

# AUDE

Together, for excellent university estates & facilities

ASSOCIATION OF UNIVERSITY  
DIRECTORS OF ESTATES

## Executive summary of the Higher Education Estates Management Report

Summary, insights and analysis of the  
2022/23 academic year

# 2024



**The story of this year's AUDE Estates Management Report (EMR) is a simple one, and one that every VC, CFO and governing body needs to understand. It is a story that plays into the dominant theme in 2024 for almost every university: financial viability. It is a story of dramatic rises in property operating costs, and of hard choices and repercussions. The most significant of these cost rises is energy, where the pattern of increases over the last three years has been deeply unhelpful.**

Property operating costs have risen by 35% in the last two years. This figure includes everything we spend on running our existing campuses – insurance (which has risen by 45% in one year), repairs and maintenance, and debt for capital investment. It also includes energy, and it is here that the startling numbers really hit home. Energy costs have risen by 107% over the same period, which represents hundreds of millions of pounds lost across the sector and, for some, the complete erosion of their financial cushion.







Of course, not every university is in the same boat on energy – the figure quoted covers the whole of the HE estate. Some will have done a little better and some a little worse, depending on the nature of their responses to the cost crisis. Many will have hedged or ‘bought ahead’ to stabilise their energy provision at an agreed price. This will have worked well for some and not for others. It is a sensible response, but not without risk. While it brings cost certainty for a period, there is no guarantee that the best price will be achieved, which some universities will realise with the benefit of hindsight.

Let’s look at some other rational responses to energy price rises. What are our options? Universities with suitable estates will consider generating more of their own energy on campus. All will be looking at the way they use energy and how to reduce consumption. An important aspect of this must be to examine the use of space on campus. Are all of our buildings required, or indeed affordable? A radical approach is required when thinking about these questions.

We have been describing heat pumps as the best option for some years now. Few universities have access to enough land for wind or solar generation at a convincing scale. With just 1% of total energy coming from on-estate renewable sources, this is clearly not a priority for most. Collaborating with others, including local authorities on district heating schemes, may provide economies of scale for all project partners. There is no silver bullet. Decarbonisation cost implications (capital and revenue) are a major concern for all universities.

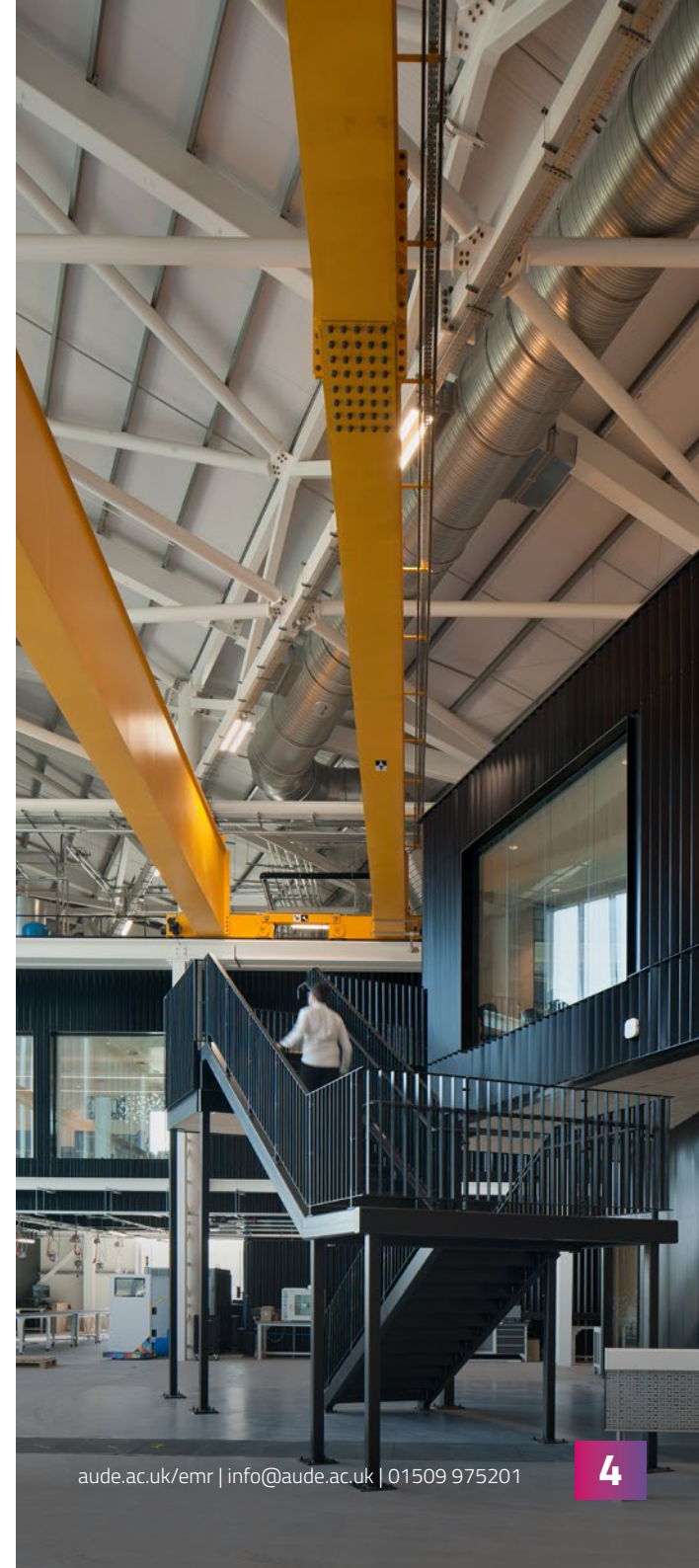
Managing space more effectively will require a culture change that may previously have failed. However, the financial imperative could help make business cases more compelling. Challenging sector-wide inefficiency in how space is managed and allocated is now an essential part of ensuring financial sustainability. Estates and facilities directors and their teams will be happy to steer their institutions through the hard choices that are now being faced.

Options might have to include a reduction in space provision, which may be enabled by innovative approaches to work spaces and even teaching spaces. Difficult choices will have to be made, balancing commitments to sustainability goals with operational realities. The government's response to the final report of the Grenfell Tower Inquiry is yet to be published, but it will certainly have an impact on expenditure priorities. The first priority must always, of course, be safety.

Universities are all looking to the growth agenda to maximise income in the face of harsh financial realities. The UK's demographic downturn in likely home-grown undergraduates from 2028 will not help. Neither will increased visa restrictions on international students. There is a risk of contagion following the insolvency of one or more UK universities and the possible reputational damage to the sector, depending on the government's response to such an eventuality.

#### A NOTE ON DEPRECIATION AS A PROPERTY COST

We know that many readers of the EMR benefit from seeing the trends in a particular set of data, perhaps over many years, and this is one of the reasons why we introduce any necessary change to how we present information in as smooth and seamless a way as possible, and with a full explanation. This year we have introduced depreciation as a property cost and you will see an instant and significant change in the associated graphs. We would like to show the cost of depreciation in future editions of this report. We believe that having a realistic view of this aspect of estate costs can only be beneficial in the long run. Please let us know if you disagree and we will take your views into account when considering the way forward for future years.







We should mention two more statistics. The first is building condition, which is linked to repairs and maintenance spend. The percentage of buildings in condition C and D has risen to 23.8%, continuing a trend over the past two reporting years. The concern here is clear – building stock across the sector is deteriorating.

The second statistic is capital expenditure across the sector, which remains a clear £1bn lower than it was pre-pandemic. For two consecutive years universities have spent £2.5bn on capital projects compared with the 2019 figure of £3.5bn. As a percentage, today's capital expenditure is 71% of the spend in 2019. Projects are cancelled, or at least delayed, as universities consider the risks of taking on new debt to fund new buildings.

These two concerns are connected: if we are building fewer new buildings then, by definition, more of our existing buildings will be older and, in all likelihood, in greater need of repairs and maintenance. At a point where budgets are stretched, more and more buildings risk slipping quietly into a worse condition. Not every repair is a critical repair, and putting off maintenance does not have an immediate impact in many cases.

The EMR is an annual tool that provides crucial data for decision-makers at every university. This hard, comparative data can help influence stakeholders, including students, staff, banks and boards of governors. As always, we are grateful to the Jisc-managed process that enables the data to be collected, while noting that its comparatively late arrival this year has not allowed us to publish the report during the 2024 autumn period as had been our longstanding practice. This delay has, however, allowed us to align the availability of the report in all its current formats. PDF versions of all relevant documents have been sent to estates and facilities teams, and every university has been invited to register for the digital version of the report, which is the easiest way to develop benchmarking and comparison data for chosen subsets of the whole data set.

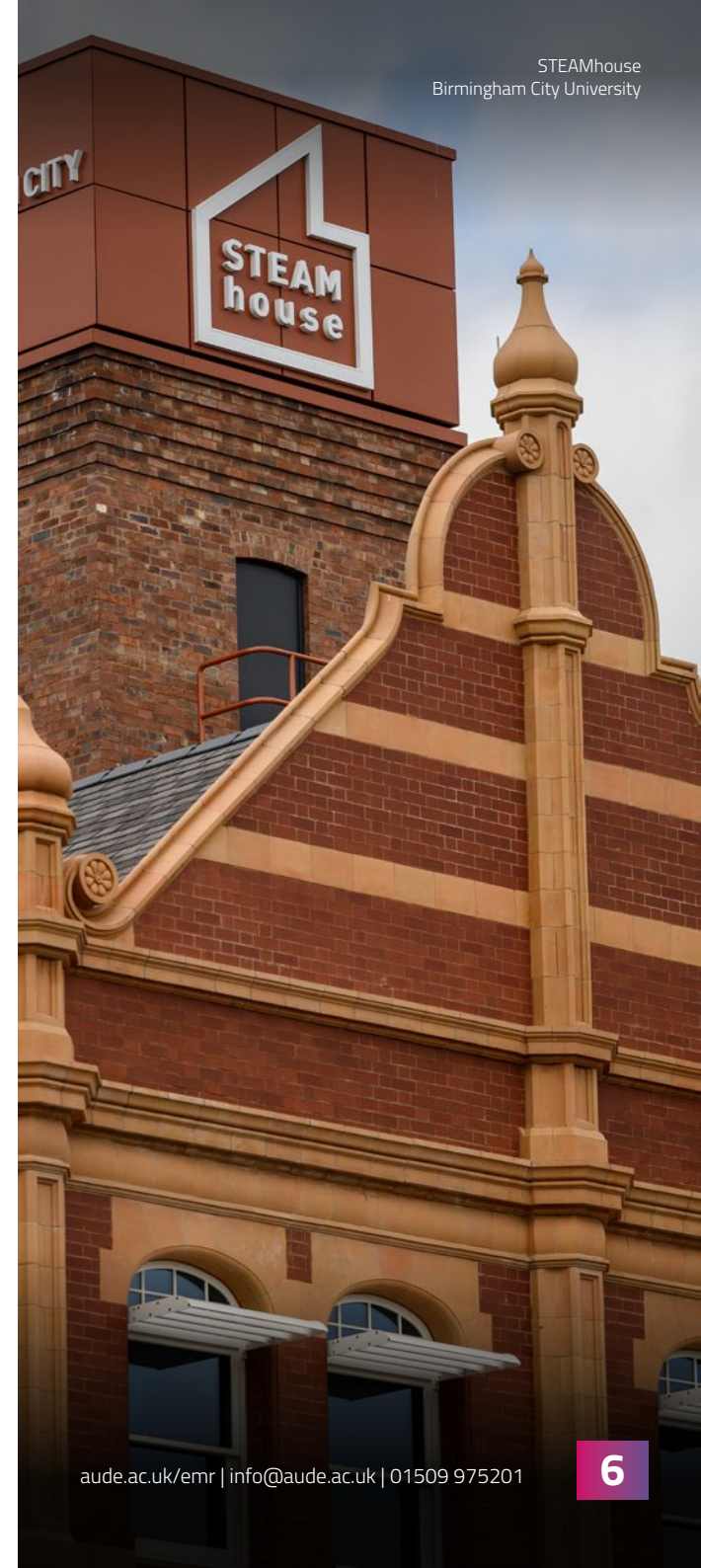
“More than ever before the EMR deserves to be seen as a tool for collaboration between governance bodies, estates and facilities directors, chief operating officers and university finance leaders. There are many moving parts in our financial calculations, not least the attractiveness to international students of a UK higher education. It’s vital that we do collaborate across campus so we can pool our perspectives and our knowledge to get to decisions that hold water.

“AUDE is conscious that universities are not all being hit in the same way, and that the income growth shown in this year’s data (+7%) isn’t available equally, has already been eaten away by inflation, and does not in any way match the rises in property operating costs outlined in the report. We will all note our own issues – I’m struck by the 45% rise in insurance premiums, for instance – and draw up our own action plans accordingly. On a personal level, we’ve all been hit by the conclusions of the Grenfell Tower Inquiry, and we take AUDE’s clear steer that our safety responsibilities must always be the prime concern.

“The government’s response to the damning Grenfell report, due by March, will shape our built environments for years to come. The benchmarking options available via the digital version of the EMR allow close comparison and many opportunities for learning. We’re sure members will address this year’s report in a spirit of collaborative decision-making.”

**Syd Cottle**

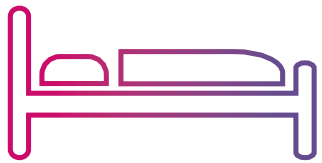
Director of Estates Infrastructure at The University of Liverpool and AUDE Chair







Begbroke new buildings,  
Oxford University Development



Residential income  
increased from

**£1,771m** (21/22)

to

**£2,010m** (22/23)



Catering income  
increased from

**£268m** (21/22)

to

**£353m** (22/23)



Academic capital expenditure  
increased from

**£2,521m** (21/22)

to

**£2,530m** (22/23)

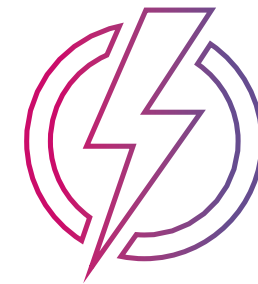


Repairs and maintenance total  
expenditure increased from

**£772m** (21/22)

to

**£855m** (22/23)



Energy expenditure  
increased from

**£589m** (21/22)

to

**£869m** (22/23)

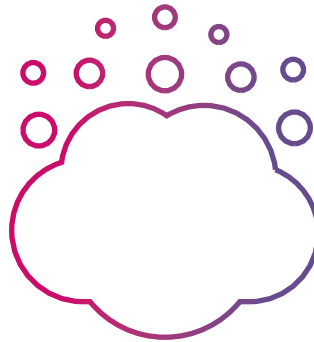


Teaching income increased from

**£26,487m** (21/22)  
to  
**£28,286m** (22/23)

Research income increased from

**£9,208m** (21/22)  
to  
**£9,844m** (22/23)

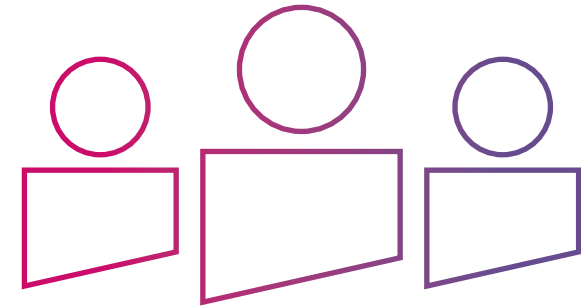


Carbon emissions fell from

**1,202** thousand tonnes  
CO<sub>2</sub> (21/22)  
to  
**1,197** thousand tonnes  
CO<sub>2</sub> (22/23)

Carbon emissions/m<sup>2</sup> fell from

**52.9** kg CO<sub>2</sub>/m<sup>2</sup> GIA  
(21/22)  
to  
**52.4** kg CO<sub>2</sub>/m<sup>2</sup> GIA  
(22/23)



### Student numbers by segment

Large Research increased from

**579,153** (21/22)  
to  
**595,071** (22/23)

Research Intensive increased from

**312,289** (21/22)  
to  
**321,884** (22/23)

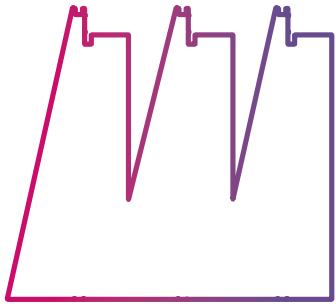
Large Teaching increased from

**806,369** (21/22)  
to  
**850,715** (22/23)

Small Teaching increased from

**244,870** (21/22)  
to  
**254,193** (22/23)





Estate size (GIA) increased from  
**22,732,818m<sup>2</sup>** (21/22)  
to  
**22,853,200m<sup>2</sup>** (22/23)  
an increase of  
**120,382m<sup>2</sup>**



Capital expenditure for the residential estate increased from  
**£187m** (21/22)  
to  
**£321m** (22/23)



Repairs and maintenance account for  
**28.9%**  
of total property costs  
**£855m pa**



Energy accounts for  
**29.3%**  
of total property costs  
**£869m pa**



Cleaning accounts for  
**11.3%**  
of total property costs  
**£335m pa**



Security accounts for  
**7.0%**  
of total property costs  
**£207m pa**



Engineering Two, Lancaster University



Students living in university halls fell from

**341,472** (21/22)  
to  
**333,474** (22/23)



Students living in their own home or with  
parent(s)/guardian(s) fell from

**806,659** (21/22)  
to  
**746,625** (22/23)



Home UG students living in their  
own/parents home fell from

**635,585** (21/22)  
to  
**602,689** (22/23)





Prince Edward Hall,  
University of Hertfordshire

**Contact AUDE**

e: [info@aude.ac.uk](mailto:info@aude.ac.uk)

t: 01509 975201

 [@audenews.bsky.social](https://bsky.app/profile/audenews.bsky.social)

 [@AUDE\\_news](https://www.linkedin.com/company/aude)

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