £105.5m at 31 July 2023 (down from £108.3m in 2021/22).

As a result, the University recognised a decrease in value of investments of £1.2m along with a £2.7m release of appreciation to revenue in the year. Endowment investment properties were revalued at 31 July 2023 resulting in an increase of £0.1m. Over the year the fund still supported endowment spend of £3.8m (2022: £2.8m) towards scholarships, chairs, lectureships, prizes and other specific areas of expenditure.

University investment properties recognised a decrease in value of £0.4m, principally from recognising the up-front investment and new long-term lease with Eden Mill distillers which is partly offset by £0.4m investment income from cash holdings that include Corporate Bonds.

## S&LAS Local Defined Benefit Pension Scheme

Actuarial changes relating to the S&LAS pension scheme have decreased the assessed liabilities by £43.2m predominantly due to an increase in the discount rate since year end.

### Balance Sheet

Total net assets experienced a noteworthy increase of £60.1m, reaching £440.7m at the year end. The primary driver of this increase is the reduction in USS and S&LAS pension provisions of £55.8m, stemming from decreased pension liabilities in year. The remaining increase can be attributed to a £10.7m growth in fixed assets due to heightened capital investment during the year, along with a £1.1m reduction in long-term debt. This was partially offset by a reduction in net current assets amounting to £7.4m, primarily from lower year end cash holdings.

The University continued to invest in its estate and infrastructure, in line with its strategic capital investment plan, with around £31.2m (2021/22: £46.2m) of capital additions in the year together with the revaluation loss on investment properties of £0.4m. Construction inflation and supply chain delays have persistently posed operational challenges in our capital expenditure projects. Nevertheless, this year witnessed a return to spending levels more in-line with that planned. The refurbishment of the BMS building, which was damaged by a fire in early 2019, became fully operational in September 2022. Simultaneously, the second phase of refurbishing Younger Hall, a crucial venue for teaching, exams, and significant events, including our graduation ceremonies, was completed. Furthermore, the University initiated investments in new postgraduate housing at the Grange, with our partners Kingdom Initiatives, featuring 61 energy-efficient homes with an A Plus energy rating. This development aims to attract talented Postgraduate students and staff, providing more affordable housing accommodation in a challenging market, aligning with our strategic objectives. Full completion is anticipated by April 2024, with the first phase recently handed over in August 2023. Preliminary works are ongoing at the New College, which will house the new [St Andrews Business School](#), including the Schools of Economics and Finance and Management, alongside the esteemed School of International Relations. These efforts involve asbestos removal and demolition, with the University enlisting the expertise of the award-winning architect WilkinsonEyre to design this significant investment. Historic parts of the building including the Quad have been safeguarded and will be incorporated into a new, sustainable design. Further investments have been directed towards the town centre, encompassing the refurbishment of the Library and Butts Wynd, creating additional and enhanced study space. Other smaller areas of investment include

IT initiatives, and projects across the estate to reduce our carbon footprint whilst also seeking operational efficiencies.

During 2022/23 a risk emerged in relation to the use of Reinforced Autoclaved Aerated Concrete (RAAC) after recent investigations identified the deterioration of RAAC had the potential to materially impact the functionality and safety of buildings. The University undertook investigations, following decision tree guidance issued by the Department of Education, as part of its assessment of RAAC, and determined to date that there are three buildings impacted with remedial considerations required. The net book value of the buildings effected is £0.6m which is not material to the University.

In addition to the above, capital investment through the Tay Cities Deal continued to drive the redevelopment of Eden Campus. The use of this funding was completed in 2023/24. The Eden Campus, situated four miles west of St Andrews in Guardbridge, is based on the site previously occupied by the historic Curtis Paper Mill. The Mill began producing paper in 1873 and was a major employer in the area before it closed in 2008. The University prides itself on maintaining positive relationships with the local community and, after purchasing the site in 2010, is committed to making it integral to local economic success once again.

The Eden Campus plans have been strongly supported by both the UK and Scottish Governments, as well as Fife Council, with a combined investment of £29.8m – the largest single grant investment in the University's history. The funding came via the Tay Cities Deal and has led to further investment at the Campus from the Advanced Manufacturing Challenge Fund, the Low Carbon Challenge Fund and the Faraday Institute as well as loan finance from the Scottish Funding Council.

The Eden Campus is at the forefront of the University's strategic goal to reach Net Zero emissions by 2035 and being carbon neutral for energy is a significant step towards this goal. Therefore, all the facilities will be serviced by solar Photo Voltaic electricity generated on the Campus and heated from an award-winning biomass district heating system.

In early 2023, the first phase of refurbished buildings opened and are fully occupied/committed. They comprise:

- Laboratory space for life sciences research in clinical diagnostics.
- Battery Dry Facility – a specialised facility for the development of advanced batteries and testing. This lab is a battery prototyping facility that enables companies (and researchers) to scale up and evaluate before transferring to full scale up. The dew point in the dry lab is set to -50C meaning that battery materials are handled in dry enough conditions to allow efficient battery operation.
- Rapid Prototyping Centre – With the latest 3D modelling and CAD software, electromechanical

engineering tools, additive printing technology, laser cutting facilities and large-scale CNC machines, the space enables innovators to design, build and test prototypes of their inventions.

- Co-working space – space to allow collaborators from industry to have a permanent presence at the Eden Campus to work with the University. This facility is open to an Industry Club of over 150 companies, including specialists in low carbon technologies including district heating.

In addition, internal construction is now underway at the Eden Campus, carried out by Eden Mill distillers, as the tenant, to create one of the world's first carbon-neutral distilleries. The new distillery and visitor centre is scheduled to open during 2024. Eden Mill is also working with the University to see if the carbon emission from their fermentation process could be captured and utilised within a new Power-to-X project, which will use solar energy and green hydrogen to produce alternative fuels.

The Environmental Sustainability Board (ESB) provided challenge to create an action plan for delivery of our Net Zero target by 2035. This will include the consideration of the level of capital investment required to modify existing or create new green infrastructure around our estate. Such measures may involve projects relating to insulation, renewable energy generation and storage, and enhanced control systems. The University will press ahead with plans to investigate generation and storage of green power opportunities as a priority across the estate and beyond where feasible, tackling both our carbon footprint as well as the cost of utilities.

### Net Current Liabilities

Net current liabilities have grown by £6.3m this year, totalling £16.3m. This increase is primarily attributed to reduced cash balances. However, it is partially offset by higher debtor balances, driven by our investments in the development of St Andrews West and the construction of the Grange. Liquidity headroom for the University, as at 31 July 2023, remains adequate at £61.5m (£26.5m cash and investments plus the newly negotiated £35m RCF) reflecting our financially stable position. Liquidity decreases post year end as the University intensifies its investment in strategically significant capital projects, prior to seeking new long-term debt, with headroom of £26.2m provided from the existing RCF as at 30 September 2023 to support its financial needs. This is further outlined in the going concern assessment on pages 46-47.

### Creditors: amounts falling due after one year

Long term creditors have decreased by £1.2m during the year to £101.9m, comprising wholly of borrowing. The decrease relates to capital repayments towards the SFC Carbon Reduction and Solar loans in year.

### Provision and Pension Schemes

Pension provisions have reduced by a net £55.9m in the year to £75.1m, with a decrease in the S&LAS pension provision of £41.7m and the USS provision of £14.2m.

The S&LAS liability was recalculated at the end of the year following an independent valuation of the scheme by Isio. The reduction in provision relating to the S&LAS scheme is predominantly due to a reduction in liabilities reflecting an increase in the discount rate since year end, reflecting higher interest rates and gilt yields.

The USS pension liability was recalculated, based on the 31 March 2020 valuation, but using up to date assumptions at 31 July 2023 (note 31). As a result, there has been a decrease to the USS pension provision of £14.2m recognised in the year to date. This reflects the recognition of the forecast liability of the scheme at March 2020, valued at the discount rate at 31 July 2023. Neither of the two pension adjustments impact on the cash position of the University but do decrease liabilities on the Balance Sheet.

The 2020 USS schedule of contributions sets the deficit recovery contributions at 6.2% of salary from April 2022 to 31 March 2024 and then up to 6.3% from 1 April 2024 thereon. Mercer (on behalf of the British Universities Finance Directors Group) issued guidance in August 2023 regarding current year discount factor rates resulting in an increase from 3.31% to 5.52%. Payroll growth assumptions remained steady with salary inflation at 4.0% and headcount assumptions at 1.5%.

Other provisions saw a decrease of £1.4m during the year, primarily due to the release of provisions associated with providing support to existing Russian and Ukrainian students for the academic year. Additionally, a provision was released for moving assets back into the BMS building, which is complete and fully operational.

### USS update

The next formal valuation of the USS is due this year and will be based on information as at 31 March 2023. Based on recent forecasts, the deficit is expected to be significantly reduced from the position at the last valuation (at 31 March 2020) which was only formally agreed in February 2022. The timetable for completing the 2023 valuation aims to implement any changes decided by the Joint Negotiating Committee (JNC) from 1 April 2024 and is most likely to impact the 2023/24 financial statements. USS employers were in a consultation period with USS until September 2023 to feedback on the assumptions put forward by the USS Trustee, including contribution levels and future benefit structures amongst other areas. USS members are being consulted on plans to restore benefits to pre-April 2022 levels in anticipation of the JNC deciding to propose the changes. The consultation period runs until November 2023 with the JNC expected to make a decision based on the outcome of the consultation by December 2023. The University has consistently maintained its

support for the provision of a pension scheme that is attractive, affordable and has a meaningful element of defined benefit; and has called for developing low-cost and flexible options to address issues of intergenerational fairness; exploring alternative scheme designs (including conditional indexation); and reviewing the governance of USS.

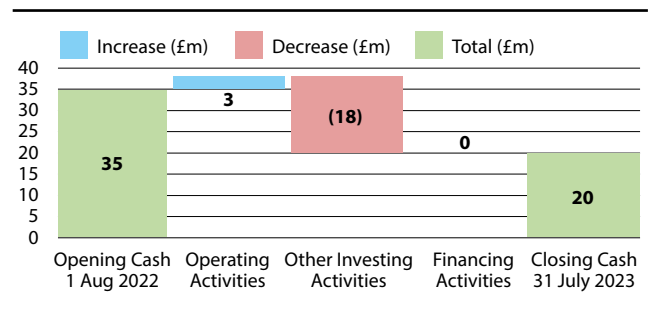
### Cashflow and financing

Cash and short-term investment balances decreased by £17.1m year on year to £26.5m, reflecting the considerable investment in our estate. Cash is £6.3m higher than originally forecast, with slower capital spending during the year than originally planned contributing to the higher than forecast cash balances.

A small capital repayment of £1.2m towards long-term loans was made this year relating to the SFC solar and carbon reduction funded loans.

No drawdowns were made on the Revolving Credit Facility during the year. In July 2023, the RCF was renegotiated, expanded to £35m from £25m, and extended for up to 5 years. The RCF is currently forecast to be potentially accessed around March/April 2024 prior to seeking new long-term debt, as the University invests in capital projects, over the going concern period to 31 July 2025. This is subject to change as timescales, costs and affordability are assessed for each scheme in the Capital Plan. The establishment of the RCF continues to underpin medium term cash resilience of the University, whilst we operate through a period of high inflation and interest rates, and challenging economic conditions.

### Cashflow Statement 2022/2023



Refer to Consolidated statement of cash flows, page 59

As shown in the cashflow statement above, our operating activities generated a cash inflow of £2.5m (2021/22: £28.5m). Having taken account of capital investment, investment income and borrowing costs, the overall net group cash outflow for the year was £15.0m, compared with a £2.2m outflow in the prior year, resulting in a University held closing cash balance (excluding investments) of £20.2m for the year.

The University comfortably met all financial covenants throughout the year.

## Key Performance Indicators

The University measures its performance against a number of Key Performance Indicators (KPI's) that are reported within five main headings aligning to the newly refreshed University Strategy 2022-27: World-Leading; Diverse; Digital; Sustainable and Entrepreneurial as well as a general Resources and Finance heading. Performance against target for each of the KPIs is reported via the Planning and Resources Committee (PARC) to Court on a quarterly basis using a Red, Amber, Green (RAG) system which allows Court members to focus on areas of concern. We present the risks and mitigations associated with the KPI framework within our Risk Management framework. Following the adoption of the new University Strategy 2022-2027 a new set of key performance indicators were developed. A summary of the relevant status is set out below.

### World-Leading

Overall, this theme presents as amber, the same status as prior year. The University's strengths in student experience and outcomes as well as its global connectivity and influence, through the high proportion of international staff and students, continues to be outstanding. Overall, we are performing well across associated indicators. Global academic collaboration is strong and is developed strategically to underpin scale and pace and global league table positioning, which continues to be a challenge.

The results of the National Student Survey (NSS) 2023 were announced on 10 August 2023. This is the first year of the new survey format following a review by the OfS in 2022, and against a backdrop of a cohort of students who were most significantly impacted by the pandemic, ongoing industrial action and a cost of living crisis. The University of St Andrews placed top in the UK based on average positivity score, with a score of 87.2%. St Andrews also came top in the UK for teaching quality with a positivity score of 93.2%. We recorded the highest positivity score across 13 subject areas in Scotland, including Medicine, Physics, International Relations and Classics. Our students also rated us top in the UK for four national subject areas; Russian, Comparative Literature, Classics, and for our general degree programmes. These strong results have played out well in the domestic league table season with us placing top in the UK in the Guardian for the second year running, and top in the UK in the Sunday Times & Times Guide and sixth in the inaugural Daily Mail rankings.

While we await details of the new research assessment framework, REF 2028, from Research England, there is a focus on investing in research excellence, impact and a positive research culture positioning ourselves for future opportunities. The VPRCI and members of our Research Excellence Board (REB) have met with all leads for the 21 St Andrews Units of Assessment during summer 2023, and will continue to do so, in order to monitor our preparations for the upcoming assessment.

Growing research awards remains a key strategic priority for the University, but following the trends reported throughout the past year, research awards have seen an overall decline in 2022/23. Over the past year we have continued to support staff in making new applications and have seen a significant growth (34% over three-year average) in application values, which we anticipate will help the overall level of awards to recover in 2023/24. Within a very challenging funding climate, focus is on the need to diversify our research funding sources. The University is investing in strategic support capacity with plans to step up work with researchers to anticipate opportunities and increase the number of high-quality targeted applications. The predominant source of research funding is from UKRI and there is insufficient direct cost recovery built into grant applications.

We are also making strategic academic appointments to strengthen priority areas. There is a need to support schools to embed impact as a concept throughout the research landscape. Schools are being asked to proactively engage with the RIS Impact team for support.

### Diverse

This theme presents as amber, the same status as prior year. We are recognised via a range of relevant external frameworks. Work has commenced on the institutional application for Athena SWAN award renewal, which is due for submission in November 2023. Work is underway on renewing the institutional LGBT Charter in 2023; and applying for the institutional Advance HE Race Equality Charter.

The participation of women in senior roles across the University is increasing. The gender pay gap for all staff overall has decreased, with the mean gender pay gap decreasing from 20.2% in 2021 to 17.6% in 2022 and the median gender pay gap decreasing from 18.1% in 2021 to 14.9% in 2022. Whilst the University's gender pay gap for 2022, shows a reduction in the overall gap and a gap of less than 3.5% for Grades 1-8, we recognise there is more to do, particularly at Grade 9. The rate of participation and promotion of BAME staff is also low. It is understood that this issue is complex and will require a longer term to address. Steps are being identified and progressed via the People Strategy to close participation and pay gaps.

We continue to have one of the most diverse and international student populations in the UK and worldwide. Although the proportion of entrants from SIMD20 backgrounds decreased for 2022 entry compared with last year, the absolute number of SIMD20 students grew due to the increase in Home entrant targets. A number of factors (including the cost-of-living crisis as well as attainment) mean that it will be challenging to meet SIMD20 targets for the coming year. Admissions are actively engaging with suitably qualified SIMD20 candidates and providing required support.

## Digital

Overall, this theme presents as amber, this is a new pillar this year therefore there is no comparative prior year status. Despite the impact of the Covid-19 pandemic, international recruitment targets were achieved in all cohorts for the delivery of our Digital theme and underpinning actions is core to the long term financial sustainability of the institution.

The development of our portfolio of digital programmes and short courses are progressing to plan with the first programmes advertised and actively recruiting for September 2023 entry.

We seek an increase in the number of research activities underpinned by digital research methods. Our research activities already make use of digital approaches and under this theme, we will structure the support we provide to underpin and integrate digital research methods.

While the pandemic temporarily impacted the ability of staff and students to travel, collaborations have continued and are increasing in line with plans. The proportion of students enrolled on Global PhD programmes is increasing year-on-year positively impacting our partnerships at the same time.

## Sustainable

Overall, this theme presents as amber, this is a new pillar this year therefore there is no comparative prior year status. The University is prioritising culture and operational change associated with environmental sustainability. We are meeting science-based targets (SBTi) associated with scope 1 and scope 2 emissions. Despite the reductions during the pandemic, we are not meeting science-based targets associated with scope 3 emissions. This requires changes to travel, procurement and construction policies identified in the action plans. We are working through the contractual arrangements for offsetting over the next three years, as well as practical opportunities for teaching and research in Scotland. We expect to see improved performance for waste production and recycling in the coming years.

Our research activity in the areas of climate change, energy research, and sustainability are expected to grow – this includes the creation of new research centres. Increased institutional accountability from sector bodies in relation to environmental sustainability and climate change is expected (such as UKRI plans to understand the environmental impacts of institutional research).

## Entrepreneurial

Overall, this theme presents as green improving from amber in the prior year and demonstrating positive progress in this area. Income from industry and commercial sources continues to grow and we are exceeding our targets in relation to invention disclosures,

translation award funding and income from intellectual property. We also welcomed all seven Innovation Centres (IC) in Scotland to the Entrepreneurship Centre in October 2022 giving the academic and research communities the opportunity to connect, learn more about their work and how they can collaborate. We will be setting more ambitious targets for the coming years. The University is taking steps to realise a step-change in income generation. Whilst the volume of activity associated with consultancy and research services is increasing, we are seeing a decline compared with last year in income from these areas due to a change in the size profile of businesses we engage with (i.e., there are fewer large commercial businesses, but increased SME engagement). The proportion of research income from industry and commerce is growing and operating income has increased (largely as a result of increased residential occupancy and summer activity associated with The Open).

Spin out activity is low in volume but the patent portfolio and pipeline for licensing is growing. St Andrews Innovation and Entrepreneurial St Andrews are prioritising outreach with Schools, and this is expected to improve performance across these indicators.

## Resources and Finance Overview

Overall, this area presents as amber, this is a new area this year therefore there is no comparative prior year status. Despite pressures due to inflation, energy costs, and pay, there has been good performance in most areas relating to financial stability and resource planning. There are challenges to the financial plan in the short term as we invest in our strategic priorities, return to planned levels of student numbers and associated tuition fee income, and deal with continued high levels of inflation. There is a need to invest in positioning for the next research assessment exercise, capital projects, progress with Strategy and associated business change.

For financial health, the further diversification of income sources is important, as currently we are heavily reliant on income from traditional overseas tuition fees and research income from UKRI.

Staff costs as a proportion of income have increased compared with last year due to continuing salary inflation increases following the outcome of the most recent sector pay negotiations. We are seeing signs of staff turnover returning to the pre-pandemic levels, although it continues to be significantly higher in Professional Services roles compared with academic due to the buoyant recruitment market. There remain some challenges in filling vacancies in some specialist and highly competitive roles.

Although energy costs are forecast to have peaked, we are not yet seeing a decline in costs. Our national procurement contracting via APUC combines a level of forward purchasing, with an element of short term and

spot purchases, to manage usage and price volatility. As a result of the current approach, the protection we benefitted from over the previous 12 months, where our costs whilst showing a significant increase were below retail increases, will likely see continuing price increases in the foreseeable future. We are challenging the continuation of the same process without pivoting to the new market conditions.

## Reputation and achievements

The University of St Andrews, as Scotland's first university, stands for research and teaching of the highest quality and the pursuit of knowledge for the common good. Our fundamental goal is to attract and nurture the best staff and the most promising students to Scotland from around the world and provide an environment in which they can produce their best work for maximum societal benefit. 2022 was a year of transition for St Andrews, beginning, as it did for most, with the final measured steps out of the wearying restrictions of the Covid-19 pandemic, but ending with a tangible sense of momentum, and the pursuit of new ideas and ambitions.

We launched a refreshed University Strategy 2022-2027, and its themes of World-leading, Diverse, Entrepreneurial, Sustainable, and Digital, underpinned by an abiding commitment to Social Responsibility.

We continue to attract highly skilled students and staff from over 140 countries to Scotland. We will strive to maintain our pre-eminent position in university league tables and continue to place people at the heart of our actions and choices. Our remarkable students and staff are the lifeblood of St Andrews, and our future relies on developing a University which allows them to use their talents to best effect. This section outlines some of our key achievements and areas in which we have been recognised during the academic year:

- The University was ranked number one in the UK in [The Guardian University Guide 2024](#) for the second consecutive year, with nine of our subjects ranking in the top.
- In [The Times and The Sunday Times Good University Guide 2024](#) St Andrews was ranked the top university in the UK. This is a remarkable achievement given our size and location, with no other university, other than Oxford or Cambridge, ever topping both the Times and Guardian rankings in the same year.
- In the inaugural Daily Mail league table, published in September 2023, the University was awarded the title of UK University of the Year for Teaching Quality.
- Scotland's oldest university is ranked 95th in the [2024 QS Rankings](#) of the world's top 1500 universities, a rise of one place from last year, placing St Andrews among the top seven per cent of global higher education institutions.

- Arts and Humanities subjects at the University of St Andrews are amongst the strongest in the world for teaching and research. Five schools and departments feature in the top 50 of the [QS World University Rankings by Subject 2023](#), while a further eight are ranked amongst the top 100 in the world.
- Students put St Andrews first in UK for academic experience – students at the University of St Andrews are more positive about their education than students at any other mainstream university in the UK, according to the results of the [National Student Survey 2023](#).

Several of our University colleagues were recognised across a range of external merits, including the Queen's and King's Honours, FRS, FBA and FRSE.

In the Queen's Birthday Honours list 2022, four members of staff at the University of St Andrews were recognised for services to Higher Education, sport, early years education and the history of mathematics and science. Principal and Vice-Chancellor Sally Mapstone was made a DBE, Director of Sport and Exercise Stephen Stewart, mathematician Dr Isobel Falconer and Student Services Assistant Director Claire Lavelle all received an MBE.

In the King's Birthday Honours list 2023, Quaestor and Factor Derek Watson, the University's Chief Operating Officer, will receive an MBE for Services to Entrepreneurship and Sustainability. Derek has played a crucial role in the development of the Eden Campus and the creation of St Andrews Innovation, providing strategic leadership to drive entrepreneurship and meet present-day challenges with impactful solutions. The Director of the Eden Campus, Geoff Morris, will receive an OBE for services to Charity and to the Environment. Geoff's vision and passion for creating an environment where industry and academia can co-exist have been fundamental to the successful development of the Eden Campus. Sustainability is at the heart of all we do at the Eden Campus and Geoff has been at the forefront of major projects including the biomass plant and solar PV farm, as well as the St Andrews Forest.

Other staff honours and celebrations include:

- The Deputy Head of the School of Chemistry, Professor Sharon Ashbrook was honoured by The Royal Society of Edinburgh, receiving the RSE Lord Kelvin Medal
- Karen Dryburgh, Security Officer in Estates, became the first woman to carry one of the University maces at graduation.
- An anthem by Sir James Macmillan, Professor of Theology and Music in the School of Divinity, was sung at the Queen's funeral service. The anthem, *Who Shall Separate Us?*, was specially commissioned for the event.

- Professor Rebecca Goss, from the School of Chemistry, won the 2022 Converge Challenge with her spin-out enterprise X-Genix Ltd, which involves precision molecule editing to enable accelerated drug discovery.
- Professor Jo Sharp was appointed Geographer Royal for Scotland, to promote geography in Scotland, champion Scottish geography internationally and develop ‘geographical thinking’ within public life.
- Professor Dame Sally Mapstone FRSE, Principal and Vice-Chancellor of the University of St Andrews, was elected as the next President of Universities UK (UUK), taking up the role as of August 2023.

Other celebrations and achievements include:

- Our innovative £12.5m building dedicated to providing world-class music facilities for the University of St Andrews and the wider community scooped a top prize in the Scottish Design Awards. The Laidlaw Music Centre – which boasts the world’s first chamber hall with a moveable floor – won the Award for the Public Building category of the prestigious national competition. It was also short-listed in the Education category of the Scottish Design Awards. This follows on from the Royal Institute of British Architects (RIBA) announcing the Laidlaw as a winner of a RIBA National Award 2023, given to buildings across the UK in recognition of their significant contributions to architecture.

## Graduation celebrations

An internationally acclaimed astronomer who grew up in Fife, a leading cancer scientist, a legendary golfer who designed one of St Andrews’ championship golf courses, and an award-winning journalist and broadcaster joined more than 2000 students from across the world at the University of St Andrews graduation celebrations in June.

Graduates from almost 90 different countries, including Scotland, Ukraine, Switzerland, Poland and the USA, to name just a few, received their academic awards in the Younger Hall from Monday 12 June to Friday 16 June 2023. The summer graduation ceremony season saw a total of nine distinguished individuals from the worlds of science, sport, music, economics, and literature honoured alongside 73 returning students from the Class of 2020 and 2021 who missed in-person ceremonies due to the Covid-19 pandemic.

Some of the world’s best-loved golfers were honoured in a special ceremony ahead of the 150th Open Championship in St Andrews in July 2022. Jack Nicklaus was made an Honorary Citizen of St Andrews by The Royal Burgh of St Andrews Community Council at the day’s major public ceremony. He is one of only three US citizens to receive this honour, the others being fellow golfer Bobby Jones, and Benjamin Franklin in 1759.

Jack Nicklaus was given freedom of the town while Sandy Lyle, Lee Trevino, Sir Bob Charles, José María

Olazábal and Catriona Matthew all received honorary degrees from the University.

At winter graduation in December 2022, students celebrated with honorands Nicola Benedetti, one of the most sought-after Scottish concert violinists in a generation; Lord Dubs, who came to the UK as a child refugee; and Joan Armatrading, the first British singer-songwriter to enjoy international success.

## Socially responsible St Andrews

In 2022, the University Community Fund supported 32 local projects, to the sum of £56,908. These included Craighrothie Village Hall’s Drop-In Tuesday coffee and cake sessions; enhancing outdoor space at Cupar Kids Club, including chairs suitable for disabled users; and an enclosed children’s park at Lochgelly United Amateur Football Club for children to play safely while attending matches.

In November, our cost-of-living taskforce, comprising students and staff, announced a series of measures to help staff and students. We also boosted our student discretionary funds by more than £1.5 million.

The Students’ Association produced a comprehensive guide with links to sources of support, advice, discounts, and practical tips for managing budgets and staying warm. All cafés in University buildings began offering a subsidised 50% discount on hot and cold meal deals.

## World-leading St Andrews

Over the last year our world-leading research has had breakthroughs, innovations and developments that continue to cement St Andrews’ position as a driver for global change through the innovative science advances making an impact on the lives and habitats from dolphins to chimps and an encyclopaedia of theology.

A team at St Mary’s College (the School of Divinity) is building a free-to-access, online encyclopaedia of theology, a peer-reviewed academic resource that engages with the best of theological scholarship, incorporating all major religious traditions and aiming to become the definitive resource of its field.

Dr Laura Maitland’s research on injuries sustained by civilian victims of blasts and ballistics incidents in Afghanistan could be key to providing standardised surgical responses to any future major trauma incidents, including acts of terror and the ongoing war in Ukraine.

Chimpanzees can find their way through a computerised world to find virtual fruit using touchscreen technology, according to new research led by the School of Psychology and Neuroscience.

Dolphins have a unique sense of taste that allows them to identify family and friends without seeing or hearing them, a study by a team at our Scottish Oceans Institute found.



School of English lecturer and author Dina Nayeri, a former refugee, published a book entitled *The Waiting Place* which tells the stories of ten young people, aged 5-17, in a refugee camp in Greece. Dina visited schools across the UK distributing free copies of her book and talking with children, fostering empathy for displaced people from an early age.

Do you speak extra-terrestrial? A new research hub considers response to life beyond Earth – What does humanity do when we discover we are not alone in the cosmos? A new international research hub at the University of St Andrews will coordinate global expertise to prepare humanity for such an event and how we should respond.

While we might never learn about the existence of life beyond Earth, or even about another intelligent civilisation, there's a chance it could be detected sooner rather than later. But are we prepared?

The new [SETI Post-Detection Hub](#), hosted by the [Centre for Exoplanet Science](#) and the [Centre for Global Law and Governance](#) of the University of St Andrews, will act as a coordinating centre for an international effort bringing together diverse expertise across both the sciences and the humanities for setting out impact assessments, protocols, procedures, and treaties designed to enable a responsible response.

Humans retain an understanding of gestures made by other great apes even though we no longer use them ourselves, according to a study by researchers from the School of Psychology and Neuroscience.

People playing an online game correctly identified more than half of the gestures made by chimpanzees and bonobos in a pioneering experiment run by Dr Kirsty Graham and Dr Catherine Hobaiter from the School. The study is published in the open access journal [PLOS Biology](#).

A chance conversation in a bar has led to the most extensive study of dementia in dolphins. The brains of three different species of stranded dolphins show classic markers of human Alzheimer's disease, according to the most extensive study into dementia in odontocetes (toothed whales), led by new pan-Scotland research, a collaboration between the University of Glasgow, the Universities of St Andrews and Edinburgh and the Moredun Research Institute, the research, published in the [European Journal of Neuroscience](#), (13 December 2022) studied the brains of 22 odontocetes which had all been stranded in Scottish coastal waters, included five different species – Risso's dolphins, long-finned pilot whales, white-beaked dolphins, harbour porpoises and bottlenose dolphins – and found that four animals from different dolphin species had some of the brain changes associated with Alzheimer's disease in humans.

## Sustainable St Andrews

The University of St Andrews is a world-leading University and we see it as our willing responsibility to integrate sustainability within our strategy. We want to be known as a University which practises what it preaches and puts sustainability at the heart of its operations.

The University's one-megawatt ground solar photovoltaic (PV) development was unveiled by the former Cabinet Secretary for Finance and the Economy, Kate Forbes MSP. With a planned extension of the district heating network – which already pipes hot water from Eden Campus biomass plant to 48 University buildings and 3,000 student rooms in St Andrews – and the solar farm, the expectation is that Eden Campus will be a carbon-neutral working environment within the next five years.

Our researchers are leading on a transformative new programme, endorsed by the United Nations Educational, Scientific and Cultural Organization (UNESCO), to address the effects of climate change on the ocean. Our Global Ocean Decade Programme for Blue Carbon (GO-BC) is one of four major programmes unveiled and will focus on the role of blue carbon ecosystems across estuarine, coastal, and open ocean environments for better ocean sustainability.

The University's vision is to be Net Zero by 2035. This is underpinned by our commitment to remove all avoidable greenhouse gases the University releases into the atmosphere and compensate for emissions that are unavoidable. Our carbon footprint for the academic year 2021/22 went up by 42% on the previous year as the University returned to normal business following the pandemic. In relation to our baseline year of 2018/19, emissions are down by just over 8%. Based on early data, we estimate our carbon footprint for the academic year 2022/23 to remain in line with 2021/22. For the new academic year 2023/24, additional KPI's have been identified which will allow us to strengthen our reporting on carbon emissions and broaden our reporting on sustainability to routinely include measures on skills development, research activities and biodiversity.

The innovative hydrogen train project successfully completed its final phase of testing in the autumn of 2022. This project has provided valuable insights for the Scottish Government and industrial partners to meet ambitious Net Zero carbon targets. We look forward to continuing to work with the Scottish Government, scaling up hydrogen use for transportation alongside other applications across Scottish society.

In November, we unveiled the winner of the 2022 St Andrews Prize for the Environment – Misión Tiburón. The community-based project received US \$100,000 to protect and restore blue carbon sinks in the Hammerhead Shark Sanctuary in Costa Rica. Since its inception, the

Prize has attracted more than 6,000 entries from across the world. It has provided crucial support to a diverse range of projects which have reduced human-animal conflict, promoted environmental justice, developed new solutions to reduce and eliminate waste, and championed urban regeneration.

A move by the University of St Andrews to support students and staff through the cost-of-living and energy crisis with 75 per cent off bus travel across the whole of East Scotland, thought to be the first initiative of its kind by a University, launched in November 2022. The cost-cutting partnership between the University and Stagecoach has saved staff and students – those not already eligible for the Scottish Government’s free travel for the under 22s – more than £253,000 up to the end of this financial year collectively since it launched.

To effect positive change across society, and contribute to the United Nation’s Sustainable Development Goals, we will continue to use the power of our research, amplified through education and our partnerships, to influence radical shifts in public policy and create opportunities for a rapid transition that are alive to the justice of outcomes.

### **Diverse St Andrews**

In the autumn of 2022, we published the outcome of an independent consultation to review the University’s approach to race and ethnicity. The report provides an objective assessment on where progress has been made and where further work is required to support constructive change in practice and culture. This is part of our work towards a Diverse St Andrews and preparations for applying for a Bronze Award under the Race Equality Charter framework early in 2024. The Charter work is being informed by a survey, which was conducted across the University towards the end of 2022.

The University’s Staff Disability Policy was published, providing guidance for staff and managers on the undertaking of adjustments and compliance, with a review being carried out with key contacts. Our Carer Positive Employer award at the highest ‘Exemplary’ level was renewed.

2022 also marked the second anniversary of officially becoming a University of Sanctuary with a series of events including a lecture and community consultation.

The University and the Students’ Association launched the Student Mental Health Agreement 2022-2024, a joint project which seeks to improve student health and wellbeing. Following a survey, key priority areas were identified: improving awareness of and access to support services, promoting academic wellbeing, supporting our diverse community, and creating rewarding wellbeing training opportunities.

The Development team launched the Kaleidoscope Alumni Network at the end of 2022, a pioneering

project to celebrate the ethnic and cultural diversity of our alumni around the world. It will promote discussion and connections among the University’s diverse alumni, staff, and student communities to inspire and effect change in society.

Our School of Physics and Astronomy was awarded a Silver Athena Swan Award in December 2022, taking the total number of awards to 20. Institutionally, we hold a Bronze Award (and are currently preparing an application for a Silver Award), while one school has a Gold Award, three hold a Silver, and 15 a Bronze Award.

### **Digital St Andrews**

In 2023 the University launched our innovate postgraduate online programme, offering personalised digital education. Our tailored online courses are designed to allow students the opportunity to study wherever they are in the world as part of an internationally diverse student body. With a range of study options from 1-3 years, our new online programme launched with three exciting new courses:

- Data Literacy for Social and Environmental Justice
- Data Science
- Health Professions Education

### **Global St Andrews**

St Andrews joined international partners Emory University (USA), the Hebrew University of Jerusalem (Israel), the University of Bonn (Germany) and Waseda University (Japan) to sign a joint Memorandum of Understanding earlier this year, laying the foundation for collaboration within their Global Network. The aim of the newly formed network is to foster multilateral collaboration among the partners in three core areas: education, research, leadership and innovation.

The five internationally renowned universities are coming together in a newly formed Global Network aiming at facilitating academic collaboration, clustering expert knowledge, and learning from each other through best practices.

The idea for the global network grew during the Covid-19 pandemic, which itself demonstrated the need for scientific international collaboration. While the network has been very active online, the partners are now planning a first face-to-face network meeting in spring 2024 to further deepen the network and potentially extend it to additional universities.

### **War in Ukraine**

The University gave students, staff and the wider community a unique insight into the impact of the war in Ukraine when it welcomed one of the country’s leading Members of Parliament, Lesia Vasylenko, during her visit to Scotland last autumn.

Ms Vasylenko, who is from Kyiv and has held the office of the People's Deputy of Ukraine since 2019, is an outspoken critic of the Russian invasion, providing more than 300,000 Twitter followers across the globe with regular and often harrowing updates about the situation on the ground.

During her visit to St Andrews, Ms Vasylenko met with some of the University's Ukrainian students before taking part in a round table session with students and staff from the School of International Relations. Ms Vasylenko also met with University Principal and Vice-Chancellor, Professor Dame Sally Mapstone FRSE.

### Experts give Ukrainian leaders key insights in military strategy

A team of academics from the University of St Andrews School of International Relations paid a visit to Kyiv recently, meeting with key members of the Ukrainian government including a range of Government Ministers, senior military commanders, MPs and academics involved in developing strategy and policy in the defence of the country against Russia. They also met with local NGOs and the HALO Trust, as well as carrying out a press briefing for local and international media. Led by Head of School and Chair of Strategic Studies, [Professor Phillips O'Brien](#), the group – Professor Sir Hew Strachan, Senior Lecturers [Dr Marc De Vore](#) and [Dr Kristen Harkness](#), and [Professor Stephen Gethins](#) – travelled overland from Poland to Kyiv, the epicentre of strategic operations directed by President Zelenskyy and his team. The trip focused on meetings in Kyiv and the St Andrews team briefed Oleksiy Danilov and his team at the National Security and Defence Council. They also met with high-level groups from the Ukrainian government, including Deputy Defence Minister Andriy Shevchenko and Minister for Strategic Industries, Oleksandr Kamyshin, who previously ran the country's railways, as well as military and economic and analytic communities. The team learned more about Ukrainian strategic thinking, what Ukraine feels it needs to win the war, and how Ukrainians see the future of their own country.

### Equality and diversity

The University Strategy sets out an ambitious vision to make St Andrews a beacon of inclusivity, placing diversity and equality at the centre of everything we do and creating an environment in which all can flourish and realise their potential. A detailed action plan, for delivering this vision has been developed focused around behaviours, visibility, addressing inequalities and enhancing the use of data.

All schools have now achieved Athena Swan status (sixteen at Bronze level, three at Silver and one at Gold) and the University is preparing its submission for an Athena Swan Institutional Silver Award in Autumn 2023. We are also preparing an application for the Race

Equality Charter and are currently undertaking a wide body of work looking at the staff and student lifecycle, culture and the curriculum. As part of the REC work, we have undertaken a survey of staff and students on their experience of working and studying at the University. This work collectively supports identification of areas for attention and development of an action plan. The University holds the Carer Positive Employer award at the highest 'Exemplary' level, the LGBT Charter, is a participant in the Stonewall Workplace Equality Index and is a signatory to the Business in the Community Race at Work Charter.

The University's [Equality, Diversity and Inclusion Policy](#) applies to all staff, students, contractors and visitors, taking into account the provisions of the Equality Act (2010) and the Scottish Specific Duties (2012). The Policy objectives are that all individuals will be treated with respect, that they will not be subject to unfair discrimination in any aspect of university life, and to achieve an environment in which everyone has the opportunity to develop to their full potential. The Policy includes specific provision for existing and potential employees with protected characteristics.

Equalities issues are regularly discussed at the Joint Negotiating Committee with recognised Trade Unions and more information can be found in the University's [Equality, Diversity and Inclusion Policy](#). In compliance with equalities legislation, the University published its [Equality Mainstreaming Report](#) in April 2023. This reported on the Equality Outcomes action plan for the period 2021-25, and reports on staff and student data trends. Statistical progress on the Gender Pay Gap was published in Spring 2023 and is available online – [Equality, Diversity and Inclusion progress reports](#).

An updated version of the [Staff Disability Policy](#) was published in June 2023, following consultations undertaken with the trade unions and staff feedback (including through the Staff with Disabilities Network). As of 19 July 2023, 156 (5%) of current salaried staff at the University declared a disability.

The University is committed to Fair Work practices. This includes working collaboratively and consultatively with the recognised trade unions, to discuss staff related issues as part of our wider [Recognition Agreement](#), a biennial staff survey and, engagement with relevant staff networks on specific matters. As an educational institution, the development of our staff is paramount. The University provides an open training programme accessible to all staff, which from May 2023 includes access to the online learning platform, LinkedIn Learning. Staff are also supported via a number of mentoring programmes designed to support different career stages and profiles.

In terms of pay, the University has no zero-hour contracts but does, to meet peak work demands, employ hourly paid staff. As part of our commitment to this cohort, we worked with the trade unions during 2021/22 to develop a new Graduate Teaching Assistant contract to

further develop and support postgraduate students who undertake tutorial work. In addition, the University has, since 2016, paid the Voluntary Living Wage and we have made a commitment to continue to do so, ensuring it is implemented from the date it is effective.

The University is committed to understanding and addressing Gender Pay Gap issues. Whilst the University's GPG for 2022, shows a reduction in the overall gap and a gap of less than 3.5% for Grades 1-8, we recognise there is more to do, particularly at Grade 9. Alongside initiatives such as Athena Swan and mentoring schemes for women, the gender pay gap working group is considering actions to help address the gap while avoiding measures – such as contracting out cleaning services – which would reduce the gap but be detrimental to the University's wider commitment to social responsibility.

### Principal risks and uncertainties

In pursuing its key strategic aims and objectives to achieve excellence in World Leading, Diverse, Digital, Sustainable and Entrepreneurial, the University will inevitably undertake activities which incur a level of risk. The way in which these risks are managed, through an effective risk management function, is fundamental to our success. Effective risk management will both reduce the likelihood that risks are realised, and their impact in the event that they are. The management of risk at the University of St Andrews is undertaken by the Risk Management Group who report through the Audit and Risk Committee to the University Court who retains ultimate responsibility. The Risk Management Group is part of the wider institutional corporate governance structure and more information can be found on page 29.

Our risk profile has remained consistent over the last year with no significant changes. Risks which have been somewhat dynamic have included: industrial relations and the effect of the marking and assessment boycott; economic conditions and their effect on costs; the managed reduction of student numbers and consequent effect on income.

Cyber security risks remain at the highest threat level because these have the potential to inflict sudden and lasting catastrophic damage, and there is no evidence that this risk is reducing. All data available to us, and the unfortunate experiences of some of our HE peers, indicates that the threat appears to be steadily increasing despite our efforts to apply additional controls.

Concerns over estate space constraints is reflected in our Resilience risk relating to emergency workplace recovery, and also the corresponding 'business as usual' risk relating to teaching and research space. These risks will remain concerning at least until development of the North Haugh is concluded.

Residential capacity for students, within and outwith the University estate, remains a perennial issue for the sector as a whole and for St Andrews. For

us, improved stakeholder engagement together with a planned reduction in student numbers has given us some confidence although we must plan to balance gains in capacity from new builds or completed refurbishments against loss of capacity due to new refurbishments.

Insurance risks remain Red due to an aggregation of factors. The financial aspect has lessened not due to decreasing costs but rather due to increased budgets now in place to deal with the reality of the financial situation we face in the market. It is feasible that with some improvements in process alongside a data driven approach and a new budgetary regime, this risk may be de-escalated in 2023/24.

### Framework

All 'Red' risks, and a number of those close to that level, are reviewed by the Risk Management Group (RMG) quarterly, and Principal's Office (PO) had collective sight of every Red risk, again quarterly. This is highly beneficial, firstly to ensure that the implications of each risk have been considered by a range of stakeholders, and secondly to focus attention on areas of particular concern, or where it is perceived, we should be performing more highly.

Risk scoring is undertaken on a five-by-five matrix basis, using likelihood and severity on each axis. Any risk with a score of fifteen or higher is reported to the Audit and Risk Committee. Reflecting these factors, the following identifies specific areas of risk.

#### Risk Description:

#### Salary costs from commitments which exceed funding growth

<b>Rating:</b>	25 [Red]
<b>Controls:</b>	Red [Low Confidence]

#### Narrative:

The University has for several years experienced real terms funding cuts from public sector sources of financing, putting an increasing reliance on the generation of new and additional forms of income, plus market tolerated price inflation for fee-paying students. The Covid-19 pandemic highlighted the flaws in the funding model for higher education, which is now widely recognised as broken. The Scottish Government's budget for 2023/24 increases University funding by just 1.1%. Our ability to manage this risk will depend on continuing to secure cohorts of fee-paying students for the next academic year and beyond, on identifying further efficiencies from operating and staffing costs, and on the development of new revenue streams. Inflationary pressures on pay costs are exacerbated by retention issues, and market supplements have had to be reintroduced in certain circumstances. In contrast, the potential for future reductions in USS employer contributions in the short term at least, will support management of the risk.

**Risk Description:**  
**Successful cyber-attack or physical security breach to a University IT system**

**Rating:** 25 [Red]  
**Controls:** Red [Low Confidence]

**Narative:**

The National Cyber Security Centre (NCSC) cite cyber-attack as an existential threat to UK organisations, with a considerable risk of operational disruption, loss of revenue and data, reputational damage, litigation, and substantial management costs to recover. These threats typically arise from criminal or espionage activity and include, social engineering (e.g., phishing), distributed denial of service (DDoS), malware, spyware, and ransomware. We are more reliant than ever on IT systems for the delivery of teaching, assessment and hybrid or home working. Phishing remains the most common threat to the University, although a successful Ransomware attack (which JISC and the National Cyber Security Centre continue to rate the highest level of threat) would have a much higher impact. That impact can be loss of income, increased costs of working, legal liabilities, GDPR fines, and severe reputational harm. Financially, the impact could run into GBP millions, perhaps tens of millions.

**Risk Description:**  
**Inflation or exchange rate movements outstripping funding growth**

**Rating:** 25 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

There remain supply chain pressures along with demand outstripping supply for certain commodities, which collectively are driving higher inflation than seen for several years. Increasing fuel costs have added another layer of inflationary pressure into our supply chain. In addition, we are now seeing a noticeable impact on the recruitment of staff, particularly in Professional Service Units, where other sectors are offering higher pay. Government funding fails to address the impact of inflation in their grants for teaching, research and capital, driving an ever-increasing gap in funding and cost. Fundamentally, we are unable to influence or control macro-economic factors or match funding levels in accordance with external pressures. Therefore, whilst the University sees the need to reduce this risk, and is attempting to do so by a variety of means, external factors will always remain problematic.

**Risk Description:**  
**Financial pressure arising from gap between energy prices and income growth**

**Rating:** 20 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

In January 2022, the University received notification from Scottish Government procurement of higher prices coming through the national procurement contracts of which we are part for gas and electricity. This was driven by the invasion of Ukraine. The national contracts combine a level of forward purchasing, with an element of short term and spot purchases, to manage usage and price volatility. Our forecast of an overspend of circa £2m compared to the funding built into the Financial Plan for 2022/23 was accurate, with the outturn being managed as part of the overall financial position of the University. The position in 2023/24 has been assessed, and it is clear there will be a further substantial increase in utility costs, particularly electricity, above the increases seen in 2022/23. These have been built into the approved Financial Plan for 2023/24 onwards.

**Risk Description:**  
**Sustained decline in income from research grants over a 3-5 year period**

**Rating:** 20 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

Research provides prestige, feeds core themes of knowledge and challenge, encourages active researchers to refresh courses, and ensures we can recruit the best people. Reduced research income could be caused by reduced funding availability, quality of grant applications or increased competition. The majority of our research funding comes through UKRI which has shown itself to be vulnerable to short term budget decisions made by UK government. Around 20% of research income comes from the EU. Although the accession of the UK as an associated member to Horizon Europe is to be welcomed, charity research funding remains at risk following reductions in donations during Covid-19 and it remains to be seen how this will impact and recover in the medium to longer term, placing particularly, research funding in Medicine at some increased risk. An effect of the pandemic was therefore to alter trends on research funding such that historic trends may less accurately be extrapolated to predict future opportunities and hence income.

**Risk Description:****Industrial action by university staff resulting in disruption to services****Rating:** 20 [Red]**Controls:** Amber [Moderate Confidence]**Narrative:**

Pay is subject to national collective bargaining, although until 2022 recent rounds of industrial action were activated through disputes raised by UCU with individual institutions on the twin issues of pay/working conditions and pension. Similarly, the University's participation in the USS scheme is subject to nationally agreed parameters. The University works closely with UUK and UCEA to encourage approaches that are fair to staff and sustainable for institutions. UCU's national ballots last autumn secured 57.8% and 60.2% turnouts respectively, with substantial majorities voting for strike action. UCU secured a fresh 6 month mandate in a new ballot held in March 2023, with 56.4% turnout on pay and conditions and 58% on pensions; again substantial majorities (85.6% and 89% respectively) voted in favour of strike action. UCU members narrowly rejected a set of proposals provisionally agreed between their national negotiators and UCEA on pay and conditions and UUK on pensions. UCU subsequently announced a marking and assessment boycott (MAB) from 20 April. UCU's mandate runs until 1 October, although their Higher Education Committee has passed a resolution to re-ballot for its extension. The Pensions Dispute has effectively been resolved through the unexpectedly favourable 2023 valuation of USS.

**Risk Description:****Systemic failure to address student wellbeing, resulting in personal and/or reputational harm****Rating:** 16 [Red]**Controls:** Amber [Moderate Confidence]**Narrative:**

This risk relates to insufficient or inappropriate medical care and treatment available to students; although it also relates to supporting students' wellbeing with consideration required as to the extent of the University's responsibility. Students, families and the media have high expectations of the University to ensure the wellbeing of students and reputational damage can easily result. In a trend which is consistent with other major institutions across the UK, disclosures of mental health disability and presentations of mental ill-health have significantly increased within our student community, which is only partly attributable to increasing student numbers. Key to this risk is the University's resourcing, response to incidents and liaison with the Police and NHS, whether that is through the local Health and Social Care partnership or Ambulance Service. The University continues to be responsive to requests from Student Services to increase staffing resource for mental health,

counselling and disability. The Wellbeing, Counselling and Mental Health team within Student Services has been accredited by the Royal College of Psychiatrists in partnership with the British Psychological Society. We have a Student Services Response Team who operate evenings, weekends and overnight, and during the day, to support students and link in with NHS and emergency services, as well as working alongside the Security and Response Team.

**Risk Description:****Surplus or deficit in student residential accommodation****Rating:** 16 [Red]**Controls:** Amber [Moderate Confidence]**Narrative:**

We rely largely on University owned and maintained residential accommodation to house our entrant student population, and contribute to student satisfaction by offering space to returning students where possible. However, due to our geographical location, and in order to meet student demand for accommodation, it is also critical that there is sufficient capacity in the area, whether from the University, from private student halls and the private rental sector. We have seen recent changes in the housing market across Scotland, including St Andrews, where landlords appear to be leaving the student rental market, undermining the availability of accommodation for returning students. Demand for student accommodation also closely follows student recruitment and will be affected by proximity to target for the annual admissions cycle.

**Risk Description:****Failure to achieve budgeted financial targets for tuition fees****Rating:** 16 [Red]**Controls:** Amber [Moderate Confidence]**Narrative:**

The University sets targets to maintain our in-town student population at 10,000 students. Since income varies by student fee status, an appropriate balance must be achieved within the overall number to achieve an acceptable financial outcome. RUK and Home undergraduate fees have been a reliable source of income with an important role in increasing the diversity of our student cohorts, particularly in terms of widening participation. The University also has a commitment to recruit to fill its home undergraduate places that are funded by the Scottish Government. Some of the factors affecting applications could act alone to make a catastrophic difference, but equally there could be an accumulation risk with multiple negative indicators snowballing in an unforeseen way to reduce applications or adversely affect the algorithms by which we project acceptances and make offers.

**Risk Description:**  
**Unplanned IT outages exceeding established 'return time objectives'**

**Rating:** 16 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

Information and Communications Technology (ICT) is central to the functioning of the University. This risk could arise from failure of software, hardware, network, power or people. Increased dependency on digital has further reinforced the need for active management of this risk. The potential for frequent or prolonged power outages resulted in additional controls being implemented in winter 22/23, including generator connection points in key ICT locations. Any outage of a key system, or systems, has the potential to seriously impair teaching and research, with potential knock-on implications for reputation and income. We use a measure known as "Recovery Time Objective" (RTO) to record for each of our key systems the length of time before downtime becomes critical. This enables us to prioritise system recovery, which sometimes varies seasonally, and to use the concept of RTOs to plan resilience into system design rather than attempting to retro-fit resilience.

**Risk Description:**  
**Inadequacies in academic and service unit accommodation arising from an inability to expand or refurbish the estate to the required scale, quality and speed.**

**Rating:** 16 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

There is likely always to be some level of risk associated with our estate for effective running of University business, as the volume and nature of our activities are not always a natural fit with the estate. Money, land and existing buildings create constraints on what can be built, refurbished or developed, yet changing expectations and uses of space mean that we need continually to adapt and update. Our aim always to comply with Equalities legislation also presents challenges connected to some older University buildings. Against this general background, two factors were creating particular pressures pre-Covid-19: planned growth in student numbers to 10,000 by 2025; and grant successes leading to an increase in postdoctoral and other recruitment. By 2020/21, demand was already exceptionally high for good-quality teaching space, student study places, academic offices, and professional spaces for student-facing Units. The completion of the Younger Hall refurbishment in the summer of 2022 has attenuated the need for good quality space; however, high student numbers will continue to place pressure on all teaching and study facilities until the

the development of the New College building in the town centre, where the new Business School will be located and a new building for Mathematics and Statistics on the North Haugh unlock a series of moves that will better accommodate both staff and students.

**Risk Description:**  
**Unacceptable student behaviour, including criminal acts, resulting in personal and/or reputational harm**

**Rating:** 16 [Red]  
**Controls:** Red [Low Confidence]

**Narative:**

Key areas of risk include managing reports of (i) sexual misconduct and (ii) bullying and harassment on social media. One main factor is the use of alcohol and drugs which can affect behaviour, memory and the ability to protect oneself. The University outlines expectations relating to behaviour to students as part of arrival and orientation. Student information campaigns promote good behaviour and the student code of conduct requires students to act responsibly. All students sign up to the University Sponsio Academia and Honour Code on arrival, both of which provide information on expectations of behaviour of St Andrews' students. Compulsory online modules covering Consent and Bystander Training and Diversity must be completed by all students on arriving at the University. We provide ongoing liaison and support to students and residence hall committees each year, and we continue to liaise with key stakeholders, including students, Police, parents and guardians, members of the public, and local businesses.

**Risk Description:**  
**Risk and financial exposure arising from our insurance programme**

**Rating:** 15 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

The insurance market is now emerging from a hard market cycle, having experienced significant premium increases over the last two years. In terms of cost of risk, we do not anticipate significant rating increases over the next 2-3 years, although current rates of inflation alone imply increases to premiums each year, regardless of any other factors. Insurers are increasingly demanding of underlying data and analysis of risk, and the market has fed back that St Andrews are leading the sector in terms of property and business interruption metrics. The positioning of insurance within the Planning department has unquestionably facilitated this process but we must make the exercise repeatable and consistent over the coming period by working to improve underlying data.

**Risk Description:**

**Service outages and disruption arising from weaknesses in Mechanical and Electrical Asset Management**

**Rating:** 15 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

The University is engaged on a concerted drive to modernise our approach to facilities management, and in particular to use asset data to improve effectiveness. This is in part driven by the challenging scale of our estate which encompasses a significant number of buildings, assets and asset types. As part of this initiative, we procured two asset management software platforms to support business dependency mapping, maintenance schedules, service history, change management, task breakdown and asset lifecycle monitoring. These platforms provide the opportunity for improved maintenance data structures, data collection and better management of the estate. Using these systems, the following improvements have been delivered and are currently operational: (i) introduction of SFG20 maintenance standards to PPM work orders, which provides industry standard task lists for maintaining assets including statutory compliance (ii) Condition Survey data has been imported into Invida and Estates are working with the supplier to include 5X5 risk assessment scores against each action for M&E as well as Fabric. The impact of M&E failure depends on the asset in question and the location of that asset. For some assets, the impact could be a short delay in activity or minor repairs, whereas for other assets, the result of failure could be significant water damage or, in worst case scenario, a major fire. We are seeing improvements already through better servicing and management, event detection, and intervention, often without any disruption experienced by end users, and a significant lowering of catastrophic/major event frequency, with only nominal spends now on, for example, emergency boilers and other service continuity measures compared with those needed before.

**Risk Description:**

**Inadequate organisational resilience following major loss, resulting in critical activity downtime**

**Rating:** 15 [Red]  
**Controls:** Red [Low Confidence]

**Narative:**

The University seeks to have adequate organisational resilience to allow important activities to continue, with limited and tolerable downtime, in the aftermath of a major incident such as a catastrophic fire or flood. Whilst there is resilience in some areas, this is not the case in others. Key vulnerabilities include specialist research labs, teaching labs, residences and large teaching spaces. Additional resilience due to IT capability has strengthened our position relative to some adverse events such as adverse weather, where more staff can work from home, or where recorded lectures could be deployed to students, and the latter may also assist as short-term mitigation in the event of other forms of loss.

**Risk Description:**

**Systemic failures of the university's H&S management system**

**Rating:** 15 [Red]  
**Controls:** Amber [Moderate Confidence]

**Narative:**

A review of University H&S policies and practices in 2019 identified a range of challenges in ensuring compliance with statutory requirements. Many policies and procedures were out of date or not user friendly, training was of variable quality and record-keeping was sporadic. Historically there has been little or no central setting of standards in H&S management, leading to an overly devolved and inconsistent approach to risk control. A clearer governance structure for H&S was introduced in 2022, which has resulted in greater transparency and more effective prioritisation of strategic issues, as well as more systematic senior management oversight of key aspects of H&S. A suite of online courses have increased training capacity and aid compliance. Basic H&S courses now form part of standard induction programmes and recent courses developed for particular audiences in lab safety and libraries and museums have been well received.



## Looking forward

The demand from students to come to the University of St Andrews continues to remain very strong, with the University remaining one based on selection rather than recruitment. Following period of unplanned over-recruitment through the Covid-19 pandemic, we have reduced our incoming cohort to help manage space across the campus and town. Demand continues to far exceed supply opportunity.

The longevity of high level of inflationary pressure remains a significant challenge for the sector and this University. Whilst costs continue to significantly increase, our Government backed income streams remain suppressed with no real recognition of the cost pressures we face. Regulated fees continue to fall in value leaving increasing pressure on other areas of income growth coupled with a need to review and refine operational efficiencies.

Our attraction to students remains as strong as ever, with applications to study here still significantly higher than the places available. The introduction of digital courses, both credit and non-credit bearing, seek to deliver outstanding educational opportunities around the world for those students who may not have the opportunity to visit this small town in the North East of Fife. We continue to attract outstanding staff who want to come to this small University town to deliver world leading research and teaching. Our professional services staff are of the highest quality as they strive to support our staff and students with seamless and efficient services.

We have now successfully launched our initial digital Masters' courses which deliver a St Andrews experience for digitally focused students. In addition, we are looking to create a St Andrews experience for non-credit bearing courses which will support general development of skills and knowledge across a wide range of topics flowing from our research led schools. The digital market is a specific focus for the University and will add to our global reach and help underpin our continuing financial sustainability.

The agreement to bring together our School of Economics and Finance, along with our School of Management, to create our new Business School, is delivering a revised Undergraduate and Post Graduate curriculum. This, alongside the development of new Executive Education courses, will create a vibrant, new and modern approach to supporting research and teaching to stretch the potential of students and support new approaches to answering business needs.

The pressure on utilities remains, requiring a significant review on energy efficiency, self-generation of heat and power and a rapid switch to alternatives from fossil fuel derived sources of power. This also requires us to take a short-term and long-term view on carbon generation/release, creating a multi-factorial approach to moving towards our net zero carbon target. This includes working with partners to support the introduction of nature-based solutions, as well as engineering and cultural changes. The key areas of our research in this area, along with the focus of the University Strategy on sustainability, are all brought into sharp focus as we face inflation increases not seen for generations.

Other costs associated with 'business as usual' also continue to suffer high inflationary pressures. The University will continue to review its approach to supporting the delivery of research and teaching in as efficient a manner as possible in order to free up resource for prioritised investment.

We have an ambitious capital investment plan which, along with the amazing philanthropic support of friends and alumni of the University, will deliver facilities to take the University into the next fifty years of academia. This is a key focus as we look to deliver strong positive cashflow generation from our operations alongside philanthropic support whilst we look to review our long-term debt requirements. We will work hard to weather the continuing financial headwinds by taking astute decisions, looking to the future rather than taking short sighted decisions.

The University will continue to look after its staff and students, preserve its heritage and enhance its research and teaching capabilities, continually striving for excellence in everything that it does.

Andy Goor  
Chief Financial Officer  
20 October 2023

The University of St Andrews is a charity  
registered in Scotland: No. SC013532

# Corporate Governance



## Introduction

The University is committed to best practice in all aspects of corporate governance. The University bases its approach and standards on the 2017 Scottish Code of Good HE Governance, but also takes account of good practice guidance elsewhere, including that produced by the [UK Committee of University Chairs](#).

## Compliance with relevant legislation

The University reports regularly on compliance with relevant legislation and regulation to its Audit & Risk Committee and Remuneration Committee, in particular where significant changes to the legislative environment occur. The University is compliant with the requirements of the Trade Union (Facility Time Publications Requirements) Regulations 2017. Data on facility time is submitted on an annual basis to the relevant government website and is published on the [gov.uk website](#). In addition, the information is published on the University's [HR Policy Page](#).

## Compliance with the Scottish Code of Good Governance

In the opinion of Court, the University complied with all the principles and provisions of the 20 Scottish Code of Good HE Governance (the Code) throughout the year.

The University is fully compliant with the requirements of the HE Governance (Scotland) Act 2016. The membership of Court represents a balance of representation from students, staff and lay membership, with the lay members providing important non-executive skills and support. A skills register supports the competitive skills-based recruitment process used for non-executive and other lay appointments to Court to identify and target the skills and experience necessary to maintain Court as a coherent and effectively functioning governing body. Particular attention is paid to encouraging diversity in applications for Court positions, both elected and appointed. A broad range of protected characteristics is represented on Court.

As reported in the 2021/22 statement, the University is adopting the 'comply or explain' approach in relation to the Code's recommendation that the membership of the Nominations Committee should have a lay member majority.<sup>1</sup> From 2018 the Governance and Nominations Committee has had two elected staff members, representing both academic and non-academic staff rather than the minimum of one stipulated in the Code. Other members include the Senior Lay Member, Principal, a student member of Court and two lay members of Court,

one of whom is Convener. Court considers that this is consistent with Main Principle 7 of the Code, which states that the nominations committee must have "*a suitably inclusive membership to oversee the appointment of new members to the governing body*".

Last year's Governance Statement notified the temporary appointment of the former Deputy Chair of Court as Acting Senior Lay Member pending the conclusion of the recruitment exercise for a new Senior Lay Member following the previous incumbent's resignation. The election took place in autumn 2022 with three candidates standing, and the new Senior Lay Member will take up post for an initial four year appointment on 1 August 2023.

## Risk management and internal control

The University Court is responsible for the University's system of internal control, and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The internal control environment includes delegated authorities, policies, procedural and system controls, planning and budgetary processes, professional capability in specialist areas, governance structures and management reporting. A Scheme of Delegation is reviewed by the Audit & Risk Committee and approved by Court each year. The current Scheme of Delegation will be reviewed and updated this autumn, to coincide with the introduction of the University's new financial system.

The senior management team receives regular reports on the University's performance including appropriate performance indicators and considers any control issues brought to its attention by early warning mechanisms embedded within the operational units and reinforced by frequent contact, support and guidance from the risk management team based in Planning. The anticipation, consideration and management of risk is an integral part of the planning process for operational units and schools. The senior management team regularly considers significant risks to the University and the controls and actions in place to mitigate these. The senior management team and the Audit & Risk Committee receive regular reports from Internal Audit which include recommendations for improvement.

Court's confirmation of the effectiveness of the system of internal control has also been informed by the following:

- The Internal Audit Annual Report 2022/23 presented to Audit & Risk Committee on the adequacy and effectiveness of systems of internal control including governance and risk management;
- Quarterly reports on Risk Management provided to the Audit & Risk Committee and notified to Court;

<sup>1</sup> This Code recommendation is at the lowest category of requirement, 'should' in the Code which recognises "*that there may be situations in which a departure can be justified, or it would be reasonable and acceptable to meet the principles of good governance in alternative ways*".

- An Annual Report on Risk Management presented to the Audit & Risk Committee and notified to Court;
- Comments made by the External Auditors in their report to the Audit & Risk Committee; and
- The work of managers within the institution who have responsibility for the development and maintenance of the internal control framework.

Court considers, on the recommendation of the Audit & Risk Committee, that a risk management process, compliant with the UK Corporate Governance Code, in so far as its provisions apply to the higher education sector, has been in place throughout the year ended 31 July 2023.

### Governance structures

Court is the governing body of the University and derives its authority from Acts of Parliament. These, *inter alia*, vest in Court the administration of all property and revenues of the University and give it the power to review the decisions of the Senate. Court thus has overall responsibility for the governance of the University, including all aspects of strategic planning and management of all resources, whether financial, human or physical. The Statement of Primary Responsibilities can be found in section 2.3 of the [Court Handbook](#). The [refreshed University Strategy 2022-2027](#) was approved by Court in October 2022, and will guide the decisions, policies and investments the University makes over the next five years. Progress against the five themes of the strategy is represented through action plans and monitored by the Planning and Resources Committee, with an agreed suite of Key Performance Indicators which are also presented to each meeting of Court.

Court is responsible for the University's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Responsibility for the monitoring of risk lies with the Audit & Risk Committee on behalf of Court. The University's Risk Management Group is chaired by the Vice-Principal (Governance) and contains representatives of all key University activities. This Group has responsibility for embedding risk management in all decision-making processes of the University, to ensure that the exposure to risk is continually monitored, and corrective action taken where necessary. Risk management is discussed at each meeting of the Audit & Risk Committee, and a report is provided on key "escalated" risks to each meeting of Court.

Court had four regularly scheduled meetings during the year ended 31 July 2023, plus a strategic away day. In addition, an extraordinary meeting of Court was held on-line in May 2023 to approve arrangements to allow students to graduate with classified degrees during the

UCU's marking and assessment boycott. For this first academic year after the lifting of Covid-19 restrictions, regular meetings were held in-person during British Summer Time and on-line during Greenwich Mean Time. For 2023/24 academic year, all Court meetings will be in person and the Conveners of Court Committees and Assurance Groups will have discretion whether to hold meetings in-person or on-line. The overall attendance rate was 83%.<sup>2</sup> Court has a number of committees with particular areas of responsibility. Court also operates an assurance scheme whereby areas of responsibility are governed by a number of Assurance Groups, each of which includes one or more independent members of Court, with a reporting line to a Court Committee or directly to Court.

The President of Court is the Rector, one of the oldest institutions of University governance, who since 1858 has been elected by the entire student body to serve for a three-year period. The current rector is, Dr Leyla Hussein OBE, who was elected as Rector in October 2020 and assumed office on 1 November 2020 for an initial period of 3 years. Being based overseas, the Rector was unable to attend any Court meetings in 2022/23. The Acting Senior Lay Member was Professor Stuart Monro OBE, who demitted office on 31 July 2023. He will be replaced from 2023/24 academic year by Mr Ray Perman, who was elected as the new Senior Lay Member in accordance with the requirements of the HE Governance (Scotland) Act 2016. Under an agreed protocol, the Senior Lay Member presides over Court in the Rector's absence and undertakes the broader responsibilities of a Chair of Court, including the annual appraisal of the Principal and chairing those items of Court concerned with policy, resources, accountability and performance review.

The Court Committees and related Assurance Groups are:

Committee	Assurance Group
Reporting directly to Court	People and Diversity
Audit & Risk Committee	Academic Health & Safety Ethics and Research Integrity
Governance & Nominations Committee	-
Planning & Resources Committee	Investment & Treasury
Remuneration Committee	-

All of the Committees and Assurance Groups are constituted with formal terms of reference, outlined in the [Court Handbook](#). Membership of committees is

<sup>2</sup> Attendance percentages do not include vacancies.

disclosed in section 1.1. In addition, the University Court receives reports from the University's Superannuation & Life Assurance Scheme, the chair of whose trustees is an independent member of the Court.

The **Assurance Group on People and Diversity** reports directly to Court, overseeing the delivery of the People Strategy and progress on the Diverse St Andrews strategic theme. The group met three times during the 2022/23 academic year and provided an annual report to Court at its June 2023 meeting.

The **Audit & Risk Committee** consists of independent members of Court, supplemented by additional co-opted external non-executive members to assist it in its role. The Committee held five scheduled meetings in the year ending 31 July 2023. All meetings were quorate and the overall attendance rate was 92% (2021/22 – 88%).

The Committee is responsible for reviewing the adequacy and effectiveness of the University's assessment of top-down strategic risks, risk management, internal control, financial governance, the annual financial statements and value for money arrangements. As such, it scrutinises the audit of the University's annual financial statements and keeps under review the effectiveness of the University's corporate governance arrangements as they relate to financial matters, including the Financial Regulations, the Scheme of Delegation and other internal control systems. The Committee is responsible for ensuring compliance with mandatory requirements in relation to the University's audit arrangements as set out in the Financial Memorandum between the University and the Scottish Funding Council. It oversees the University's policies on the investigation of questions of financial irregularity or impropriety, and receives annual reports on complaints, counter-fraud and whistleblowing.

As noted above, the Committee has responsibility for gaining assurance on the adequacy and effectiveness of policies and procedures for risk management, including the identification and assessment of top-down strategic risks that threaten the achievement of the University's strategic plan. In this capacity it receives regular reports from the University's Risk Management Group. Committee discussions in 2022/23 focused particularly on the management of the financial and operational risks posed by the impact of inflation, the growing cybersecurity threat, and other geopolitical issues.

The Audit & Risk Committee also considers all matters relating to the internal and external audit of the affairs of the University and of those companies controlled by Court and receives regular reports from the internal and external auditors. Whilst senior executives are in regular attendance at meetings of the Audit & Risk Committee, they are not members of the Committee, and the Committee has the opportunity to meet with the internal or external auditors in the absence of University staff.

Three Assurance Groups report to Audit & Risk Committee:

- The **Academic Assurance Group** oversees the implementation, management and monitoring of the University's quality enhancement strategy and quality assurance procedures. It also advises the Academic Council (for Senate) on changes to the University's academic monitoring procedures and liaises with University Officers and Committees on matters relating to academic quality assurance and is kept apprised of current sector-wide changes in the quality assurance process. It met twice in the 2022/23 academic year.
- The **Health & Safety Assurance Group** provides an annual report to the Audit & Risk Committee on all matters concerning health and safety, including the University's legal obligations. The Group met four times in the year ending 31 July 2023 including site visits and received reports from the University's Head of Environmental, Health & Safety Services concerning the management of various areas of health and safety at work, with a particular focus on construction and project management and fire safety and included a site visit at Eden Campus.
- The **University Ethics & Research Integrity Assurance Group** reports to the Audit & Risk Committee on the effectiveness of the University's policies, procedures, and decision-making on the ethical consequences of teaching and research,<sup>3</sup> and the University's engagement with the Concordat to Support Research Integrity. It met twice in 2022/23 and received reports from the University Teaching & Research Ethics Committee, the Animal Welfare Ethics Committee, and the Research Integrity Working Group.

The **Governance & Nominations Committee** advises Court on any matter pertaining to the execution of its governance functions. This includes the recruitment and appointment of non-executive members of Court and General Council Assessors, the oversight of elections to Court positions, and the processes for appointments of nominated Court positions. The Committee oversees the skills register for Court members and makes recommendations to Court on (a) the overall structure of University committees and (b) the remit and Court-nominated membership of such committees. It also recommends to Court how it should be represented, as necessary, on external or internal bodies. It is responsible for ensuring compliance with relevant statute, ordinances and codes of good governance, including the 2017 Scottish Code of Good HE Governance, and the HE

<sup>3</sup> This also applies to University sponsored activities wherever geographically undertaken.

Governance (Scotland) Act 2016. The membership of the Governance & Nominations Committee includes assessors representing both academic and non-academic staff as well as the President of the Students' Association, the Principal, Senior Lay Member, and two other non-executive members. Whilst the 2017 Code of Governance recommends that Nominations Committees should have a lay majority, the Committee believes that the current membership strikes a more appropriate and representative balance. This is reported under "comply or explain" in the statement of compliance with the Scottish Code and is considered to be consistent with the Code's main principle 7 that the Committee must have a suitably inclusive membership. The Committee held three scheduled meetings in the year ending 31 July 2023. All meetings were quorate, and the attendance rate was 95%. A quinquennial review of Court effectiveness took place in 2022/23 under the auspices of the Committee, with external facilitation and made a series of recommendations for improvements, covering the areas of Court's relationship with the Executive; the impact of Court; engagement and reporting; support to co-opted members; the student voice and other stakeholders; community and environment; support to the Rector; induction arrangements; skills sets; the roles of committees and assurance groups; and Court Office Support. The report was approved by Court in June 2023, and a number of recommendations are already in the process of being implemented. Implementation will be overseen by Governance and Nominations Committee with updates to Court, and a progress report to Court and for wider dissemination in the annual effectiveness review in the summer of 2024.

The **Planning & Resources Committee** (PARC) considers, recommends approval of, and monitors the University's major commitments and management of resources. Each meeting receives a report from the Principal, a paper on KPI performance, an in-year summary Financial Report comparing actual income and expenditure with budgeted levels, and a report on Property and Infrastructure issues. The Committee approves the Outcome Agreement for recommendation to Court and reviews the impact of the SFC Main Grant letter, including its likely impact on the University Financial Plan. PARC reviews on an annual basis financial and institutional performance, and the University's financial and strategic plans, as well as a broad range of annual reports relating to its strategic, financial and planning responsibilities. These include development activities, environmental performance, commercialisation, infrastructure, Special Collections, and Museum Collections. PARC monitors the level and cost of the University's borrowings and the extent of other liabilities and makes recommendations on individual financial decisions which, due to their size or nature, are reserved for Court. It is also empowered

to take individual financial decisions in accordance with limits prescribed in the [Financial Regulations](#). Court receives recommendations and advice from PARC in respect of its strategic planning and development responsibilities. PARC is chaired by the Senior Lay Member. The Committee held four scheduled meetings in the year ending 31 July 2023. All meetings were quorate and the attendance rate was 97%.

One Assurance Group reports to PARC:

- The **Investment & Treasury Assurance Group** – is charged with ensuring that appropriate and effective decisions are taken with regard to the investment and holding of funds under the University's management and that these activities are conducted with due regard to the University's investment policy and management of risk. It is also responsible for ensuring cash management is carried out in accordance with the University's Treasury Management Policy. A review of the investment policy and associated Strategic Asset Allocation was undertaken, with a revised Strategic Investment Policy being launched at the end of September 2023. It conducts regular reviews of and monitors the performance of (i) the University's investment and treasury advisers, (ii) the investment portfolio(s) or holdings under their management, and (iii) University investments and financial holdings not under the management of the investment advisers. It reviews and makes changes in the appointment of the University's investment and treasury advisers and takes decisions in relation to the general nature or distribution of the investment portfolio and holdings that are under management, reporting as appropriate to Court and PARC. The Group met five times in the year ended 31 July 2023.

The **Remuneration Committee** reviews and approves remuneration arrangements for staff in the University above defined thresholds and, on the recommendation of the Principal, increases in remuneration which do not represent standard progression with regard to a recognised salary scale or which relate to members of the Principal's Office. The Committee respects the requirements of the Scottish Code of HE Governance on Remuneration Committees, and also draws on the CUC Higher Education Senior Staff Remuneration Code as a source of good practice. It consists of independent members of Court. From 2018, the Principal ceased to be a member of the Committee although may be in attendance to advise the Committee on specific issues. The Principal may not be in attendance for discussion of any item relating to her pay, contract, or terms and conditions of employment. The Committee monitors the implementation of the University's policy on severance payments, receiving reports on all severance

arrangements and approving specific recommendations which involve University expenditure in excess of £100,000 (there were none in the year ending 31 July 2023). The Committee determines the remuneration of the Principal (in the absence of the Principal) and provides an annual report to the University Court detailing salary changes for senior staff.

More widely, the Committee has a general overview of matters related to salaries, including pension policy, in order to ensure the exercise of appropriate financial control and of reasonable employer behaviour in relation to remuneration and severance arrangements. The Committee held three scheduled meetings, all quorate, in the year ending 31 July 2023. The attendance rate was 89%.

In keeping with the University's policy on the registration and declaration of interests, all persons routinely attending meetings of Court and its Committees are required to take proper account of any conflict of interest which might arise from their University involvement on the one hand and their membership of, or connection with, other bodies outside the University on the other. The Executive Officer to Court and Senate maintains a formal register of interests, which, in accordance with the 2017 Scottish Code of Good HE Governance, is updated at least annually and made publicly available on the [University website](#).

### Financial and environmental sustainability

The long-term sustainability of the institution is assured through the [University Strategy](#). Progress with the 2022-27 Strategy is represented through action plans, summarised through an annual report, which is shared widely, and reviewed quarterly through associated performance indicators. Three enabling strategies are key to the operationalisation of the Strategy covering People, IT and Estate. The Enabling Strategies link up with the action plans of the Strategic themes thus embedding coordinated progress and prioritisation. Strategic and operational planning meetings take place with each school and professional service, establishing operational priorities, success factors and assessing performance, risks and mitigation. At operational level, the high-level investment decisions are made through three established governance structures: Workforce Planning Group, Business Transformation Board, and Space and Asset Management Committee. Planning for the optimisation of the size and shape of the student body in relation to resource, capacity, opportunities, and financial planning is carried out through the Cohort, Admissions and Resourcing Steering Group. A Business Transformation Plan sets out the University's priority business change initiatives. It is regularly reviewed to align with the University's strategic plan and is overseen by a board chaired by the Vice Principal (Strategy, Policy

and Planning) with regular reports provided to Court through PARC. Forward financial and infrastructure plans are also approved by Court and progress is monitored by PARC. The University has a comprehensive set of Key Performance Indicators (KPIs) aligned with its objectives and linked closely to its Strategy. These are regularly reviewed by Senior Management and PARC and included in the papers for Court.

The University's approach to risk management is overseen by the Audit & Risk Committee and managed internally by the Risk Management Group, chaired by the Vice-Principal (Governance). Risks are attributed to both KPIs and Strategic Objectives and the effectiveness of controls and mitigating actions are systematically monitored.

In response to Sustainability becoming a theme in the new University Strategy, the organisational structures for setting direction and delivering on our commitments to environmental sustainability have been refreshed. At an executive level, the Quaestor and Master have been identified as co-leads for this strategic theme. They chair a Leadership Group which also includes the Vice-Principals for Education and for Research, Collections and Innovations, alongside relevant professional services leads including the Chief Finance Officer and Director of Planning. A Delivery Team has been established under the Quaestor to operationalise actions, and the Master leads an Academic Network that engages management representatives from all of our Schools so that information is shared and actions are responsive to academic needs. The Environmental Sustainability Board (ESB) maintains its advisory role and has a responsibility to consider institutional engagement and preparedness in a long-term perspective so that we can navigate between different strategic periods.

Data for our carbon footprint for the academic year 2022/23 will not be available until late 2023. The demands of the pandemic, including heating buildings whilst required to ventilate them by opening windows, and a post-pandemic rebound in travel has seen our carbon footprint increase from targeted levels. Further to this, reporting on our carbon from procurement became more accurate when we joined the Advanced Procurement for Universities and Colleges (APUC) sector wide reporting initiative. As well as increasing accuracy, this approach will allow us to benchmark our performance. For the year 2021/22 our carbon footprint was a little over 70,000 tCO<sub>2</sub>e, up on the previous year and the same as 2019/20.

Significant plans to reduce our carbon footprint continue to be developed and over the year scoping work was undertaken on a range of new renewable energy initiatives, as well as potential off-set investments in Scottish nature-based solutions.

## Training of Court Members

The University encourages Court members to maintain and develop their skills through formal and informal training. All new Court Members are required to undertake training courses in Unconscious Bias, Diversity in the Workplace, Information Security and GDPR. Details of courses attended by Court members and co-opted members of Court Committees are set out in the table below.

Date	Training	Member
September 2022	Court Inductions completed	Stephen Tyre
September 2022	Court Inductions completed	Catherine O'Leary
September 2022	Court Inductions completed	Ros King
September 2022	Court Inductions completed	Juan Rodriguez
September 2022	Court Inductions completed	AK Schott
September 2022	Court Inductions completed	Robin Lawson
06 September 2022	Rathbones' charity trustee training – helping charities navigate through uncertain times	Stuart Monro
19 October 2022	<b>Advance HE:</b> GDP New Governors of Scottish HEIs 2022	AK Schott
19 October 2022	<b>Advance HE:</b> GDP New Governors of Scottish HEIs 2022	Juan Rodriguez
24 November 2022	<b>Advance HE:</b> Governance Conference 2022	Stella Maris
24 November 2022	<b>Advance HE:</b> Governance Conference 2022	AK Schott
24 November 2022	<b>Advance HE:</b> Governance Conference 2022	Juan Rodriguez
25 January 2023	<b>Advance HE:</b> GDP Student Governor 2 Online 2023	Juan Rodriguez
25 January 2023	<b>Advance HE:</b> GDP Student Governor 2 Online 2023	AK Schott
19 April 2023	<b>Advance HE:</b> GDP Leading The Board 2023	Ray Perman
19 April 2023	<b>Wonkhe:</b> The avalanche is here: higher education and the AI revolution	Stuart Monro
19 April 2023	<b>Wonkhe:</b> The avalanche is here: higher education and the AI revolution	Stephen Tyre
April 2023	Court Inductions completed	Ray Perman
April 2023	Court Inductions completed	Ewan McKendrick
16 May 2023	<b>Advance HE:</b> GDP: governance in Scotland 2023	Morven Shearer
September 2023	Court Inductions completed	Barry Will
September 2023	Court Inductions completed	Cam Brown
Throughout the year	<b>Compulsory online training<sup>4</sup></b>	Ewan McKendrick

<sup>4</sup> Compulsory online training is comprised of the following modules: GDPR, Information Security Essentials, Unconscious Bias and Diversity in the Workplace.

## Payment of creditors

It is the University's policy to obtain the best terms for all business and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to adhere to specific payment terms. The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998. The average creditor payment period, calculated as a proportion of the year-end creditors to aggregate amounts invoiced during the year, was 26 days (2021/22: 22 days, 2020/21: 26 days).

## Conclusion

The University has assessed the going concern basis for a number of factors (see pages 46-47). Based on

this analysis, the University confirms that it is a going concern and has robust systems of corporate governance in place. These meet the principles of good governance set out in the 2017 Code, maintain a sound system of internal controls, and apply the key principles of effective risk management.

Alastair Merrill  
Vice-Principal (Governance)  
20 October 2023



# Responsibilities of Court



In accordance with the Universities (Scotland) Acts 1858 to 1966, Court is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Universities (Scotland) Acts, the Statement of Recommended Practice: Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with the Scottish Funding Council (SFC), through its designated office holder, Court is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Court has to ensure that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Court has responsibility to:

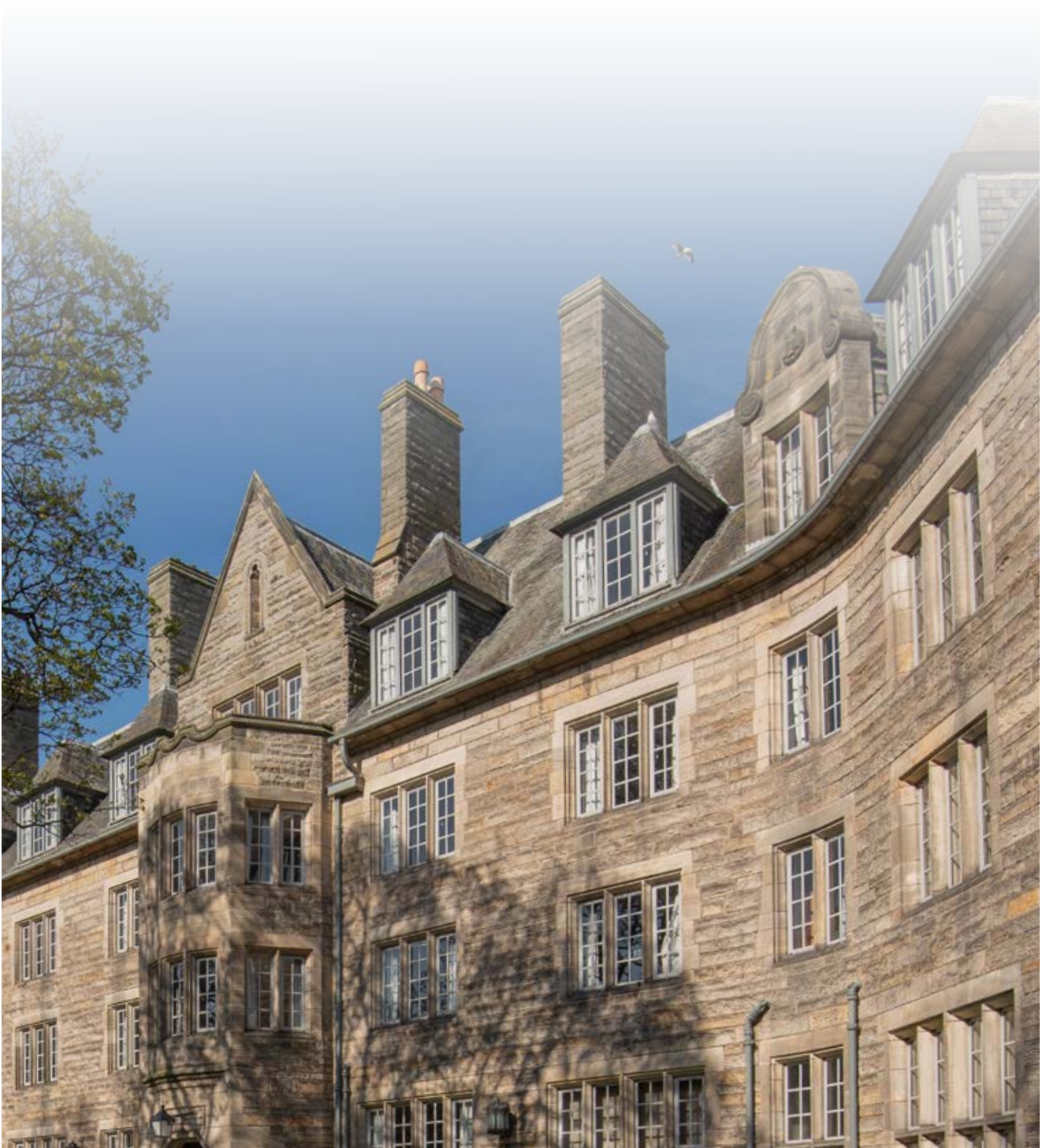
- Ensure full compliance with charities legislation and the retention of the University's charitable status.
- Ensure that funds from the SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with SFC and any other conditions which SFC may from time to time prescribe.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

- Ensure that there exists an effective platform for the control and monitoring of risk and that risk implications are considered at all areas within University management.
- Safeguard the assets of the University and hence take reasonable steps to prevent and detect fraud.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, staff.
- A comprehensive planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of financial performance, including updates of forecast out turns and cashflows.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court and promulgated in the Standing Financial Instructions.
- An Audit & Risk Committee whose terms of reference are summarised on page 29.
- Comprehensive Financial Regulations, detailing financial controls approved by Court on the recommendation of the Audit & Risk Committee.
- An Internal Audit team whose annual programme is approved by the Audit & Risk Committee and endorsed by Court providing Court with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

# Membership of Court and Committees



## Membership of the University Court

Members of Court who served during the year to 31 July 2023 and those who are serving up to the date of approval of the reports and financial statements are detailed below. Also shown are the Committees and Assurance Groups on which the members served for the year 2022/23, and the Court meetings attended during the year. In the year 2022/23 Court met on 5 occasions (4 Scheduled Court meetings and 1 Special Court Meeting).

<b>Status</b>	<b>Member</b>	<b>Membership of Standing Committees and Assurance Groups</b>	<b>Court meetings attended 2022/23</b>
<b>The Rector</b>	Dr Leyla Hussein OBE	n/a	0/5
<b>Senior Lay Member (from 1 August 2023)</b>	Ray Perman (from 1 August 2023)	Governance and Nominations Committee Planning and Resources Committee Remuneration Committee	n/a
<b>The Principal and Vice-Chancellor</b>	Professor Dame Sally Mapstone FRSE	Governance and Nominations Committee Planning and Resources Committee Remuneration Committee (in attendance)	5/5
<b>Acting Senior Lay Member (until 31 July 2023)</b>	Professor Stuart Monro OBE (until 31 July 2023)	Ethics and Research Integrity Assurance Group (observer) Governance and Nominations Committee Planning and Resources Committee Remuneration Committee	5/5
<b>Master and Deputy Principal</b>	Professor Lorna Milne (until 31 January 2023)	Planning and Resources Committee (in attendance) Audit and Risk Committee (in attendance)	2/2
<b>Deputy Principal</b>	Professor Brad Mackay (from 1 February 2023)	Planning and Resources Committee (in attendance) (from 1 February 2023)	3/3
<b>Chancellor's Assessor and Deputy Chair of Court</b>	Adrian Greer	Planning and Resources Committee Remuneration Committee Governance and Nominations Committee	5/5
<b>The Rector's Assessor</b>	Stella Maris (until 14 June 2023)	-	5/5
	Vacant (from 15 June 2023)	-	n/a
<b>Fife Council Representative</b>	Cllr Robin Lawson	n/a	5/5
<b>Assessors of the General Council (2)</b>	Jonathan Hewitt	Audit and Risk Committee Investment and Treasury Assurance Group Superannuation and Life Assurance Group	4/5
	Iain Anderson	Audit and Risk Committee (until 31 July 2023) People and Diversity Assurance Group	4/5
<b>Assessors of the Senatus Academicus (4)</b>	Professor Sharon Ashbrook	Planning and Resources Committee	4/5
	Professor Catherine O'Leary	Planning and Resources Committee (in attendance)	0/5
	Dr Morven Shearer	People and Diversity Assurance Group	4/5
	Dr Stephen Tyre	Governance and Nominations Committee	4/5

## Membership of the University Court (cont'd)

<b>Status</b>	<b>Member</b>	<b>Membership of Standing Committees and Assurance Groups</b>	<b>Court meetings attended 2022/23</b>
<b>Non-Academic Staff Member</b>	Dr Lorna Dargan	Governance and Nominations Committee	5/5
<b>Trade Union Representatives (2)</b>	Alex Duncan	Health and Safety Assurance Group People and Diversity Assurance Group	3/5
	Dr Malcolm Petrie	Academic Assurance Group Health and Safety Assurance Group	5/5
<b>Student Representatives (2)</b>	Juan Rodriguez (President of the Students' Association, until 30 June 2023)	Governance and Nominations Committee Planning and Resources Committee	5/5
	Barry Will (President of the Students' Association, from 1 July 2023)	Governance and Nominations Committee Planning and Resources Committee	n/a
	A K Schott (Director of Education, until 30 June 2023)	Planning and Resources Committee (in attendance)	4/5
	Cam Brown (Director of Education, from 1 July 2023)	Planning and Resources Committee (in attendance)	n/a
<b>Non-Executive Members (8)</b>	Tim Allan CBE	Planning and Resources Committee Remuneration Committee	4/5
	Alison Johns	Governance and Nominations Committee	5/5
	Frank MacInnis	Audit and Risk Committee Health and Safety Assurance Group	4/5
	Eve McCurrich	Planning and Resources Committee	2/5
	Professor Stuart Monro OBE (until 31 July 2023)	<i>See above for Acting Senior Lay Member</i>	<i>See above</i>
	Professor Anu Ojha OBE (until 6 June 2023)	Ethics and Research Integrity Assurance Group (observer) Academic Assurance Group Remuneration Committee (from 21 October 2022)	3/5
	Ros King (from 1 August 2022)	Audit and Risk Committee (from 21 October 2022)	4/5
	Professor Ewan McKendrick KC (Hon) (from 1 April 2023)	Audit and Risk Committee	3/3
Vacant (from 1 August 2023)	-	-	

## Membership of Standing Committees

The Committees reporting to the University Court are as follows: Audit and Risk Committee; Governance and Nominations Committee; Planning and Resources Committee and Remuneration Committee. The responsibilities of the following Committees are outlined in the Corporate Governance Statement on pages 26-32.

### Audit and Risk Committee (ARC)

Status	Member	Meetings attended 2022/23
Non-Executive Members of Court	Frank MacInnis	5/5
	Ros King (from 21 October 2022)	2/3
	Professor Ewan McKendrick KC (from 1 April 2023)	1/1
	Jenny Stewart (from 1 August 2023)	n/a
Assessor of the General Council	Iain Anderson (until 31 July 2023)	5/5
	Jonathan Hewitt (Convenor)	5/5
Co-opted External Members	Nicola Catterall	5/5

### Governance and Nominations Committee (G and N)

Status	Member	Meetings attended 2022/23
Convenor	Professor Stuart Monro OBE (until 31 July 2023)	3/3
	Alison Johns (from 1 August 2023)	3/3
<i>ex officio</i> members:		
Acting Senior Lay Member	Professor Stuart Monro OBE (until 31 July 2023)	See above
Senior Lay Member	Ray Perman (from 1 August 2023)	n/a
Principal	Professor Dame Sally Mapstone FRSE	3/3
President of the Students' Association	Juan Rodriguez (until 30 June 2023)	3/3
	Barry Will (from 1 July 2023)	n/a
Non-Executive Members of Court	Professor Stuart Monro OBE (until 31 July 2023)	See above
	Alison Johns	See above
Lay Member (Chancellor's Assessor and Deputy Chair of Court)	Adrian Greer	3/3
Non-Academic Staff Member	Dr Lorna Dargan	3/3
Assessor of the Senatus Academicus	Dr Stephen Tyre	2/3

## Membership of Standing Committees (cont'd)

### Planning and Resources Committee (PARC)

Status	Member	Meetings attended 2022/23
<i>ex officio</i> members:		
Acting Senior Lay Member	Professor Stuart Monro OBE, Convenor (until 31 July 2023)	4/4
Senior Lay Member	Ray Perman, Convenor (from 1 August 2023)	n/a
Principal	Professor Dame Sally Mapstone FRSE	4/4
Quaestor & Factor	Derek Watson	4/4
President of the Students' Association	Juan Rodriguez (until 30 June 2023)	4/4
	Barry Will (from 1 August 2023)	n/a
Non-Executive Members of Court	Tim Allan CBE	3/4
	Eve McCurrich	4/4
	Professor Stuart Monro OBE (until 31 July 2023)	<i>See above</i>
Lay Member (Chancellor's Assessor and Deputy Chair of Court)	Adrian Greer	4/4
Assessor of the Senatus Academicus	Professor Sharon Ashbrook	4/4

### Remuneration Committee (Rem Com)

Status	Member	Meetings attended 2022/23
<i>ex officio</i> members:		
Acting Senior Lay Member	Professor Stuart Monro OBE (until 31 July 2023)	3/3
Senior Lay Member	Ray Perman (from 1 August 2023)	n/a
Non-Executive Members of Court	Tim Allan CBE	3/3
	Jenny Stewart	3/3
	Professor Anu Ojha OBE (from 21 October 2022 until 6 June 2023)	1/3
Lay Member (Chancellor's Assessor and Deputy Chair of Court)	Adrian Greer (Convenor)	3/3
Co-opted External Member	Moira Maguire	3/3

Members noted with "n/a" were took up appointment after the completion of the meeting cycle for 2022/23.

# Independent Auditor's Report to the Univerity Court of the University of St Andrews





# Independent Auditor's Report to the University Court of the University of St Andrews

## Opinion

We have audited the financial statements of the University of St Andrews ('the institution') and its subsidiaries ('the group') for the year ended 31 July 2023 which comprise the Statement of Principal Accounting Policies, Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserve, Consolidated and University Balance Sheet, Consolidated and University Cash Flow Statement and the related notes 1 to 32, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the institution's affairs as at 31 July 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and institution's ability to continue as a going concern for the period to 31 July 2025.

Our responsibilities and the responsibilities of the University Court with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information contained in the annual report.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent Auditor's Report to the University Court of the University of St Andrews (cont'd)

### **Opinion on other matters prescribed by the Scottish Funding Council's (SFC) Financial Memorandum**

In accordance with the SFC's Financial Memorandum (effective 1 December 2014), we will also report to the University Court whether, in all material respects:

- the requirements of the SFC's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- funds provided by SFC have been applied in accordance with the requirements of the SFC Financial Memorandum with Higher Education Institutions.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- the information given in the Strategic Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of University Court**

As explained more fully in the Statement of the University Court's Responsibilities set out on page 34, the University Court is 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 University Court determines 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 University Court is responsible for assessing the group's and the institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or the institution or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent institution and determined that the most significant are FRS 102 and Statement of Recommended Practice for Further and Higher Education.
- We understood how the group and parent institution is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the Court minutes and papers provided to the Audit and Risk Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up.

## Independent Auditor's Report to the University Court of the University of St Andrews (cont'd)

- We have considered the culture of honesty and ethical behaviour of management and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the group and parent institution's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; review of Court minutes to identify any non-compliance with laws and regulations, and inspection of any correspondence between the University and Scottish Funding Council.

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

### **Use of our report**

This report is made solely to the University Court, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

**Ernst & Young LLP, Statutory Auditor**

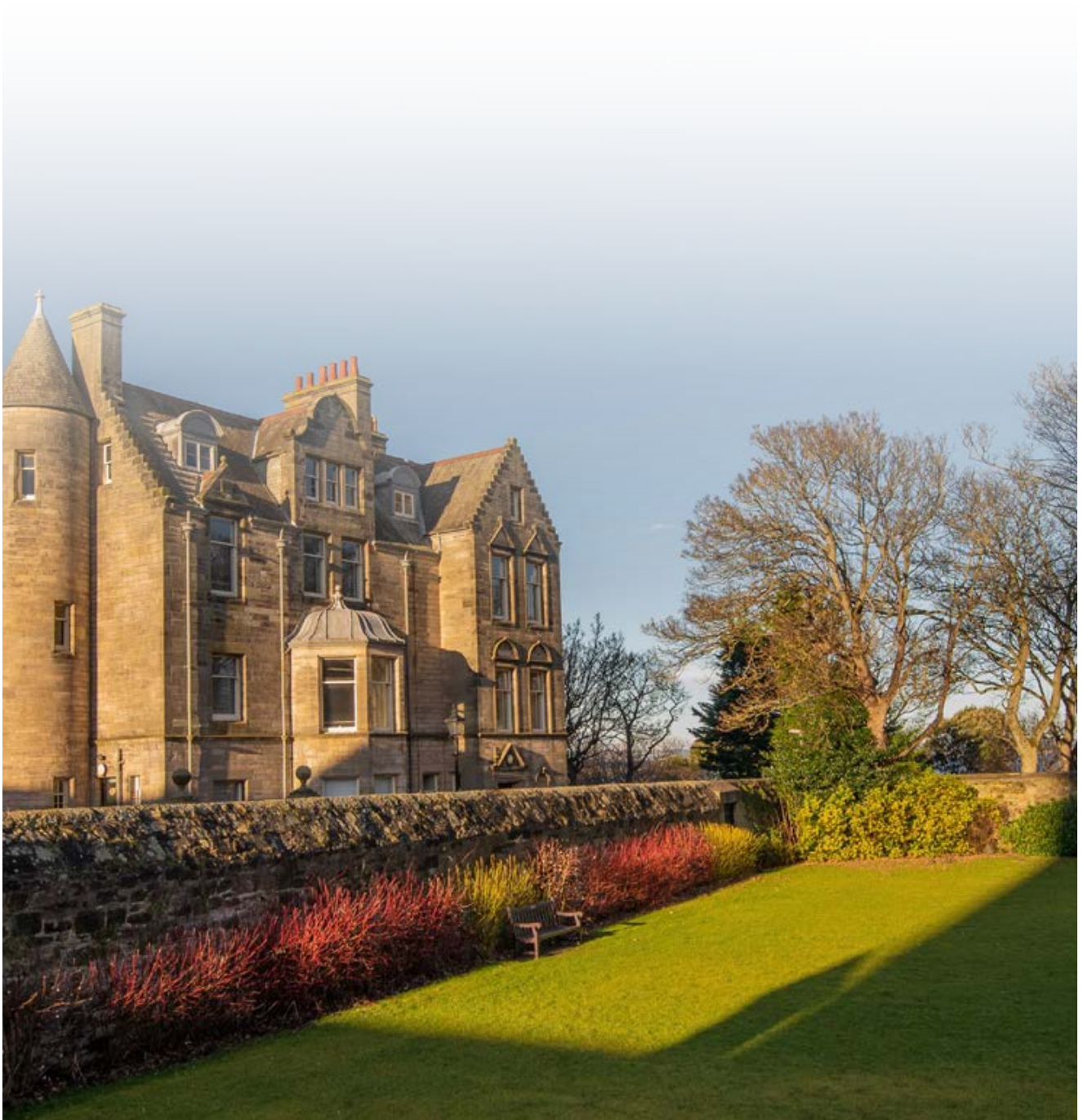
Edinburgh

Date: 20 October 2023

# FINANCIAL STATEMENTS

# Statement of Principal Accounting Policies

(for the year ended 31 July 2022)



## Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (HE SORP 2019) and in accordance with Financial Reporting Standards 102 (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements also conform to guidance published by the Scottish Funding Council.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments.

## Going concern assessment

The University acknowledges the presence of a high inflation external environment, which has led to an escalation in its operating costs. However, it is worth emphasising that despite these economic challenges, our institution remains well-positioned to operate as a going concern. Several factors underline this confidence:

Firstly, the University has experienced unwavering and robust demand for student places, a testament to our reputation for world-leading research and academic excellence. This strong demand has persisted even in the face of the high inflationary conditions and global economic challenges. It serves as a stable source of income, bolstering our financial resilience.

Moreover, as we navigate the complexities of a high inflation environment, the University has embarked on exploring alternative income growth strategies, such as digital education programs and non-credit bearing online courses. While these endeavours require initial investments, they are anticipated to yield net surplus growth, commencing from the academic year 2024/25. These strategies aim to bolster our financial resilience and mitigate some of the impact of rising operational expenses. In tandem with income growth initiatives, we remain vigilant in implementing stringent cost control measures to ensure the efficient allocation of resources and prudent financial management. This balanced approach enables us to adapt proactively to the economic challenges at hand while safeguarding our commitment to delivering world-class education and research. Having considered the above no further significant risks were identified. These financial statements have been prepared on a going concern basis for the period through to 31 July 2025 which Court believe to be appropriate.

In the 12 months to 31 July 2023, the University generated total comprehensive income for the year of £60.1m (2021/22: £4.1m) and as at 31 July 2023 held net total assets of £440.7m (2021/22: £380.6m) and net current liabilities of £16.3m (2021/22: £9.9m), with an availability of a £35m Revolving Credit Facility should it be required but which is currently unused. Borrowings amounted to

£102.8m (2021/22: £103.9m) of unsecured loans (note 21-long term liabilities of £101.8m, and short term of £1.0m), equivalent to 31.8% of turnover in the year (2021/22: 33.0%). In addition, the University held cash and cash equivalents and investments of £26.5m (2021/22: £43.6m) with a Revolving Credit Facility of £35.0m remaining available, currently expiring in 2028. Liquidity headroom for the group as at 31 July 2023 was £61.5m (£26.5m cash and £35.0m RCF) and the current position as at 30 September 2023 is £86.7m (£51.7m cash and £35.0m RCF). In July 2023, the RCF was renegotiated, expanded to £35m, and extended for up to 5 years. This continues to solidify liquidity and cash headroom. The RCF has a strategic role in the University's treasury management strategy, offering liquidity, security, and flexibility against future challenges.

The unsecured debt is subject to financial covenants as set out in note 21. As at 31 July 2023 all financial covenants continue to be met and are projected to be met throughout the going concern period to 31 July 2025.

Court has endorsed a comprehensive Financial Plan for 2023/24 to 2025/26, which presents a gradually improving picture looking forwards as we look to establish greater diversity in our key areas of income growth. This favourable outcome is predicated on strategic investments and meticulous cost management practices that underpin financial stability.

Recognising the University's limited ability to influence the prevailing inflationary conditions, particularly in the near term, a comprehensive strategy is necessary. This strategy encompasses robust budgeting, cost control, diversification of revenue streams, implementation of risk management strategies such as exploring energy generation initiatives and fostering effective stakeholder engagement. Importantly, this financial landscape unfolds against a long-standing backdrop of no inflationary increases from the Scottish Funding Council (SFC).

The University will press ahead with its commitment to explore opportunities for green power generation and storage, tackling both its carbon footprint as well as the cost of utilities. Simultaneously, the University remains buoyed by the enduringly high student retention rates and strong application numbers across all cohorts of students. This steadfast demand provides confidence in our continued appeal to the student demographic, a pivotal factor as we look to expand our presence in the digital realm. Looking ahead, the realisation of our strategic digital expansion, coupled with the establishment of the new Business School, will be a substantial contributor to the University's long-term financial sustainability.

The USS pension scheme is currently undergoing a formal valuation, based on data as of 31 March 2023. Forecasts indicate a significant reduction in the deficit compared to the previous valuation as of 31 March 2020, which was formally agreed upon in February 2022. This new valuation process aims to implement any changes

determined by the Joint Negotiating Committee (JNC) starting from 1 April 2024, and is most likely to have an impact on the 2023/24 financial statements. USS employers are in a consultation period with USS until September 2023, providing feedback on the assumptions put forward by the USS Trustee, including contribution levels and future benefit structures. It's important to note that potential changes to USS have not been factored into the Financial Plan. Currently, scheme contributions stand at 31.4% (employers 21.6% employees 9.8%) with employers covering 68.8% of pension contributions.

In support of the plan, cashflow projections have been prepared up to the 31 July 2025. On this basis, new debt has been assumed, accessed on a phased basis from early 2025, to support our Capital Investment Plan. It is expected that all financial covenants will be met, with forecast cashflow headroom no lower than £26.2m and covenant headroom no lower than £13.3m throughout the going concern period to 31 July 2025. The University continues to carefully monitor the impact of inflation on its financial position and considered this when assessing the future financial performance and cashflows of the University. Nevertheless, considering both internal and external factors and its exceptional performance in attracting and retaining students, along with sustained demand for residential accommodation and the expansion of digital education, the financial model presents no plausible downside risks.

However, in the event of a severe downside scenario, the University has a range of mitigating actions at its disposal, tailored to the scale of the situation. These measures would primarily involve managing discretionary spending that does not compromise its commitment to maintaining high standards in research and teaching. Additionally, there could be restrictions on non-essential and non-committed capital expenditure, estimated at approximately £13.9m in 2023/24 and £35.1m in 2024/25. Similar mitigating actions were successfully employed during the Covid-19 pandemic.

It's worth noting that the University maintains strong investment-grade credit ratings, underpinned by its longstanding reputation as a respected institution among students, funders, and philanthropists. The University is confident in its ability to raise additional debt finance if necessary. The current Capital Plan includes several aspirational capital programs, which will only go ahead if adequate financing is secured, including sizeable philanthropic gifts. These programs are subject to ongoing assessment by management, with decisions made closer to the contractual commitment points of each project. As the University moves forward, it will continue to strengthen its liquidity and balance sheet, ensuring it remains in a robust position to safeguard the long-term financial sustainability of the institution.

Based on the above analysis it remains wholly appropriate to prepare the consolidated financial statements on a going concern basis to 31 July 2025.

## Basis of consolidation

The consolidated financial statements include the University, all material subsidiary and associate undertakings as listed in the notes to the accounts for the financial year to 31 July 2023. Intra-group transactions are eliminated on consolidation. The activities of the Students' Association have not been consolidated as the University does not exert control or dominant influence over policy decisions.

## Recognition of income

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

Fee income is stated gross of any expenditure which is not a discount and is credited to the Consolidated Statement of Comprehensive Income 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 gross as expenditure and not deducted from income.

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

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the Consolidated Statement of Comprehensive Income where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

## Grant funding

Grant funding including the funding council block grant, research grants from government sources, 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 in the Statement of Financial Position and released to income when such conditions are met.

## Other funding

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive 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 in the Statement of Financial Position and released to income when such conditions are met.

## Donations and endowments

Donations and endowments are non-exchange transactions which do not normally have performance related conditions. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to unrestricted reserves through a reserves transfer.

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

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

**Restricted donations** – the donor has specified that the donation must be used for a particular objective.

**Unrestricted permanent endowments** – where the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

**Restricted expendable endowments** – where the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

**Restricted permanent endowments** – where 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

Capital grants are recognised in income when the University is entitled to the funds, subject to any performance related condition being met.

## Retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of St Andrews Superannuation and Life Assurance Scheme (S&LAS). The USS is a multi-employer hybrid pension scheme and the S&LAS is a defined benefit scheme, both of which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

A defined benefit scheme requires the University to provide the agreed benefits to current and former employees, and the actuarial risks (the risk that benefits will cost more or less than expected) and the investment risks (the risk that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans, net of plan assets.

## The USS 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 FRS102 "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 Consolidated Statement of Comprehensive Income 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 related expenses being recognised through the Consolidated Statement of Comprehensive Income.

## The S&LAS Scheme

The 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.

## 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 services to the University. Any unused benefits are accrued and measured as an additional amount the University expects to pay as a result of the unused entitlement.

## Service concession arrangements

Fixed assets held under service concession arrangements are recognised in the Statement of Financial Position at the present value of the minimum lease payments when the assets are brought 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.



### 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.

### Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to sterling at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

The assets and liabilities of foreign operations are translated into sterling at exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at the average rate for the year where this rate approximates to the exchange rates ruling at the dates of the transactions. Exchange rate differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

### Property, plant & equipment

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned. The cost of buildings includes related interest.

### Land

Land is stated at deemed cost, being the revalued amount at the date of transition to the 2015 SORP. It is not depreciated as it is considered to have an indefinite useful life.

### Buildings

Buildings are stated at historic cost and are depreciated on a straight line basis over their expected useful economic lives which fall within the following ranges:

- Building structure 40-50 Years
- Building fit-out 20-30 Years
- Building services 25-35 Years

A depreciable asset's anticipated useful economic life, in particular the key components of buildings, is reviewed periodically by an independent expert valuer and the accumulated and future depreciation adjusted accordingly.

Assets under construction are carried at cost, less any impairment loss. Assets under construction are not

depreciated until the month following the month in which they become available for operational use.

At each reporting date, the University checks whether there is any indication that any of its land and building assets have suffered an impairment loss. If there is indication of an impairment, the recoverable amount of the asset is estimated and compared to the carrying value to determine whether there has been a loss and, if so, its amount.

### Equipment and furniture

Equipment costing less than £25,000 is written off in full in the year of acquisition. Capitalised equipment and furnishings are stated at cost and depreciated on a straight line basis over their expected useful lives as follows:

- Telecommunications Systems 7 Years
- General Furnishings 7 Years
- Equipment 4-7 Years
- IT Equipment 4-7 Years
- Vehicles 7 Years

### Heritage assets

The University holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Works of art and other artefacts valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such cost or valuation is reasonably attainable. Higher value collections are stated at deemed cost, being the revalued amount at the date of transition to the 2015 SORP. Heritage assets are not depreciated as their long economic life and high residual value means that any depreciation would not be material.

Where it is not possible to obtain a reliable cost or valuation or where the cost of obtaining a valuation is greater than the benefit to the users of the financial statements for inherited or donated assets these assets are not capitalised and are not included in the Statement of Financial Position.

### Investment properties

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. They are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated Statement of Comprehensive Income. Properties are not depreciated but are valued annually by independent valuers according to market conditions as at 31 July each year.

### Repairs and maintenance

Maintenance expenditure is recognised in the Statement of Comprehensive Income in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

## Investments

Listed investments are stated at market value with movements recognised in the Statement of Comprehensive Income. Unlisted investments are stated at cost less any provision for impairment of their value.

## Stocks

Stocks for resale and other stocks of material value are included at the lower of their cost and estimated selling price less costs to complete and sell. Where necessary a provision is made for obsolete, slow-moving and defective stocks.

## Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## Joint operations, jointly controlled assets and jointly controlled operations

The University accounts for its share of joint ventures using the equity method. The University accounts for its share of transactions from joint operations in the Consolidated Statement of Comprehensive Income.

## Provisions, contingent liabilities and contingent assets

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 a transfer 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 discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note where there is a probable obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly with the University's control. Contingent liabilities also arise when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

## Taxation

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and as such is a charity within the meaning of Section 506(1) of the Income and Corporations Tax Act 1988. The University is recognised as a charity by HM Revenue and Customs and is recorded on the index of charities maintained by the Office of the Scottish Charities Regulator. It is therefore a charity within the meaning of Para 1 of Schedule 6 to 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 sections 478-488 of the Corporations Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income and gains are applied to exclusively charitable purposes.

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

The University's subsidiary companies are not exempt from taxation. The charge for corporation taxation is based on the taxable profit or loss for the year after the cost of any Gift Aid payment paid to the University. The charge for corporation tax also takes into account deferred taxation due to timing differences between the treatment of certain items for taxation and accounting purposes.

## Financial instruments

Basic financial instruments are held at amortised cost using the effective interest rate method or cost and are subject to an annual impairment review. Complex financial instruments are held at fair value, with changes in fair value taken directly to the Consolidated Statement of Comprehensive Income.

## 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.

### Critical accounting judgements and key sources of estimation uncertainty

In the preparation of the consolidated financial statements and application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses that are not readily apparent from other sources. These judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### (a) Critical accounting judgements

- **Multi-employer pension schemes (note 31)**  
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 USS. 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 the Statement of Comprehensive Income in accordance with section 28 of FRS 102. The University is satisfied that the scheme provided by USS 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.

#### (b) Key accounting estimates and assumptions

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

- **Pension provisions (note 31)**  
The key assumptions used in the calculation of the USS deficit and S&LAS pension provisions (including discount rates, salary and pension increases, and mortality rates) are explained in detail in note 31 and represent a source of material uncertainty. Further information on the basis for the valuation of the USS and S&LAS pension schemes and sensitivities to the assumptions made are disclosed in note 31.

- **Other provisions (note 22)**  
Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.
- **Fixed asset useful lives and impairment (note 11)**  
Management makes judgement over the most appropriate useful life of assets, over which period the value is depreciated. Useful lives are based on historical experience of similar assets and anticipation of future events. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness.  
At each reporting date, management make judgements as to whether any indicators of impairment are present for any of the University's assets and where there are – such as has been the case in relation to the fire-damage to the BMS building – the recoverable amount of any affected asset is estimated and compared to its carrying amount. The University considers the potential for demolition or disposal, the impact major refurbishments would have on the overall carrying value of existing assets and the likelihood of capital projects proceeding beyond feasibility stage. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss recognised immediately in the period it arises.
- **Revenue recognition (notes 1-6)**  
Certain grants, donations and research revenue are recognised in the Consolidated Statement of Comprehensive Income as performance conditions are satisfied. Research revenue grants are based on budgeted awards which specify performance levels. These grants therefore have performance-related conditions attached. Capital grants are funds used for acquisition or building of items that are capital in nature. Restrictions on the grants have been identified as funds are allocated for specific capital items. Income is recognised on entitlement upon award of the grant. Management apply judgement in deferring income received for conditions not yet satisfied and accruing for income not yet received.

# Consolidated and University Statement of Comprehensive Income

(for the year ended 31 July 2023)



## Consolidated and University Statement of Comprehensive Income

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Consolidated £000	University £000	Consolidated £000	University £000
<b>Income</b>					
Tuition fees & education contracts	1	150,566	150,566	137,407	137,407
Funding body grants	2	43,321	43,321	44,226	44,226
Research grants & contracts	3	46,523	46,738	53,261	53,339
Other income	4	67,536	59,065	67,560	57,707
Investment income	5	5,875	5,517	4,961	4,837
Donations and endowments	6	8,624	8,997	6,235	8,232
<b>Total income</b>		<b>322,445</b>	<b>314,204</b>	<b>313,650</b>	<b>305,748</b>
<b>Expenditure</b>					
Staff costs	7	167,136	162,633	156,077	152,729
USS deficit provision	7	(17,085)	(17,085)	53,115	53,115
Other operating expenses		123,834	121,916	106,963	104,345
Depreciation	11	18,325	17,353	16,829	15,877
Interest and other finance costs	8	8,322	8,322	5,446	5,444
<b>Total expenditure</b>	9	<b>300,532</b>	<b>293,139</b>	<b>338,430</b>	<b>331,510</b>
<b>Surplus/(deficit) before other (losses)/gains</b>		<b>21,913</b>	<b>21,065</b>	<b>(24,780)</b>	<b>(25,762)</b>
Loss on disposal of assets		(1,172)	(924)	(416)	(622)
(Loss)/gain on investment property	11	(426)	193	3,961	3,649
Loss on investments		(3,418)	(3,418)	(7,682)	(7,682)
<b>Surplus/(deficit) before tax</b>		<b>16,897</b>	<b>16,916</b>	<b>(28,917)</b>	<b>(30,417)</b>
Taxation	10	46	-	(58)	-
<b>Surplus/(deficit) for the year</b>		<b>16,943</b>	<b>16,916</b>	<b>(28,975)</b>	<b>(30,417)</b>
Actuarial gain in respect of pension schemes	31	43,188	43,188	33,101	33,101
<b>Total comprehensive income for the year</b>		<b>60,131</b>	<b>60,104</b>	<b>4,126</b>	<b>2,684</b>
Represented by:					
Endowment comprehensive income for the year	23	1,767	1,767	(4,615)	(4,615)
Restricted comprehensive income for the year	24	(610)	(610)	8,444	8,444
Unrestricted comprehensive income for the year		58,974	58,947	297	(1,145)
		<b>60,131</b>	<b>60,104</b>	<b>4,126</b>	<b>2,684</b>

All items of income and expenditure relate to continuing activities.

# Consolidated and University Statement of Changes in Reserves (for the year ended 31 July 2023)



## Consolidated and University Statement of Changes in Reserves

Income and expenditure account				
Consolidated	Endowment £000	Restricted £000	Unrestricted £000	Total £000
<b>Balance at 1 August 2021</b>	117,733	20,025	238,705	376,463
(Deficit)/surplus for the year	(4,615)	10,943	(35,303)	(28,975)
Other comprehensive income	-	-	33,101	33,101
Release of restricted funds spent in the year	-	(2,499)	2,499	-
<b>Total comprehensive income for the year</b>	(4,615)	8,444	297	4,126
<b>Balance at 1 August 2022</b>	113,118	28,469	239,002	380,589
Surplus for the year	1,767	9,287	5,889	16,943
Other comprehensive income	-	-	43,188	43,188
Release of restricted funds spent in the year	-	(9,897)	9,897	-
<b>Total comprehensive income for the year</b>	1,767	(610)	58,974	60,131
<b>Balance at 31 July 2023</b>	114,885	27,859	297,976	440,720

University	Endowment £000	Restricted £000	Unrestricted £000	Total £000
<b>Balance at 1 August 2021</b>	117,733	20,025	239,074	376,832
(Deficit)/surplus for the year	(4,615)	10,943	(36,745)	(30,417)
Other comprehensive income	-	-	33,101	33,101
Release of restricted funds spent in the year	-	(2,499)	2,499	-
Total comprehensive income before share capital reduction	(4,615)	8,444	(1,145)	2,684
Subsidiary share capital reduction	-	-	(11,500)	(11,500)
<b>Total comprehensive income for the year</b>	(4,615)	8,444	(12,645)	(8,816)
<b>Balance at 1 August 2022</b>	113,118	28,469	226,429	368,016
Surplus for the year	1,767	9,287	5,862	16,916
Other comprehensive income	-	-	43,188	43,188
Release of restricted funds spent in the year	-	(9,897)	9,897	-
<b>Total comprehensive income for the year</b>	1,767	(610)	58,947	60,104
<b>Balance at 31 July 2023</b>	114,885	27,859	285,376	428,120

# Consolidated and University Statement of Financial Position (as at 31 July 2023)





## Consolidated and University Statement of Financial Position

		As at 31 July 2023		As at 31 July 2022	
	Notes	Consolidated £000	University £000	Consolidated £000	University £000
<b>Non-current assets</b>					
Tangible Fixed assets	11	490,540	472,760	479,879	460,520
Heritage assets	11	38,808	38,808	38,808	38,808
Investments	14	105,474	119,985	108,286	123,478
		634,822	631,553	626,973	622,806
<b>Current assets</b>					
Stock	16	1,099	811	1,225	1,010
Trade and other receivables	17	44,486	41,006	34,604	31,677
Current Investments	18	6,237	6,237	8,368	8,368
Cash and cash equivalents	25	20,249	14,832	35,237	30,283
		72,071	62,886	79,434	71,338
Less: Creditors: amounts falling due within one year	19	(88,329)	(88,570)	(89,377)	(89,782)
<b>Net current liabilities</b>		(16,258)	(25,684)	(9,943)	(18,444)
<b>Total assets less current liabilities</b>		618,564	605,869	617,030	604,362
Creditors: amounts falling due after more than one year	20	(101,885)	(101,790)	(103,083)	(102,988)
<b>Provisions</b>					
Pension provisions	22	(75,089)	(75,089)	(130,963)	(130,963)
Other provisions	22	(870)	(870)	(2,395)	(2,395)
<b>Total net assets</b>		<b>440,720</b>	<b>428,120</b>	<b>380,589</b>	<b>368,016</b>
<b>Restricted reserves</b>					
Income and expenditure reserve – endowment reserve	23	114,885	114,885	113,118	113,118
Income and expenditure reserve – restricted reserve	24	27,859	27,859	28,469	28,469
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		297,976	285,376	239,002	226,429
<b>Total reserves</b>		<b>440,720</b>	<b>428,120</b>	<b>380,589</b>	<b>368,016</b>

Approved by the University Court of the University of St Andrews on 20 October 2023 and signed on its behalf by:

Professor Sally Mapstone,  
Principal and Vice-Chancellor

Ray Perman,  
Senior Lay Member

Andy Goor,  
Chief Financial Officer

# Consolidated and University Statement of Cash Flows

(Year ended 31 July 2023)



## Consolidated and University Statement of Cash Flows

	Notes	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year before tax		16,897	(28,917)
<b>Adjustment for non-cash items</b>			
Depreciation	11	18,325	16,829
Impairment of fixed assets	11	55	-
Loss/(gain) on investment property	11	426	(3,961)
Loss/(gain) on investments	23	1,059	4,335
Decrease/(increase) in stock	16	126	(257)
Increase in debtors	17	(1,545)	(5,840)
(Decrease)/increase in creditors	19	(485)	1,740
(Decrease)/increase in pension provisions	22	(12,686)	57,935
(Decrease)/increase in other provisions	22	(1,525)	688
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(5,875)	(4,961)
Endowment income	6	(5,198)	(1,332)
Interest payable	8	3,983	4,026
Loss on the sale of fixed assets		1,172	416
Capital grant income	2/4	(12,264)	(12,146)
<b>Cashflows from operating activities</b>		<b>2,465</b>	<b>28,555</b>
Taxation		46	(58)
<b>Net cash inflow from operating activities</b>		<b>2,511</b>	<b>28,497</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		-	14
Capital grant receipts	2/4	12,264	12,146
Disposal of/(additions to) non-current asset investments		1,628	(911)
Decrease in cash on deposit	18	2,131	5,902
Investment income	5	5,875	4,961
Loans made to other entities		(8,131)	-
Payments made to acquire fixed assets		(31,283)	(44,871)
<b>Net cash outflow from investing activities</b>		<b>(17,516)</b>	<b>(22,759)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(3,983)	(4,026)
Endowment cash received	6	5,198	1,332
Repayments of amounts borrowed	21	(1,198)	(5,260)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>17</b>	<b>(7,954)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(14,988)</b>	<b>(2,216)</b>
Cash and cash equivalents at beginning of the year	25	35,237	37,453
Cash and cash equivalents at end of the year	25	20,249	35,237
		<b>(14,988)</b>	<b>(2,216)</b>

# Notes to the Accounts

(as at 31 July 2023)



## 1. Tuition fees and education contracts

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Home fees	6,584	6,584	6,591	6,591
Rest of UK fees	24,497	24,497	25,231	25,231
EU fees	11,290	11,290	8,380	8,380
Non-EU fees	100,181	100,181	89,941	89,941
Research training support grant	3,128	3,128	3,156	3,156
Short course fees	4,629	4,629	3,816	3,816
Other tuition fees	257	257	292	292
	<b>150,566</b>	<b>150,566</b>	<b>137,407</b>	<b>137,407</b>

## 2. Funding body grants

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Recurrent grant</b>				
Teaching	17,700	17,700	17,131	17,131
Research	19,789	19,789	20,660	20,660
<b>Specific grants</b>				
Covid-19 support grants – restarting research	-	-	2,227	2,227
Other grants	3,138	3,138	1,795	1,795
Capital grants	2,694	2,694	2,413	2,413
	<b>43,321</b>	<b>43,321</b>	<b>44,226</b>	<b>44,226</b>

### 3. Research grants and contracts

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Research councils	18,840	18,840	21,742	21,742
UK Government bodies, local & health authorities	6,296	6,296	9,729	9,729
UK based charities	5,073	5,073	5,324	5,324
UK industry, commerce & public corporations	3,424	3,639	2,211	2,289
EU government bodies	5,537	5,537	7,394	7,394
EU other	864	864	1,048	1,048
Other overseas	6,036	6,036	5,360	5,360
Other sources	453	453	453	453
	<b>46,523</b>	<b>46,738</b>	<b>53,261</b>	<b>53,339</b>

*Included in the Statement of Financial Position is £5.9m (2021/22: £4.8m) in relation to government grants with time, performance or milestone conditions where the conditions were unfulfilled as at 31 July 2023 and where income will be released over the coming financial periods as these conditions are met. Research grant and contract income disclosed above includes various contracts where income is released over a number of years as specific milestones or other performance conditions will be met and will continue to be released over a number of years.*

## 4. Other income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences fees	35,173	35,173	33,067	33,067
Capital donations	9,570	9,570	9,733	9,733
Consultancy, knowledge transfer and cultural engagement	5,099	426	4,997	272
Third party contributions to operational activities	4,293	4,053	2,612	3,066
External contribution to salaries	1,294	1,469	1,482	1,553
Coronavirus Job Retention Scheme	-	-	48	46
Non research prizes and awards	723	723	2,474	2,473
Royalties	742	742	619	619
Miscellaneous sales	2,138	685	1,520	485
Other services provided	875	1,097	967	964
Other income	710	710	780	780
Memberships	1,427	1,427	1,239	1,239
Foreign exchange gains	539	609	977	893
Conference sales	2,931	309	5,084	867
Rental	344	470	387	532
Hire and facilities	362	362	456	456
Continuing professional development	46	46	74	74
Academic conferences	581	581	322	322
Bar sales	613	613	266	266
Profit share	76	-	456	-
	<b>67,536</b>	<b>59,065</b>	<b>67,560</b>	<b>57,707</b>

The profit share is in relation to our investment in associates (note 15).

## 5. Investment income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Interest from short-term investments	1,808	1,437	594	300
Interest from long-term investments	-	13	-	170
Investment income on restricted endowments	3,721	3,721	3,998	3,998
Investment income on unrestricted endowments	346	346	369	369
	<b>5,875</b>	<b>5,517</b>	<b>4,961</b>	<b>4,837</b>

## 6. Donations and endowments

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
New endowments (note 23)	5,198	5,198	1,332	1,332
Donations with restrictions (note 24)	2,089	2,089	3,256	3,256
Restricted donations with performance conditions	541	541	562	562
Unrestricted donations	796	1,169	1,085	3,082
	<b>8,624</b>	<b>8,997</b>	<b>6,235</b>	<b>8,232</b>

## 7. Staff costs

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Staff Costs:</b>				
Salaries	130,879	126,791	119,175	116,155
Social security costs	12,177	11,957	11,194	11,014
Other pension costs (note 31)	24,080	23,885	25,708	25,560
	167,136	162,633	156,077	152,729
Movement on USS deficit provision	(17,085)	(17,085)	53,115	53,115
	<b>150,051</b>	<b>145,548</b>	<b>209,192</b>	<b>205,844</b>

*A further breakdown of pension costs, including the analysis of USS deficit provision has been included in note 31.*



## 7. Staff costs (cont'd)

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
<b>Emoluments of the Principal:</b>		
Salary	331	305
Payment in lieu of employers pension contributions	40	37
Taxable benefits:		
Living accommodation	7	7
<b>Total emoluments</b>	<b>378</b>	<b>349</b>

The Principal occupies a small third floor flat that is provided to her by the University on a representative basis, that is, as part of her role as University Principal and as outlined in her contract with the University and is reported as a taxable benefit in kind. The flat is within University House, the remainder of which is used for public receptions, meetings, and dinners, and for temporary accommodation for visiting scholars and University guests. The Principal fully covers the running costs of the accommodation noted above, with nothing being payable by the University on behalf of the Principal.

The Principal opted out of the Universities Superannuation Scheme (USS) from 1 May 2019 and was in receipt of a salary supplement in lieu of pension contributions.

The Principal's total remuneration is 9.94 times (2022: 9.59 times) the median pay of staff, where the median pay is based on the annualised full-time equivalent remuneration of all staff at the reporting date.

In November 2021, the University Remuneration Committee instructed an increase to the Principal's salary of £60,000 per annum effective from January 2022. The Committee's decision followed both a review of the Principal's performance as well as a benchmarking exercise of Principal salaries which the Committee considered comparable to the University of St Andrews. The Committee noted the Principal's performance as exceptional and that her continuation in post was regarded as pivotal to St Andrews' strategic ambitions, and its major fundraising goals. The Committee also noted the Principal's previous salary was below that of its identified comparable institutions through its benchmarking exercise. The Principal donated the entirety of the additional salary she received in 2021/22, after tax, to the St Andrews Student Hardship Fund. The increase in median this year is a result of the full year impact of the November 2021 salary review. There was no change to the Principal's salary in the year to 31 July 2023.

## 7. Staff costs (cont'd)

	2022/23 No.	2021/22 No.
<b>Remuneration of other higher paid staff, excluding employer's pension contributions:</b>		
£100,001 to £105,000	11	12
£105,001 to £110,000	14	8
£110,001 to £115,000	5	2
£115,001 to £120,000	3	6
£120,001 to £125,000	3	6
£125,001 to £130,000	7	3
£130,001 to £135,000	2	1
£135,001 to £140,000	1	1
£140,001 to £145,000	2	1
£145,001 to £150,000	2	1
£160,001 to £165,000	3	1
£175,001 to £180,000	1	-
£180,001 to £185,000	-	1
£185,001 to £190,000	-	1
£190,001 to £195,000	1	-
£240,001 to £245,000	-	1
£250,001 to £300,000	1	-
	<b>56</b>	<b>45</b>

*The Principal has been excluded from the table above.*

	No.	No.
<b>Average staff numbers by major category:</b>		
Academic	1,229	1,210
Academic support services	388	353
Research	335	365
Administration	485	443
Premises	266	256
Catering and residencies	292	276
	<b>2,995</b>	<b>2,903</b>

## 7. Staff costs – (cont'd)

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. For the University of St Andrews this is taken to mean the Principal's Office and includes the following roles:

Principal and Vice-Chancellor; Master of the United College; Quaestor and Factor; Deputy Principal and Vice-Principal (International Strategy and External Relations), Vice-Principal Education (Proctor); Vice-Principal (Governance); Vice-Principal (Research, Collections & Innovation); Vice-Principal (People & Diversity); Vice-Principal (Strategy, Policy & Planning); Vice-Principal (Communications); Vice-Principal (Digital Education, Research & Environment); Assistant Vice-Principal (Dean of Learning and Teaching) and Provost; Assistant Vice-Principal (Dean of Science) and Assistant Vice-Principal (International Strategy and External Relations).

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Salaries	1,836	1,599
Employer's pension contributions	331	269
<b>Total compensation</b>	<b>2,167</b>	<b>1,868</b>

	Year ended 31 July 2023 No.	Year ended 31 July 2022 No.
Number of posts (expressed as full-time equivalents) that are as key management personnel	13.1	12.3

During the year, one new post was created in the Principal's Office, Assistant Vice-Principal (International Strategy and External Relations), in June 2023 and the post of Assistant Vice Principal (Dean of Arts and Divinity) was vacant at 31 July 2023. In the prior year, as part of a restructure, four new posts were established: the positions of Vice-Principal (People & Diversity) in June 2022, and Vice-Principal (Strategy, Policy & Planning); Vice-Principal (Digital Education, Research & Environment) and Vice-Principal (Communications) in July 2022. This restructure also removed the requirement for the roles of Assistant Vice-Principal (Provost), Vice-Principal (Collections, Music, and Digital Content) and Assistant Vice-Principal (Diversity). The increase reflects the full year impact of the prior year restructure.

## 8. Interest and other finance costs

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Loan interest	3,962	3,962	4,008	4,006
Interest paid to endowment funds	21	21	18	18
Net charge on USS pension scheme	2,887	2,887	294	294
Net charge on S&LAS pension scheme (note 31)	1,451	1,451	1,126	1,126
	<b>8,322</b>	<b>8,322</b>	<b>5,446</b>	<b>5,444</b>

## 9. Analysis of total expenditure by activity

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic and related expenditure	93,256	93,256	126,978	126,978
Academic support services	30,930	30,930	28,964	28,964
Administration and central services	39,876	39,876	38,380	38,380
Premises (including service concession costs)	37,915	39,177	34,671	36,074
Research grants and contracts	35,441	35,441	47,860	47,860
Residences, catering and conferences	28,616	30,150	25,854	26,967
Other expenses	34,498	24,309	35,723	26,287
	<b>300,532</b>	<b>293,139</b>	<b>338,430</b>	<b>331,510</b>

<b>Other operating expenses include:</b>	<b>2022/23</b>	<b>2021/22</b>
External auditor's remuneration in respect of:		
audit services	191	163
assurance related non-audit services	64	15
Internal auditor's remuneration in respect of:		
audit services	143	143
non-audit services:		
tax services	70	80
corporate finance services	3,024	1,423
Hire of plant and equipment	270	267
Agency costs	1,086	154

*The assurance related non-audit services provided by the external auditors in 2022/23 include the triennial review of the US GAAP accounts. The non-audit services provided by the internal auditors included fees in relation to an ongoing systems implementation project. Agency costs incurred in the year are in relation to consultants employed to aid delivery of the project.*

## 10. Taxation

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Corporation tax charge/(credit)	1	-	(1)	-
Deferred tax (credit)/charge – timing differences	(47)	-	59	-
Tax (credit)/charge on subsidiary profits	(46)	-	58	-

## 11. Tangible Fixed Assets

Consolidated	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
<b>Cost</b>							
<b>At 1 August 2022</b>	533,863	53,447	120,130	3,062	710,502	38,808	749,310
Additions	560	24,730	5,429	-	30,719	-	30,719
Transfers	42,714	(44,203)	1,489	-	-	-	-
Revaluation	(426)	-	-	125	(301)	-	(301)
Impairment	-	(55)	-	-	(55)	-	(55)
Disposals	(1,442)	-	(8,144)	-	(9,586)	-	(9,586)
<b>At 31 July 2023</b>	<b>575,269</b>	<b>33,919</b>	<b>118,904</b>	<b>3,187</b>	<b>731,279</b>	<b>38,808</b>	<b>770,087</b>
<b>Depreciation</b>							
<b>At 1 August 2022</b>	131,884	-	98,739	-	230,623	-	230,623
Charge for Year	13,692	-	4,633	-	18,325	-	18,325
Disposals	(65)	-	(8,144)	-	(8,209)	-	(8,209)
<b>At 31 July 2023</b>	<b>145,511</b>	<b>-</b>	<b>95,228</b>	<b>-</b>	<b>240,739</b>	<b>-</b>	<b>240,739</b>
<b>Net Book Value</b>							
<b>At 31 July 2023</b>	<b>429,758</b>	<b>33,919</b>	<b>23,676</b>	<b>3,187</b>	<b>490,540</b>	<b>38,808</b>	<b>529,348</b>
At 31 July 2022	401,979	53,447	21,391	3,062	479,879	38,808	518,687

## 11. Tangible Fixed Assets (cont'd)

University	Land and Buildings £000	Assets under Construction £000	Equipment & Furniture £000	Endowed Properties £000	Total £000	Heritage Assets £000	Total £000
<b>Cost</b>							
<b>At 1 August 2022</b>	<b>515,338</b>	<b>53,447</b>	<b>113,042</b>	<b>3,062</b>	<b>684,889</b>	<b>38,808</b>	<b>723,697</b>
Additions	551	24,730	5,133	-	30,414	-	30,414
Transfers	42,714	(44,203)	1,489	-	-	-	-
Revaluation	193	-	-	125	318	-	318
Impairment	-	(55)	-	-	(55)	-	(55)
Disposals	(1,149)	-	(8,144)	-	(9,293)	-	(9,293)
<b>At 31 July 2023</b>	<b>557,647</b>	<b>33,919</b>	<b>111,520</b>	<b>3,187</b>	<b>706,273</b>	<b>38,808</b>	<b>745,081</b>
<b>Depreciation</b>							
<b>At 1 August 2022</b>	<b>128,668</b>	<b>-</b>	<b>95,701</b>	<b>-</b>	<b>224,369</b>	<b>-</b>	<b>224,369</b>
Charge for Year	13,087	-	4,266	-	17,353	-	17,353
Disposals	(65)	-	(8,144)	-	(8,209)	-	(8,209)
<b>At 31 July 2023</b>	<b>141,690</b>	<b>-</b>	<b>91,823</b>	<b>-</b>	<b>233,513</b>	<b>-</b>	<b>233,513</b>
<b>Net Book Value</b>							
<b>At 31 July 2023</b>	<b>415,957</b>	<b>33,919</b>	<b>19,697</b>	<b>3,187</b>	<b>472,760</b>	<b>38,808</b>	<b>511,568</b>
At 31 July 2022	386,670	53,447	17,341	3,062	460,520	38,808	499,328

Included within fixed assets is an amount of £3.5m (2021/22: £3.5m) of capitalised finance costs.

Endowed Properties are Investment Properties where the land and buildings are held for rental income and capital appreciation. They are held at Fair Value and are required to be revalued on an annual basis. A revaluation was carried out as at 31 July 2023 by the District Valuer and the net movement of £125,000 is recognised in the Statement of Financial Position.

## 12. Heritage assets

### Additions and Disposals

Acquisitions for the current and previous four years were as follows:

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Acquisitions purchased with University funds	-	-	-	-	45
Total cost of acquisitions purchased	-	-	-	-	45
Value of acquisitions by donation	-	-	-	-	-
<b>Total acquisitions purchased</b>	-	-	-	-	<b>45</b>

### Main Collections

The University holds Heritage Assets across several locations, which are split into two collections, the Museum Collections and the Special Collections which are held in support of the University's core purpose of teaching and research.

Information about the University's policy for the acquisition, preservation and management and disposal of heritage assets is provided in the following publication: [www.st-andrews.ac.uk/policy/library-and-museum-services/collections-development-policy-university-collections.pdf](http://www.st-andrews.ac.uk/policy/library-and-museum-services/collections-development-policy-university-collections.pdf)

## 13. Service concession arrangements

The University has arrangements in place in respect of student accommodation, for which service delivery has previously commenced and is ongoing.

In September 2015 and 2016 the University entered a 40-year contract with a third-party provider for the provision and maintenance of Fife Park (Phase III and Phase II) providing accommodation to around 500 students. The assets and liabilities relating to these schemes were initially recognised in the University's Statement of Financial Position but fully written down / unwound over the course of one year in line with the agreements in place.

In September 2017 the University entered a 40-year contract with the same third-party provider for the

provision and maintenance of Powell and Whitehorn Halls providing accommodation to around 400 students. No assets or liabilities were recognised relating to these schemes because there was no nominations agreement in place.

The University has the option to provide an annual occupancy commitment and as a result of this option being exercised during the current year, £7.1m of 2023/24 rental costs has been recorded within other operating expenses, with a corresponding income of £7.1m. In the Statement of Financial Position, the University has recorded a liability of £7.1m which has been offset by £7.1m debtor in relation to service concession arrangements.

## 14. Non-current Investments

	Subsidiary companies £000	Other fixed asset investments £000	Total £000
<b>Consolidated</b>			
<b>At 1 August 2022</b>	-	108,286	108,286
Additions	-	14,286	14,286
Disposals	-	(15,562)	(15,562)
Depreciation	-	(1,184)	(1,184)
Debtor movement	-	(416)	(416)
Cash movement	-	64	64
<b>At 31 July 2023</b>	-	105,474	105,474
<b>University</b>			
<b>At 1 August 2022</b>	15,192	108,286	123,478
Additions	1,004	14,286	15,290
Disposals	(1,685)	(15,562)	(17,247)
Depreciation	-	(1,184)	(1,184)
Debtor movement	-	(416)	(416)
Cash movement	-	64	64
<b>At 31 July 2023</b>	14,511	105,474	119,985
<b>Additional Analysis of other fixed asset investments</b>			<b>£000</b>
Endowment Equities			83,638
Non-Endowment Equities			63
Multi-asset Investments			8,316
Property Trust			10,232
Creditors			293
Cash and cash equivalent			2,932
<b>Total Investments</b>			<b>105,474</b>

*Listed investments are held at fair value based on quoted market price.*



## 14. Non-current Investments (cont'd)

### Subsidiary companies

The University owns the following subsidiary companies directly:

<b>Company</b>	<b>Country of incorporation</b>	<b>Activity</b>
St Andrews University Services Ltd	Scotland	Vacation letting
St Andrews Innovation Ltd (previously St Andrews Applied Research Ltd)	Scotland	Applied Research
St Andrews Management Institute	Scotland	Dormant
St Andrews University Holdings Ltd	Scotland	Dormant
St Andrews Strategic Management Ltd	Scotland	Dormant

St Andrews Applied Research Ltd in turn directly or indirectly owns the subsidiaries listed below:

<b>Company</b>	<b>Country of incorporation</b>	<b>Activity</b>
University of St Andrews Shop Ltd	Scotland	Retail
Photosynergy Ltd	Scotland	Laser Lighting
Eden Estuary Energy Ltd	Scotland	Energy Generation
SOI Group Ltd	Scotland	Marine Science
D'Arcy Thompson Simulator Centre Ltd (50%)	Scotland	Model Simulation
Drochaid Research Services Ltd	Scotland	Contract Research
Eden Campus Properties Ltd	Scotland	Property Rental
Eden Campus Solar 1 Ltd	Scotland	Energy Generation
Eden Campus Consultancy Ltd (51% owned)	Scotland	Management Consultancy
St Andrews West Properties Ltd	Scotland	Property Development
SUMAC Mentoring Ltd	Scotland	Mentoring Programme
University of St Andrews Consulting Ltd	Scotland	Consultancy
SMRU Ltd	Scotland	Marine Science
St Andrews Instrumentation Ltd	Scotland	Marine Science
St Andrews Medical Innovations Ltd	Scotland	Retail
StAAR Inc	USA	Applied Research
SMRU (Hong Kong) Ltd	Hong Kong	Marine Science
SMRU (Canada) Ltd	Canada	Marine Science
SMRU LLC	USA	Marine Science
SoIOLED Ltd	Scotland	Dormant
Actiframe Ltd	Scotland	Dormant
X-Genix Ltd	Scotland	Dormant
Locate Zero Emissions Vehicles Ltd	Scotland	Dormant

## 15. Investment in associates

The University, through a wholly owned subsidiary (St Andrews University Services Ltd) has a 49% holding in four Limited Liability Partnerships (LLPs) with Campus Living Villages (CLV). The principal business activities include the acquisition, delivery, operation and management of student accommodation and associated services. The share of profits of £0.1m (2021/22: £0.5m)

has been recognised as income and is reported in the Consolidated Statement of Comprehensive Income.

St Andrews University Services Ltd also has a 49% holding in Grange St Andrews LLP with Kingdom Initiatives Ltd (KI) – incorporated on 13 October 2021. Grange St Andrews LLP has not traded in the year.

## 16. Stock

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Stocks of:				
Consumables	811	811	1,010	1,010
Goods for resale	288	-	215	-
	<b>1,099</b>	<b>811</b>	<b>1,225</b>	<b>1,010</b>

## 17. Trade and other receivables

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Amounts receivable within one year</b>				
Research grants receivables	10,480	10,480	11,914	11,914
Debts due from students	1,486	1,486	1,165	1,165
Trade receivables	3,090	1,961	2,778	1,238
Amounts due from subsidiary companies	-	206	-	1,486
Other receivables	12,730	8,368	4,992	87
Prepayments and accrued income	16,700	15,679	13,612	12,871
	<b>44,486</b>	<b>38,180</b>	<b>34,461</b>	<b>28,761</b>
Amounts due from subsidiary companies	-	2,826	-	2,773
Amounts due from long term loan	-	-	143	143
<b>Total trade and other receivables</b>	<b>44,486</b>	<b>41,006</b>	<b>34,604</b>	<b>31,677</b>

*Interest of £0.01m (2021/22: £0.2m) relating to the long-term receivable due from subsidiaries, has been credited to the University's Statement of Comprehensive Income (note 5). Interest accrues on two amounts at 0.25% and 3% per annum and these are repayable by November 2034 and January 2047.*

## 18. Current investments

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Deposits maturing:				
In one year or less	6,237	6,237	8,368	8,368
	<b>6,237</b>	<b>6,237</b>	<b>8,368</b>	<b>8,368</b>

## 19. Creditors: amounts falling due within one year

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Trade payables	10,040	9,511	7,652	7,351
Social security and other taxation payable	3,463	3,397	2,880	2,596
Amounts owed to group undertakings	-	1,494	-	1,494
Accruals and deferred income	73,866	73,208	77,885	77,381
Unsecured loans (note 21)	960	960	960	960
	<b>88,329</b>	<b>88,570</b>	<b>89,377</b>	<b>89,782</b>

**Deferred income**

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

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Donations with performance conditions	1,852	1,852	1,559	1,559
Doctorial training grants	3,592	3,592	2,180	2,180
Student receipts in advance	15,430	15,430	17,330	17,330
Grant income (including pooling)	52	52	328	328
Other income with performance conditions	2,219	2,219	2,240	2,240
Research grants received on account	20,310	20,310	25,573	25,573
Other accruals and deferred income	23,315	22,657	21,996	21,492
Service concession arrangement	7,096	7,096	6,679	6,679
	<b>73,866</b>	<b>73,208</b>	<b>77,885</b>	<b>77,381</b>

## 20. Creditors: amounts falling due after more than one year

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loans	101,790	101,790	102,988	102,988
Cumulative convertible preference shares	95	-	95	-
	<b>101,885</b>	<b>101,790</b>	<b>103,083</b>	<b>102,988</b>

Cumulative preference shares represent preference shares held in a subsidiary company, Photosynergy Limited.

## 21. Loans

## Analysis of unsecured loans:

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Due within one year (note 19)</b>	<b>960</b>	<b>960</b>	<b>960</b>	<b>960</b>
Due between one and two years	960	960	960	960
Due between two and five years	3,417	3,417	4,138	4,138
Due in five years or more	97,413	97,413	97,890	97,890
<b>Due after more than one year</b>	<b>101,790</b>	<b>101,790</b>	<b>102,988</b>	<b>102,988</b>
<b>Total unsecured loans</b>	<b>102,750</b>	<b>102,750</b>	<b>103,948</b>	<b>103,948</b>
Unsecured loans repayable by 2023	-	-	1,257	1,257
Unsecured loans repayable by 2024	1,257	1,257	-	-
Unsecured loans repayable by 2027	2,161	2,161	3,061	3,061
Unsecured loans repayable by 2028	50	50	60	60
Unsecured loans repayable by 2030	1,322	1,322	1,610	1,610
Unsecured loans repayable by 2037	37,000	37,000	37,000	37,000
Unsecured loans repayable by 2048	60,000	60,000	60,000	60,000
	<b>101,790</b>	<b>101,790</b>	<b>102,988</b>	<b>102,988</b>

## Included in loans are the following:

Lender	Amount £000	Repayments Commence	Interest Rate
Northwestern Mutual Life Insurance	37,000	2033	2.43%
Barclays Bank Plc	60,000	2039	5.06%
SFC (Salix carbon reduction loan)	2,881	2021	-
SFC (Salix original loan)	1,257	2023	-
Lawn Tennis Association	60	2019	-
SFC (Solar farm loan)	1,552	2021	0.25%
<b>Total</b>	<b>102,750</b>		

The Scottish Funding Council (Salix loans) are interest free loans with annual repayments of £720,179.

Lending arrangements with Northwestern Mutual Life Insurance, Barclays and RBS are subject to the following financial covenants; Debt Service to Total Income, Adjusted Cashflow to Debt Service, Total External Debt to Consolidated Total Assets, EBITDA to Debt Service and Adjusted Surplus requirements. In addition to this the University agreed to report monthly Liquidity information to lenders. All financial covenants were met in the year to 31 July 2023.

The University has access to a £35m Revolving Credit Facility (RCF) which was renegotiated, expanded and extended for up to 5 years to July 2028. The University did not make any drawdowns on the RCF during the year and is currently forecast to drawdown on the facility around March 2024 supporting investment in capital over the going concern period to 31 July 2025.

## 22. Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2022	(87,235)	(43,728)	(130,963)	(2,301)	(94)	(2,395)
Utilised in year	2,331	61,679	64,010	1,870	94	1,964
Additions	11,866	(20,002)	(8,136)	(429)	(10)	(439)
Balance at 31 July 2023	(73,038)	(2,051)	(75,089)	(860)	(10)	(870)

University	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations (note 31) £000	Total Pensions Provision £000	Other Provisions £000	Early Retirement Provision £000	Total Other Provisions £000
Balance at 1 August 2022	(87,235)	(43,728)	(130,963)	(2,301)	(94)	(2,395)
Utilised in year	2,331	61,679	64,010	1,870	94	1,964
Additions	11,866	(20,002)	(8,136)	(429)	(10)	(439)
Balance at 31 July 2023	(73,038)	(2,051)	(75,089)	(860)	(10)	(870)

### USS deficit

The obligation to fund the past deficit on the University 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. Key assumptions are provided in note 31(a).

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan was agreed of which more detail is given in note 31(a). This requires deficit payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3%. The 2023 valuation is currently in progress and any changes arising on its completion are due to be implemented by April 2024 and will impact 2023/24 Financial Statements.

## 23. Endowment reserves

Consolidated and University	Unrestricted permanent endowments £000	Restricted permanent endowments £000	Restricted expendable endowments £000	2023 Total £000	2022 Total £000
<b>Balances at 1 August 2022</b>					
Capital	8,823	95,239	140	104,202	110,426
Accumulated income	-	8,856	60	8,916	7,307
	<b>8,823</b>	<b>104,095</b>	<b>200</b>	<b>113,118</b>	<b>117,733</b>
New endowments	157	4,833	208	5,198	1,332
Transfers	(231)	(2,449)	-	(2,680)	(3,221)
Investment income	346	3,718	3	4,067	4,367
Expenditure	(346)	(3,369)	(44)	(3,759)	(2,758)
Decrease in market value of investments	(100)	(958)	(1)	(1,059)	(4,335)
Total endowment comprehensive income for the year	(174)	1,775	166	1,767	(4,615)
<b>Balances as at 31 July 2023</b>	<b>8,649</b>	<b>105,870</b>	<b>366</b>	<b>114,885</b>	<b>113,118</b>
<b>Represented by:</b>					
Capital	8,649	96,664	347	105,660	104,202
Accumulated Income	-	9,206	19	9,225	8,916
	<b>8,649</b>	<b>105,870</b>	<b>366</b>	<b>114,885</b>	<b>113,118</b>
<b>Analysis by type of purpose</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chairs and Lectureships	-	27,456	-	27,456	25,572
Academic Schools / Unit Support	-	8,375	366	8,741	8,698
Scholarships and Bursaries	-	64,682	-	64,682	64,786
Prize funds	-	2,170	-	2,170	2,177
General	8,649	-	-	8,649	8,823
Endowment Property	-	3,187	-	3,187	3,062
	<b>8,649</b>	<b>105,870</b>	<b>366</b>	<b>114,885</b>	<b>113,118</b>

## 23. Endowment reserves (cont'd)

## Charitable funds that are over 1% of the value of total endowment funds

Name of Fund	As at 31 July 2022 £000	New/ Additions £000	Change in market value £000	Transfer of realised appreciation £000	Income £000	Expenditure £000	As at 31 July 2023 £000
United College Chairs	11,182	-	(136)	(301)	445	(445)	10,745
Lapsed Bursaries Fund	7,761	-	(87)	(193)	287	(283)	7,485
Robert T Jones Memorial Trust Scholarship	6,385	20	(73)	(162)	241	(155)	6,256
General Unrestricted Fund	4,551	-	(55)	(123)	181	(181)	4,373
Shelby Cullom Davis Chair in Philosophy	4,323	-	(47)	(105)	156	(164)	4,163
R&A Ransome Scholarship	3,170	-	(38)	(83)	124	(153)	3,020
600th Anniversary Endowment Fund	2,952	157	(29)	(80)	119	(119)	3,000
600th Anniversary Scholarship Fund	2,670	213	(23)	(66)	100	(141)	2,753
100 Fund	-	2,732	4	-	6	-	2,742
Prof. & Mrs Purdie's Bequests	2,418	1	98	(5)	43	-	2,555
American Literature Lectureship	2,609	-	(29)	(63)	94	(72)	2,539
Maitland Ramsay PG Scholarship	2,192	-	(23)	(51)	77	(100)	2,095
D & G Bonnyman PG Scholarship	2,189	-	(25)	(56)	83	(99)	2,092
Ewan & Christine Brown PhD Studentships	2,188	-	(25)	(56)	83	(140)	2,050
Gifford Bequest	1,768	-	(16)	(37)	56	(50)	1,721
John & Aileen Irving Fund	1,541	1	(16)	(34)	51	(29)	1,514
Moncrieff Travelling Scholarship	1,523	-	(16)	(36)	53	(106)	1,418
Barbara Bennett Ure Scholarship	1,439	-	(16)	(35)	52	(46)	1,394
	<b>60,861</b>	<b>3,124</b>	<b>(552)</b>	<b>(1,486)</b>	<b>2,251</b>	<b>(2,283)</b>	<b>61,915</b>

## 24. Restricted reserves

Reserves with restrictions are as follows:

<b>Consolidated and University</b>	<b>Unspent capital grants £000</b>	<b>Restricted donations £000</b>	<b>2023 Total £000</b>	<b>2022 Total £000</b>
<b>Balances at 1 August 2022</b>	<b>19,652</b>	<b>8,817</b>	<b>28,469</b>	<b>20,025</b>
New grants	9,570	-	9,570	9,733
New donations	-	2,089	2,089	3,256
Capital grants utilised	(9,897)	-	(9,897)	(2,499)
Expenditure	-	(2,372)	(2,372)	(2,046)
<b>Total restricted comprehensive income for the year</b>	<b>(327)</b>	<b>(283)</b>	<b>(610)</b>	<b>8,444</b>
<b>Balances as at 31 July 2023</b>	<b>19,325</b>	<b>8,534</b>	<b>27,859</b>	<b>28,469</b>

Analysis of other restricted funds / donations by type of purpose:

	<b>2023 Total £000</b>	<b>2022 Total £000</b>
Chairs and Lectureships	33	11
Academic Schools / Unit Support	4,314	4,497
Scholarships and Bursaries	3,663	3,710
Prize funds	524	599
	<b>8,534</b>	<b>8,817</b>

## 25. Cash and cash equivalents

<b>Consolidated</b>	<b>At 1 August 2022 £000</b>	<b>Cash Flows £000</b>	<b>At 31 July 2023 £000</b>
Cash and cash equivalents	35,237	(14,988)	20,249



## 26. Consolidated statement of net debt

	<b>As at 31 July 2023 £000</b>
<b>Net debt at 1 August 2022</b>	<b>(75,485)</b>
Decrease in cash and cash equivalents	(14,988)
Repayment of unsecured loans	1,198
Other non-cash changes	(417)
<b>Net debt at 31 July 2023</b>	<b>(89,692)</b>
<b>Change in net debt</b>	<b>(14,207)</b>

**Analysis of net debt:**

	<b>As at 31 July 2023 £000</b>	<b>As at 31 July 2022 £000</b>
<b>Cash and cash equivalents</b>	<b>20,249</b>	<b>35,237</b>
<b>Borrowings: amounts falling due within one year</b>		
Unsecured loans	(960)	(960)
Service concession arrangements (note 13 and 19)	(7,096)	(6,679)
	(8,056)	(7,639)
<b>Borrowings: amounts falling due after more than one year</b>		
Unsecured loans	(101,885)	(103,083)
<b>Net debt</b>	<b>(89,692)</b>	<b>(75,485)</b>

## 27. Capital and other commitments

Provision has not been made for the following capital commitments:

Consolidated and University	As at 31 July 2023		As at 31 July 2022	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	10,722	10,722	17,938	17,938
Authorised but not contracted for	2,718	2,718	-	-
	<b>13,440</b>	<b>13,440</b>	<b>17,938</b>	<b>17,938</b>

## 28. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Plant and Machinery £000	Total as at 31 July 2023 £000	Total as at 31 July 2022 £000
<b>Payable during the year</b>	1,513	293	1,806	804
<b>Future minimum lease payments due:</b>				
Not later than 1 year	520	111	631	446
Later than 1 year and not later than 5 years	702	13	715	307
Later than 5 years	920	-	920	958
<b>Total lease payments due</b>	<b>2,142</b>	<b>124</b>	<b>2,266</b>	<b>1,711</b>

## 29. Amounts disbursed as an agent

<b>Consolidated and University</b>	<b>Year ending 31 July 2023</b>	<b>Year ending 31 July 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Discretionary fund</b>		
<b>Income</b>		
Excess of income over spend at 1 August 2022	53	383
Funding Council grants	327	375
	380	758
<b>Expenditure</b>		
Disbursed to students	(342)	(692)
Transferred to Childcare Fund	(38)	(65)
Returned to SAAS	-	(1)
Fund running cost	-	-
	(380)	(758)
Excess of income over expenditure at 31 July 2023	-	-
<b>Childcare fund</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>		
Excess of income over spend at 1 August 2022	-	-
Funding Council grants	-	-
	-	-
<b>Expenditure</b>		
Disbursed to students	(38)	(65)
Transferred from Discretionary Fund	38	65
	-	-
Excess of income over expenditure at 31 July 2023	-	-

*HE bursaries and other student support funds are available solely to assist students, the University acts only as a paying agent. The grants and related disbursements are excluded from the Statement of Comprehensive Income.*

## 30. Disclosure of related party transactions

Due to the nature of the University's activities and the composition of Court, (members being drawn from local public and private sector organisations) and Senior Leadership Team (SLT), it is inevitable that transactions will take place with organisations (in particular with similar public bodies) which a member of Court or SLT may have an interest. From time to time, as supporters of the University, Court members may make donations of varying amounts to assist the University in achieving its goals.

All members of Court and SLT are required to complete a register of interests. The register is checked against the University's trade receivable and trade

payable ledgers. All transactions in which a member of Court or SLT may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The University has taken advantage of the exemption allowed by FRS 102 Section 33 Related Party Disclosures not to disclose transactions between wholly owned group companies. Related party transactions with University spinout companies have not been disclosed as they are not material to either party.

The following transactions were identified for the disclosure:

Organisation	Relationship	Nature of transaction	Receipts £000	Payments £000	Debtor/ creditor £000
University of St Andrews Students' Association	Charity	Operations/grants	2,130	(717)	173/(4)
Campus Living Villages	Accommodation	Rental	-	(5,661)	-/-

*The majority of income from the University of St Andrews Students' Association relates to salary and other recharges.*

*In accordance with the agreement with Campus Living Villages, the University transfers student accommodation rental income to CLV (St Andrews) UK LLP, CLV (St Andrews) UK 2 LLP and CLV (St Andrews) UK 3 LLP.*

## 31. Pension schemes

The University contributes to two principal pension schemes for its staff:

- the Universities Superannuation Scheme (USS)
- the St Andrews University Superannuation & Life Assurance Scheme (S&LAS)

A small number of staff contribute to other defined contribution schemes for which the University has no further payment obligation once the contributions are paid over.

The total pension cost for the University and its subsidiaries was:

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
USS	18,000	16,781
S&LAS (including FRS 102 adjustments)	5,360	8,323
Other pension schemes	720	604
<b>Total operating charge</b>	<b>24,080</b>	<b>25,708</b>

## 31. Pension schemes (cont'd)

### a) Universities Superannuation Scheme (USS)

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total charge to the Consolidated Statement of Comprehensive Income is £4.0m (2021/22: £70.2m) being £14.2m decrease to the deficit provision offsetting £18.2m of contributions, £1.5m of which were outstanding at the reporting date (2021/22: £16.8m and £1.4m respectively). Deficit recovery contributions due within one year for the University are £5.6m (2021/22: £5.2m).

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 University cannot identify its share of Retirements Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less:  1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (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:

2020 valuation	
Mortality base table	101% of S2PMA "light" for males and 95% of S2PMA "light" 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% p.a. for males and 1.6% p.a. for females

## 31. Pension schemes (cont'd)

The current life expectancies on retirement at age 65 are:

	<b>As at 31 July 2023 Years</b>	<b>As at 31 July 2022 Years</b>
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

### USS – deficit recovery position

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 major assumptions used to calculate the provision over the last two financial years were:

	<b>As at 31 July 2023</b>	<b>As at 31 July 2022</b>
Discount rate	5.52%	3.31%
Salary growth – year 1	4.00%	4.00%
– year 2	3.00%	4.00%
– year 3	3.00%	3.00%
– thereafter	2.70%	2.60%

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the provision are set out below:

	<b>Increase in provision £000</b>
0.5% pa decrease in discount rate	2,724
0.5% pa increase in salary inflation over duration	2,781
0.5% pa increase in salary inflation year 1 only	351
0.5% increase in staff changes over duration	2,650
0.5% increase in staff changes year 1 only	348
1% increase in deficit contributions to March 2024	565
1% increase in deficit contributions to April 2038	11,602

## 31. Pension schemes (cont'd)

### b) St Andrews University Superannuation & Life Assurance Scheme

This is a defined benefit scheme primarily for the benefit of non-academic University staff. It is externally funded and contracted out. The assets of the scheme are held in a separate trustee administered fund. The University is required to account for the present value of the scheme assets and liabilities in its Statement of Financial Position. A full actuarial valuation of the scheme was carried out at 31 July 2021 and updated to 31 July 2023 by a qualified independent actuary. The major assumptions used by the actuary, on the Projected Unit method, were:

Disclosure of principal assumptions	As at 31 July 2023	As at 31 July 2022
Rate of increase in salaries:		
Year 1	4.00%	4.00%
Year 2	3.00%	4.00%
Year 3	3.00%	3.00%
Thereafter	2.65%	2.65%
Pension increases (RPI max 9.00%)	3.30%	3.15%
Pension increases (RPI max 2.50%)	1.80%	2.20%
Discount Rate	5.15%	3.50%
Inflation assumption (RPI)	3.10%	3.15%
Inflation assumption (CPI)	2.65%	2.65%

The current mortality assumptions include sufficient allowance for future mortality improvements in mortality rates. The assumed life expectancies on retirement at age 65 are:

	As at 31 July 2023 Years	As at 31 July 2022 Years
<b>Retiring today:</b>		
Males	20.7	21.1
Females	23.1	23.5
<b>Retiring in 20 years:</b>		
Males	22.0	22.4
Females	24.5	24.9

The table below shows the effect that changing the most significant assumptions at 31 July 2023 would have had on the defined benefit obligation.

	Decrease/(increase) in defined benefit obligation at 31 July 2023 £000
Increase of 0.25% in the discount rate	5,071
Decrease of 0.25% in the discount rate	(5,395)
Increase of 0.1% in inflation	(1,673)
Decrease of 0.1% in inflation	1,678
Increase of one year in life expectancy*	(3,740)

\* Life expectancies would increase from 20.7 years to 21.7 years for a male currently aged 65, and from 22.0 years to 23.0 years for a male currently aged 45.

Each sensitivity above is considered in isolation and the same methodology is adopted for calculating the defined benefit obligation.

The fair value of the assets of the scheme are:

	Value at 31 July 2023 £000	Value at 31 July 2022 £000
Equities	64,432	59,767
Multi-Asset Credit Fund	16,132	19,431
Infrastructure	19,344	10,017
Cash	688	14,353
Property	10,188	8,184
Asset-backed securities	6,050	-
	<b>116,834</b>	<b>111,752</b>

Multi-asset funds invest in a wide range of credit assets including secure debt, leveraged loans, high yield debt, asset backed securities and emerging market debt.

## 31. Pension schemes (cont'd)

The following amounts were measured in accordance with the requirements of FRS102:

	<b>As at 31 July 2023 £000</b>	<b>As at 31 July 2022 £000</b>
Total fair value of scheme assets	116,834	111,752
Present value of scheme liabilities	(118,885)	(155,480)
<b>Deficit in scheme – Net pension liability</b>	<b>(2,051)</b>	<b>(43,728)</b>

	<b>As at 31 July 2023 £000</b>	<b>As at 31 July 2022 £000</b>
<b>Changes in the present value of the defined benefit assets:</b>		
Opening fair value of scheme assets	111,752	123,965
Interest income on scheme assets	3,911	1,980
Return on plan assets in excess of interest income	1,137	(13,827)
Contributions by employer	5,300	4,923
Contributions by members	180	152
Benefits paid	(4,736)	(4,401)
Administrative expenses paid	(710)	(1,040)
<b>Closing fair value of scheme assets</b>	<b>116,834</b>	<b>111,752</b>

	<b>As at 31 July 2023 £000</b>	<b>As at 31 July 2022 £000</b>
<b>Changes in the present value of the defined benefit liabilities:</b>		
Opening defined benefit liability	155,480	196,268
Current service cost	4,650	7,283
Interest cost	5,362	3,106
Employee contributions	180	152
Actuarial gain – change in financial assumptions	(43,058)	(59,208)
Actuarial gain – change in demographic assumptions	(3,357)	(2,849)
Experience loss on benefit obligation	4,364	15,129
Benefits paid	(4,736)	(4,401)
<b>Closing defined benefit liability</b>	<b>118,885</b>	<b>155,480</b>



## 31. Pension schemes (cont'd)

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
<b>Amounts charged to statement of consolidated income:</b>		
Current service cost	4,650	7,283
Administrative expenses	710	1,040
<b>Total operating charge</b>	<b>5,360</b>	<b>8,323</b>
<b>Net finance charge on pension scheme:</b>		
Interest income on scheme assets	(3,911)	(1,980)
Interest on pension scheme liabilities	5,362	3,106
<b>Net charge to interest costs (note 8)</b>	<b>1,451</b>	<b>1,126</b>

The total movement in the scheme's deficit during the year is made up as follows:

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
<b>Deficit on scheme at 1 August</b>	<b>(43,728)</b>	<b>(72,303)</b>
<i>Movement in year:</i>		
Current service cost	(4,650)	(7,283)
Administrative expenses	(710)	(1,040)
Contributions	5,300	4,923
Net finance charge	(1,451)	(1,126)
Actuarial gain	43,188	33,101
<b>Deficit on scheme at 31 July</b>	<b>(2,051)</b>	<b>(43,728)</b>

The University has contributed to the scheme at the following rates of pensionable salary during the year:

	Year ended 31 July 2023	Year ended 31 July 2022
	17.93%	17.93%

*The estimated contribution to be paid to the scheme for the next accounting period is £3.8m (2021/22: £3.2m). The employer's contribution to be paid next year is based on the current members of the scheme at 31 July 2023.*

## 31. Pension schemes (cont'd)

History of (losses)/gains	2023	2022	2021	2020	2019
<b>Difference between the expected and actual return on scheme assets</b>					
Amount (£000)	1,137	(13,827)	13,867	(5,157)	2,907
Percentage of scheme assets	1.0%	12.4%	11.2%	4.8%	2.6%
<b>Experience losses on scheme liabilities</b>					
Amount (£000)	(4,364)	(15,129)	-	(2,788)	-
Percentage of the present value of the scheme liabilities	3.7%	9.7%	-	1.5%	-

*With effect from 1 August 2017, the S&LAS scheme changed from a final salary pension scheme to a career-average pension scheme.*

## 32. US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, as modified by the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

## 32. US Department of Education Financial Responsibility Supplemental Schedule (cont'd)

<b>Primary Reserve Ratio</b>		<b>2023</b>		<b>2022</b>	
<b>Page</b>	<b>Primary statement/Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>Expendable Net Assets:</b>			
57	Statement of Financial Position	Total Reserves	440,720	380,589	
	*		(42,260)	(40,928)	
78	Note 23	Total new endowments – endowment reserve	(5,198)	(1,332)	
57	Statement of Financial Position	Tangible Fixed Assets and Heritage Assets	(529,348)	(518,687)	
57	Statement of Financial Position	Pension provisions	75,089	130,963	
57	Statement of Financial Position	Creditors: amounts falling due after more than one year	101,885	103,083	
		<b>Total expenses and losses:</b>			
53	Statement of Comprehensive Income	Total expenditure	300,532	338,430	
78	Note 23	Total expenditure – endowment reserve	(3,759)	(2,758)	
80	Note 24	Total expenditure – restricted reserve	(2,372)	(2,045)	

\* this is the capital (excluding appreciation) on the original endowments which are not shown separately in note 23 but split as below:

<b>Page</b>		<b>Unrestricted permanent endowments £000</b>	<b>Restricted permanent endowments £000</b>	<b>2023 £000</b>	<b>Unrestricted permanent endowments £000</b>	<b>Restricted permanent endowments £000</b>	<b>2022 £000</b>
78	Balances at 1 August 2022	8,823	104,295	113,118	9,485	108,248	117,733
		Split:					
*	<b>Original capital</b>	-	<b>42,260</b>	42,260	-	<b>40,928</b>	40,928
	Cumulative capital appreciation	8,823	53,119	61,942	9,485	60,013	69,498
	Total capital (note 23)	8,823	95,379	104,202	9,485	100,941	110,426
	Accumulated income	-	8,916	8,916	-	7,307	7,307
78	Total brought forward balance	8,823	104,295	113,118	9,485	108,248	117,733

## 32. US Department of Education Financial Responsibility Supplemental Schedule (cont'd)

<b>Equity Ratio</b>			<b>2023</b>		<b>2022</b>	
<b>Page</b>	<b>Primary statement/Note</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>Modified Net Assets:</b>				
57	Statement of Financial Position	Total Reserves	440,720		380,589	
		<b>Modified Assets:</b>				
57	Statement of Financial Position	Non-current assets	634,822		626,973	
57	Statement of Financial Position	Current assets	72,071		79,434	

<b>Net income ratio</b>			<b>2023</b>		<b>2022</b>	
<b>Page</b>	<b>Primary statement/Note</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>Change in Net Assets Without Donor Restrictions:</b>				
53	Statement of Comprehensive Income	Total income	322,445		313,650	
63	Note 5	Investment income on restricted and unrestricted endowments		(4,067)		(4,367)
78	Note 23	New endowments (endowment reserve)		(5,198)		(1,332)
80	Note 24	New grants (restricted reserves)		(9,570)		(9,733)
80	Note 24	New donations (restricted reserves)		(2,089)		(3,256)
53	Statement of Comprehensive Income	Total expenditure		(300,532)		(338,430)
78	Note 23	Total expenditure – endowment reserve	3,759		2,758	
80	Note 24	Total expenditure – restricted reserve	2,372		2,045	
53	Statement of Comprehensive Income	Loss on investments		(3,418)		(7,682)
53	Statement of Comprehensive Income	(Loss)/gain on investment property		(426)		3,961
78	Note 23	Increase in market value of investment	1,059		4,335	
53	Statement of Comprehensive Income	Actuarial gain in respect of pension schemes	43,188		33,101	
53	Statement of Comprehensive Income	Loss on disposal of assets		(1,172)		(416)
78	Note 23	Transfers	2,680		3,221	
80	Note 24	Capital grants utilised	9,897		2,499	
53	Statement of Comprehensive Income	Taxation	46			(58)

## 32. US Department of Education Financial Responsibility Supplemental Schedule (cont'd)

<b>Net income ratio (cont'd)</b>			<b>2023</b>		<b>2022</b>	
<b>Page</b>	<b>Primary statement/Note</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>Total Revenue and Gains:</b>				
53	Statement of Comprehensive Income	Total income	322,445		313,651	
63	Note 5	Investment income on restricted and unrestricted endowments		(4,067)		(4,367)
78	Note 23	New endowments (endowment reserve)		(5,198)		(1,332)
80	Note 24	New grants (restricted reserves)		(9,570)		(9,733)
80	Note 24	New donations (restricted reserves)		(2,089)		(3,256)
53	Statement of Comprehensive Income	Loss on disposal of assets		(1,172)		(416)



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