



THE UNIVERSITY *of* EDINBURGH  
Annual Report and Accounts  
for the Year to 31 July 2020  
[www.ed.ac.uk](http://www.ed.ac.uk)



# Our vision and purpose

Our graduates, and the knowledge we discover with our partners, make the world a better place.

As a world-leading research-intensive University, we are here to address tomorrow's greatest challenges.

Between now and 2030 we will do that with a values-led approach to teaching, research and innovation, and through the strength of our relationships, both locally and globally.

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# Headlines of 2020

## University world league table position

QS	20th
THE	30th

→ Our position in both the QS and THE world rankings is unchanged in the year.

## Total income (£m)

2020	1,125
2019	1,102
2018	984

→ In 2019/20 our total income grew by **2.2 per cent** year on year. Our total income was impacted by the effects of Covid-19 on some of our key income streams.

## Operating surplus for reinvestment (£m)\*

2020	48 (4.2%)
2019	61 (5.5%)
2018	27 (2.7%)

→ Operating surplus reduced by **22 per cent** in the last year reflecting the unprecedented challenges we have faced in 2020 as a result of the Covid-19 pandemic.

## Student numbers including Online Distance Learning

2020	44,510
2019	43,380
2018	41,312

→ The proportion of the University's students from outside the UK was **49 per cent** in 2019/20.

## Endowment fund value (£m)

2020	489
2019	460
2018	424

→ The University's annual return on its endowment fund was **5.6 per cent**. Most of the endowments are restricted in nature and must be spent on the purposes it was donated for.

## Net cash flow from operating activities (£m)

2020	41
2019	63
2018	55

→ The fall in operating cash flow is mainly due to the reductions seen in some of our key income streams in 2020 as a result of Covid-19.

## Capital expenditure (£m)

2020	104
2019	145
2018	186

→ In line with Government guidelines in response to the Covid-19 pandemic all capital projects that were viable to be paused were put on hold. This is reflected in our lower capital spend in 2019/20.

\* Surplus after excluding non-cash staff costs relating to pensions.



# Senior Lay Member of Court's foreword



**Janet Legrand**

Senior Lay Member of Court

As I read over all we have achieved over the last year, it reminds me of just how remarkable a collection of people can be when they are connected by a common passion for learning and the pursuit of knowledge.

“...we will need to be resilient, adaptive and find resourceful solutions to this new economic backdrop whilst not losing sight of our values: our people are our first priority. ”

Despite there being a number of pressing issues over the course of the year: the Covid-19 pandemic; the UK formally exiting the EU and entering a transition period; and the Black Lives Matter movement, at The University of Edinburgh we have risen to the challenge of addressing these issues by utilising our expertise, questioning our own role in these matters and finding practical steps we can take as a civic institution to improve society.

The impact of the Covid-19 pandemic has been felt across all aspects of University life. Key income streams have been drastically reduced, including our residences and catering income streams which has reduced by £11m in 2019/20 when compared to last year. Despite this, we delivered a positive operating surplus for reinvestment in University activities, with our revenue exceeding £1.12bn.

Looking forward, we will need to be resilient, adaptive and find resourceful solutions whilst not losing sight of our values: our people are our first priority. This encompasses the people in the many communities that the University is part of – academic, student, alumni, international, local and many more – and we do not take this responsibility lightly. The University's new Strategy 2030 reinforces this commitment to delivering positive change locally, regionally and globally.

An increased focus on our civic responsibility is more important than ever, and our ambitious Social and Civic Responsibility Delivery Plan approved in April 2020 demonstrates how we will deliver on key commitments, including becoming carbon neutral by 2040. We have returned our carbon emissions to below baseline levels from 2007-08 by investing in energy efficiencies and low carbon energy.

We have met the Commission for Widening Access targets of 10% of our intake to come from the 20% most deprived areas in Scotland three years ahead of schedule, and we will continue to work hard in this area, making education and employment an achievable goal for more people in Scotland and beyond.

It is estimated that Scotland needs around 13,000 extra workers each year with data skills as the workplace is transformed. The City Region Deal will allow us to utilise the University's strengths in data science that have been driving innovation in the public and private sectors for the past decade and more. It will give us the capacity to do more across a wider range of sectors, including healthcare, robotics and fintech.

Our position on the global stage was reaffirmed this year in the renowned QS World University Rankings, maintaining our place as fifth in the UK and 20th worldwide. We are one of the world's top research-intensive universities, ranked fourth in the UK for research power (Times Higher Education, Overall Ranking of Institutions), with 83% of our research activity classified as world-leading or internationally excellent in the most recent Research Excellence Framework, and we are well underway in our preparation for the next assessment round in 2021.

I'd like to thank Anne Richards, who stepped down from her position as Vice Convener of Court on the 31 of July 2020. A graduate of the University of Edinburgh, Anne has devoted a huge amount of energy, knowledge and dedication to the University and the wider world in her time here as a Court member.

Looking to the future, I am confident in our ability to contribute to making the world a better place and that we can, and will, emerge strongly from current uncertainties.

# Principal's welcome



P. W. Mathieson

**Professor Peter Mathieson**  
Principal and Vice-Chancellor

I stated in my Welcome in last years' Annual Report and Accounts that no amount of political or economic upheaval should deflect us from our mission to be a place of personal and societal transformation. I am proud to say that despite the unprecedented year that this document covers, this remains absolutely true.

Within that context, the University's 'Strategy 2030' is confirmed as not just a document but a collective culture and set of principles that has steered our thinking and enabled us to navigate and, in many ways, flourish through this ever-changing environment.

The Covid-19 pandemic has presented substantial challenges across all sectors and geographies. The higher education sector is no exception and we now operate amidst huge medical, social and economic uncertainty.

We acted quickly and adopted new thinking about how we operate as a University; how we continue to support and deliver services to our student base at home and abroad; the wellbeing of our staff and students and the community in which we all live; the continuation of our teaching and research endeavours and how we can support Edinburgh and the surrounding areas through this crisis.

The fact that we have responded as quickly and comprehensively as we have done is a superb tribute to the University of Edinburgh community. We already knew that we had a lot of talent and dedication at the University, but the extraordinary efforts made by so many people across our university community to adapt to the rapidly changing circumstances, and ensure the safety and support of our students and staff, have been nothing short of inspirational.

Looking to the future, there is no doubt about the economic and financial challenges we face now and in the coming years. We have taken significant and rapid steps during the crisis to reduce the impact and adapt, and I do believe that with the right approach, there are opportunities to move forward and create even more value and positive societal impact.

This ambition is captured and defined in our Strategy 2030, which has been a touchstone for guiding the University in a collective and values-led response through the crisis. Launched in September 2019, at its very core is our renewed focus on our people; a values-based approach; an ambition for excellence in everything that we do; plus a commitment to working in collaboration to tackle the world's most pressing issues. Everyone at the University plays a part in working to realise the aspirations and objectives set out in the Strategy and we have made good progress in these areas over the last year.

Student and staff satisfaction and safety is a top priority and we are working hard to ensure that the University can be open for business in the safest way possible. We have adapted the entire ecosystem of the University in an incredibly short time to ensure that our students have as much of a "normal" (preferably enhanced) experience as possible. A degree from Edinburgh will always be one of the most prestigious in the world. The experience of being in one of the world's great cities will always be immensely valuable, even though it has been seriously impacted this year by the pandemic and realistically that is going to continue for the foreseeable future.

Our focus on equality, diversity and inclusion in our University community will be supported with further investment of time, effort and money over the next three years. It is my genuine belief that our diverse backgrounds, experiences and characteristics make us better at what we do here at Edinburgh. However we are not yet diverse enough as a community. Variety widens our collective perspective and improves our teaching and research abilities that position us on the global stage. We are a cosmopolitan community and are always seeking to invest and develop in our international alliances.

The UK formally left the European Union on 31 January 2020 and as I have emphasised before, no political change will take away the commitment of the University of Edinburgh to internationalisation, both within and beyond Europe. We will build on our strong international networks and establish new partnerships. One example is that we are one of only three UK universities to be part of successful applications to the first round of the "European University Alliances" scheme announced last year. The new alliance of which we are part is called Una Europa and was formally launched in Brussels in January 2020. We will take this and other opportunities to emphasise our strong commitment to Europe and we will continue to campaign for full association to Horizon Europe and the new Erasmus programme 2021-2027 or for suitable replacements if, as is at the time of writing looking increasingly likely, our first choice outcome is not available.

This brings me on to news regarding a highly respected colleague and servant to the University and one of our distinguished alumni: Anne Richards, our Vice-Convener of Court, the University's governing body, who stepped down on the 31 of July 2020. Since 2007 Anne has held positions as the Convener of Audit Committee, Policy and Resources and Nominations Committees as well as being a member of Remuneration Committee. In addition to her prolific career, Anne is a champion of gender equality in the workplace, sitting on the Board of Leaders of 2020 Women on Boards, a US organisation which aims to increase the proportion of women on corporate boards.

On behalf of everyone at the University I would like to say a sincere thank you to Anne and everything she has done during her time at Edinburgh. I'd also like to warmly welcome Janet Legrand who has been elected as the Senior Lay Member on the University Court, for a period of three years from 1 August 2020.

It is our students, staff, alumni, friends and supporters who make this University what it is. The University of Edinburgh has been an inspiration to this special community of people for generations and is known well beyond these shores for its substantial and sustained contributions to making the world a better place. I expect it to continue to be long into the future.

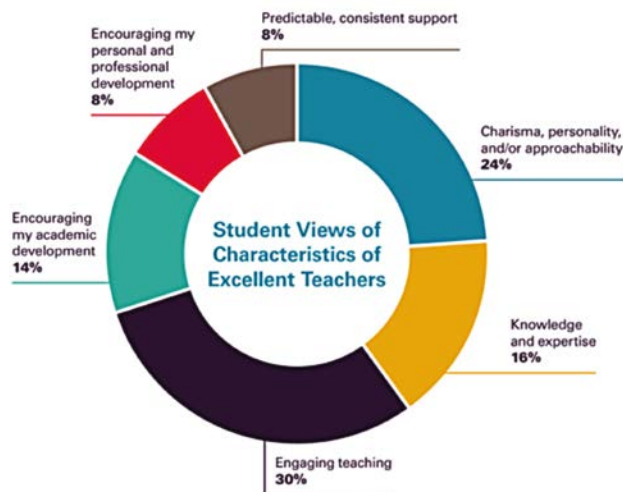
# Teaching

In April 2020 the 11th year of the Students' Association Teaching Awards took place, formally recognising academic and support staff who have had the biggest positive influence on students here at Edinburgh.

The Edinburgh University Students' Association was the first in the UK to offer student-led Teaching Awards. There are awards for courses, teachers, research and dissertation supervisors, students who tutor, personal tutors, and support staff.

Edinburgh University Students' Association undertook extensive research analysing nearly 3,000 Teaching Awards nomination comments from students. This research analysed the qualitative data from historical Teaching Awards which provided the Students' Association with a wealth of information about student perceptions of teaching excellence throughout their educational experience.

## This year's nomination trends



# Our approach to reporting

We are continually seeking to improve and develop our approach to reporting.

The 2019/20 Annual Report and Accounts represent the fifth year in which the University of Edinburgh has used Integrated Reporting as a reporting framework, with the aim of bringing together the diverse but interconnected strands of reporting to demonstrate how we create value for our stakeholders.

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By doing this, we are able to offer a broader and more meaningful explanation of our performance than more traditional forms of reporting provide. We aim to be transparent on our use of, and dependence on different resources or “capitals”. It also helps us to make better short- and long-term decisions on how we are to create value now and in the future.

Our value model highlights our access to, and our impact on multiple resources and our overall net positive impact for the University, its stakeholders, society and the environment in which we operate.

The University of Edinburgh’s Strategy 2030 sets out our vision to make the world a better place. The value model in this years’ Annual Report and Accounts has been enhanced to reflect the strategic performance framework of Strategy 2030.

It also demonstrates how we will use the UN’s Sustainable Development Goals (SDGs) to guide our work: 17 things humanity must do to ensure peace and prosperity for people and the planet, now and into the future.

There are different types of resource that influence the value of the University:

- People
- Knowledge
- Networks and Relationships
- Natural Resources

The value created by each of these resources is underpinned by:

- Finance
- Physical Estate
- Virtual Infrastructure

The University’s reputation is embedded in all value created by the University.

The University will continue to develop the principles of integrated thinking and reporting as developed by the International Integrated Reporting Council (IIRC), in its future reporting.

[www.integratedreporting.org/the-iirc-2/](http://www.integratedreporting.org/the-iirc-2/)

“I remain confident that the University has a solid financial platform to enable our academic mission and to support our students, staff and communities as we work together to deliver our shared ambitions.”

**Lee Hamill**

Director of Finance,  
The University of Edinburgh



# Material issues

In assessing what should be included in our Integrated Report, we applied the principle of materiality.

Material issues have been identified as follows: those which we believe could affect our ability to create value in the short, medium or long term; issues that are important to key stakeholders; issues that form the basis of strategic discussions and decision-making; and finally, issues that could intensify or lead to lost opportunity if left unchecked.

Insight into how the material issues identified are managed and how they impact the University are signposted here.

## Covid-19

In March 2020, the University's immediate response to the pandemic drew directly on Strategy 2030, prioritising the safety of people, delivering education regardless, protecting critical research and contributing as a civic university to our local community and the Covid-19 national efforts. In April 2020 the Adaptation and Renewal Team (ART) was convened by the Principal. The team has been established to ensure that our plans are prioritised and co-ordinated, that individual streams of activity have clear leadership, objectives and timeframes, and that decisions are made in a timely manner. The objective of ART is to help ensure the University emerges from the Covid-19 pandemic as a strong, renewed organisation. There are four key workstreams: research and innovation; students; estates & digital infrastructure; and reshaping, each led by a member of the University Senior Leadership team.

This is covered in our Risk Register on pages 14 to 17, in the Operational Review on pages 18 to 29 and in the Director of Finance's foreword on pages 31 and 32.

## The student experience

The experience of our students while they study here is of vital importance to the University. Our rating in the National Student Survey (NSS) of 78 per cent (2018/19: 79 per cent) is an area of focus for improvement. The University is committed to making improvements to create positive change for our students.

This is covered in the Senior Lay Member of Court's introduction on page 3, included in the Strategic Plan performance framework on page 10, the Risk Register on pages 14 to 17 and page 19 of the Operational Review.

Details of the University's work to enhance the student experience can be found at [www.ed.ac.uk/staff/enhancing-student-experience](http://www.ed.ac.uk/staff/enhancing-student-experience).

## Pensions

The pensions landscape continues to present significant challenges for the Higher Education sector as a whole, with key indicators continuing to work against the funding position of defined benefit arrangements. The Universities Superannuation Scheme (USS), as the largest private pension scheme in the UK, are seeking to implement some of the changes recommended by the Joint Expert Panel but the long-term view around gilt yields and investment returns in particular will mean that the scheme liabilities are likely to grow faster than the scheme assets in the run up to the 2020 valuation. The rising costs of pensions has precipitated industrial action across the sector, at the same time the USS Trustee is seeking greater assurances and commitments from Universities to provide financial security for the scheme.

This is covered in note 33 of the Financial Statements on pages 87 to 94 and the Financial Review from page 34.

## Political uncertainty

We are concerned that the UK's departure from the EU could have materially adverse consequences for the free movement of staff and students between countries. Some material sources of research and teaching income could be at risk.

This is covered in our Risk Register on pages 14 to 17 of this document.

Regular updates on the effect of changes in the UK's relationship with the EU can be found at [www.ed.ac.uk/news/eu](http://www.ed.ac.uk/news/eu).

## Estates strategy

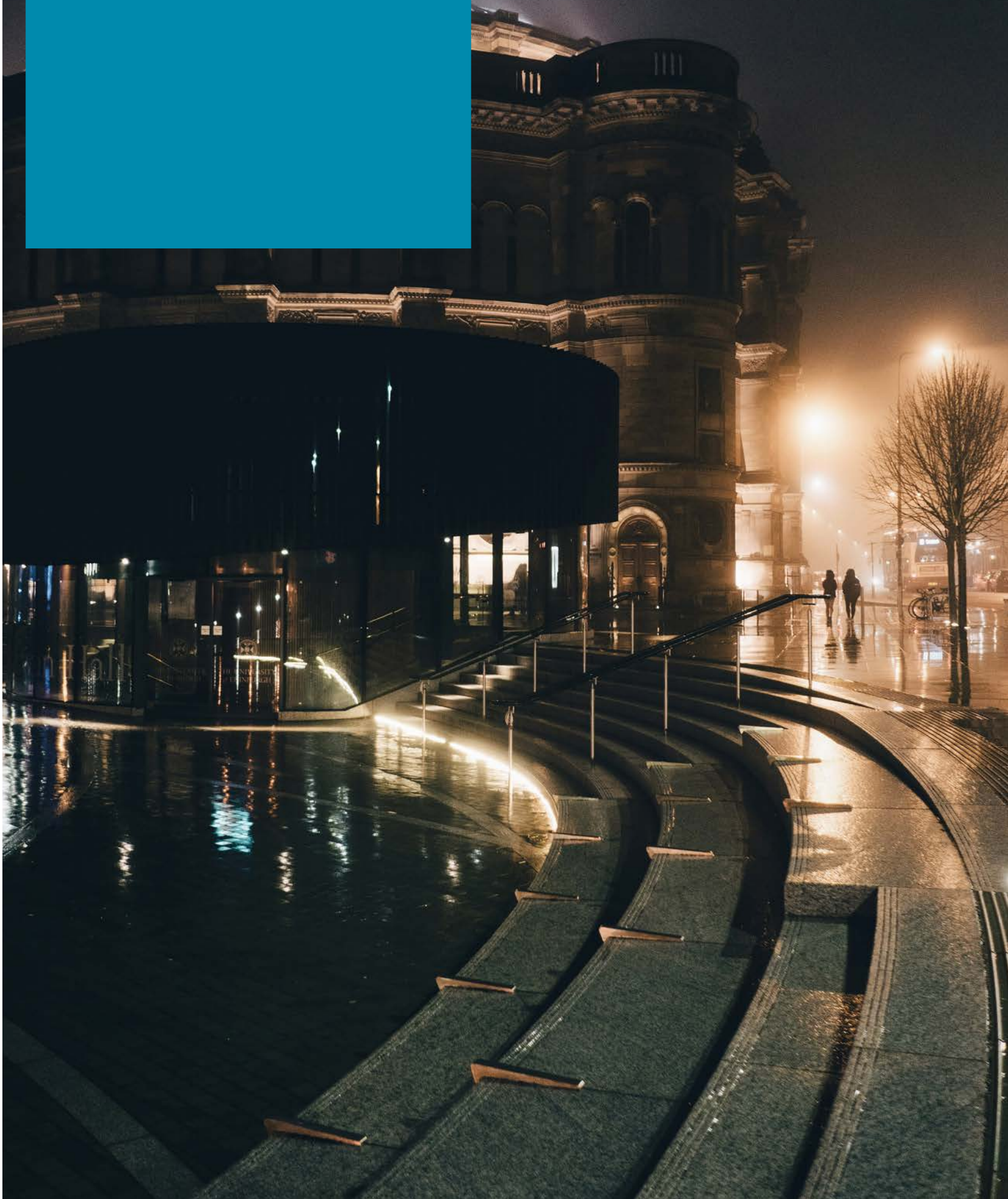
We are extremely proud of our ambition to create a world-class estate for a world-class University and will deliver this through our long term £1.2bn programme of new buildings and refurbishment of the existing physical estate. Despite a deliberate pause in some of our projects this year as a result of Covid-19, we remain committed to the development of our physical estate, as it is one of our key resources which we use to provide a stimulating environment in which to create value for, and with, our students and staff.

This is covered in our Risk Register on pages 14 to 17.

Regular updates on our estates programme can be found at [www.ed.ac.uk/estatesprojects](http://www.ed.ac.uk/estatesprojects).

# Strategy and value model

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# Our strategy

In September 2019 we launched Strategy 2030, a strategy which is led by a distinctive and realistic set of guiding principles and goals.

Our overarching mission is to continue to strive to deliver excellence to 2030 and beyond. Our seven values, along with our four focus areas of people, research, teaching and learning, and social and civic responsibility provide the framework and principles to guide us through the next decade.

## Our values

- We aim to achieve excellence in all that we do, always being principled, considerate and respectful.
- We are ambitious, bold and act with integrity, always being willing to listen.
- Our teaching and research is relevant to society and we are diverse, inclusive and accessible to all.
- We celebrate and strengthen our deep-rooted and distinctive internationalism, attracting the world's best minds and building innovative global partnerships for research, teaching and impact.
- We foster a welcoming community, where staff, students, alumni and friends feel proud to be part of our University.
- We are a place of transformation and of self-improvement, driven to achieve benefit for individuals, communities, societies and our world.
- We sustain a deep allegiance and commitment to the interests of the city and region in which we are based, alongside our national and international efforts, ensuring relevance to all.

## Our focus

To make the greatest impact, we will focus on four key areas, each shaped by our values:

- People: our students, staff, alumni and friends are our lifeblood.
- Research: our ethos of working without boundaries will deliver a step change in innovation and research.

- Teaching and Learning: our teaching will match the excellence of our research. We will improve and sustain student satisfaction and wellbeing.
- Social and Civic Responsibility: our vision is to make the world a better place, so we will ensure that our actions and activities deliver positive change locally, regionally and globally.

Aligned to these four focus areas is our commitment to the United Nation's Sustainable Development Goals (SDGs). Strategy 2030 recognises that the University has the opportunity to contribute to the SDGs in different ways across our communities and across our different locations. We have therefore aligned our Strategic Performance Framework (currently under development) and the University's Social and Civic Responsibility Plan, providing consistent reporting and narrative.



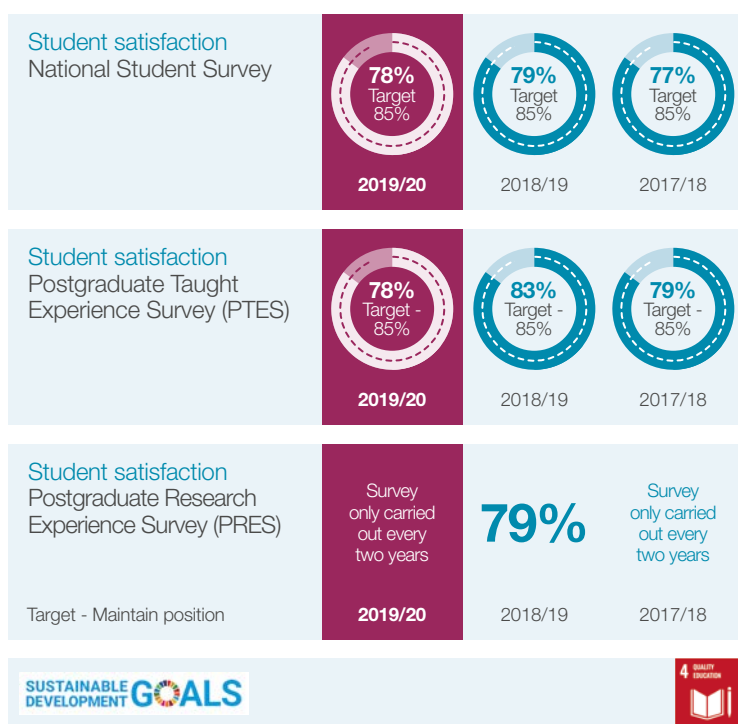
To assess how well we are performing, our Strategic Performance Framework (currently under development) sets out the milestones which we aim to reach to allow us to achieve our goals over the next decade. Our SPF will build on our performance framework from our Strategic Plan 2016, taking into account any changes in direction of travel, and any external factors which will influence or affect our work.

# Our strategy (continued)

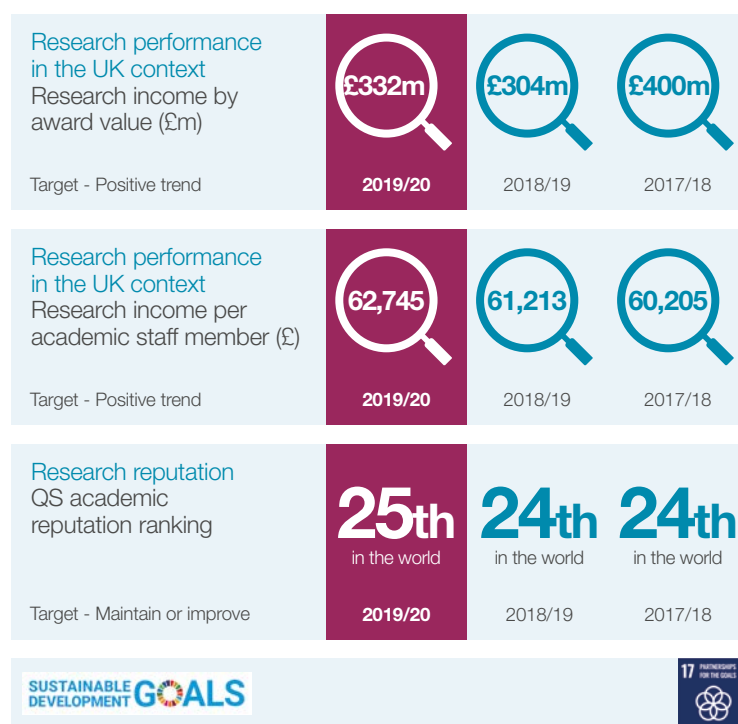
## Performance framework

A new performance framework for the University is currently under development. Many of the following measures, taken from our 2016 framework, will be carried forward to our Strategy 2030, and others will be included to reflect the key areas in which we will demonstrate our success.

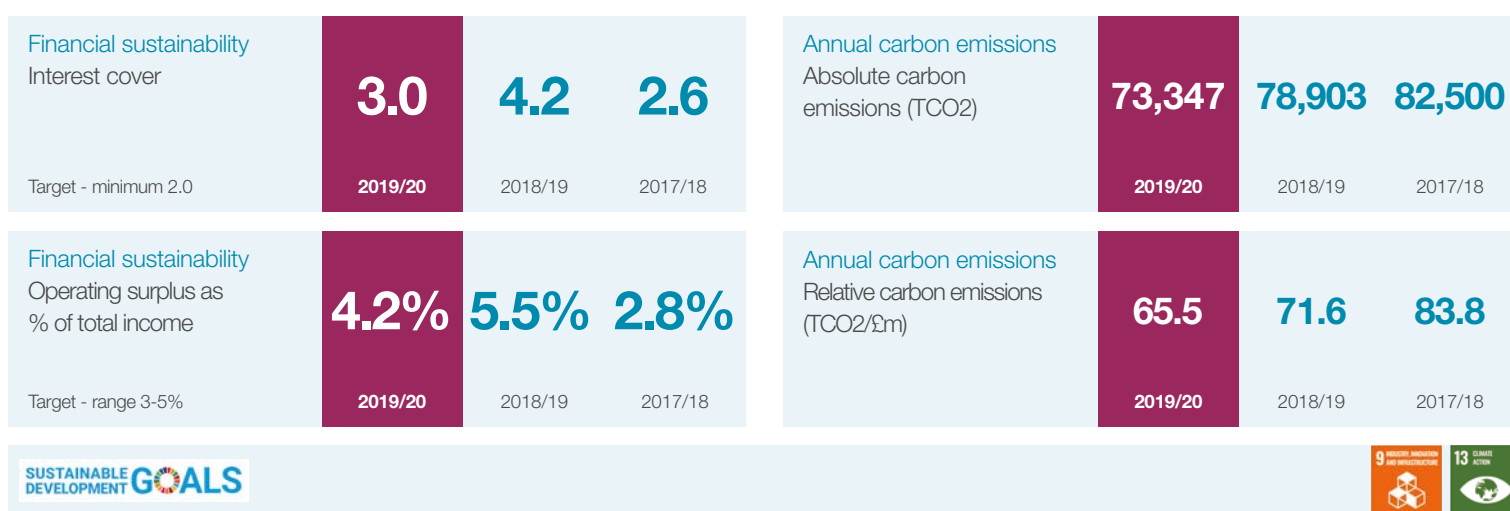
### Leadership in learning



### Leadership in research



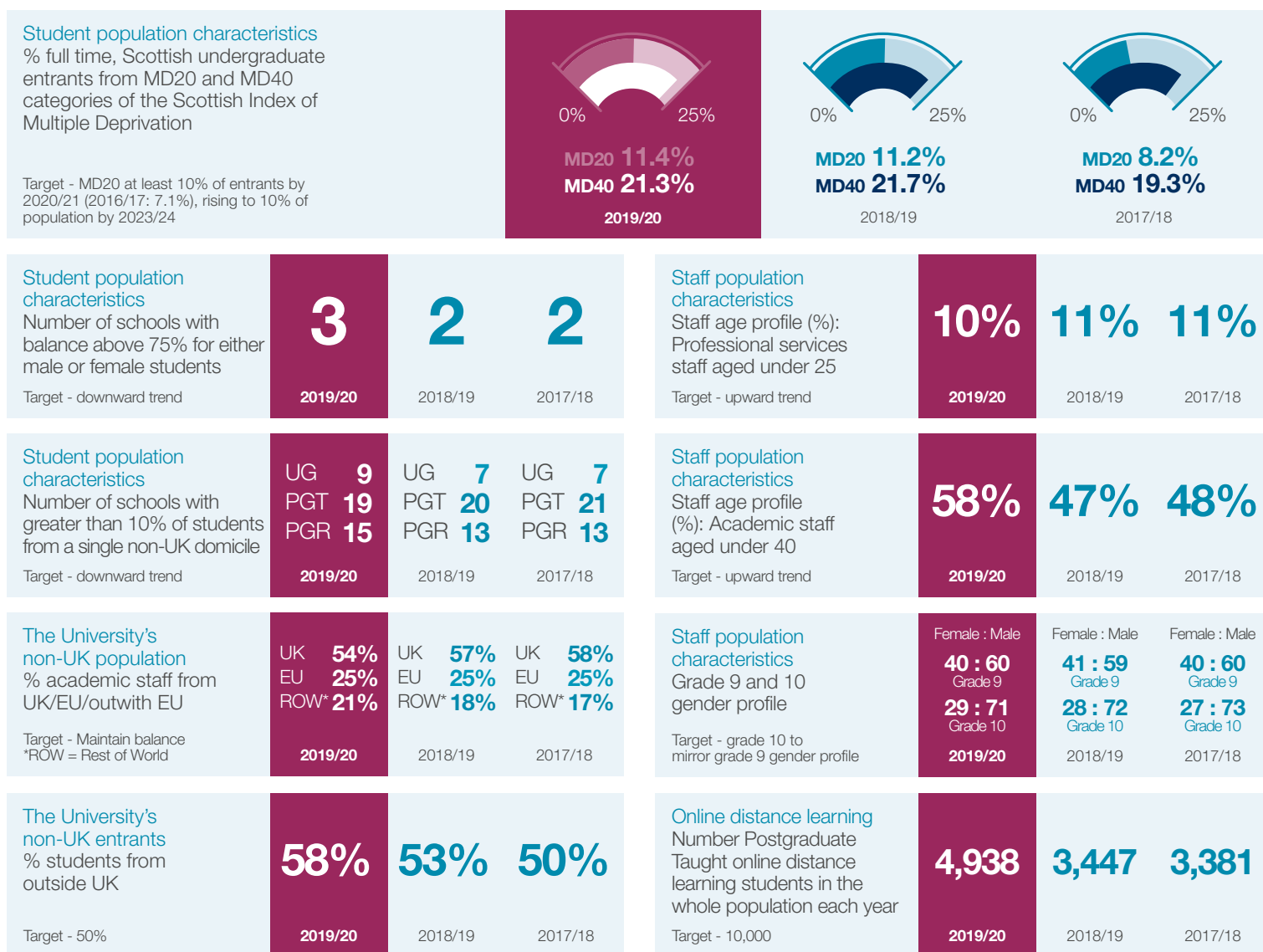
### Our scale and ambitions for growth: Sustainability



# Our strategy (continued)

New measures to assess the equality, diversity and inclusion of the university are under development; these measures from our 2016 Strategic Plan give an indication of the diversity of our staff and student population.

## Our people



# Our value model

## Our approach

The University is committed to Integrated Thinking and has adopted the principles of Integrated Reporting within this Annual Report.

Our Value Creation Model is a fundamental part of our Integrated Annual Report. Our Value Creation Model shows how we use and influence resources to create and sustain value for our many stakeholders.

The case studies throughout this Integrated Annual Report demonstrate how we maximise the potential of our resources to create value for our stakeholders. Our Value Creation Model has at its centre the overall strategic

objectives of the University with Research and Learning flowing through all of the outputs.

We are continuing to explore how our Value Creation Model can align and report to the United Nations Sustainable Development Goals.

## How we create value

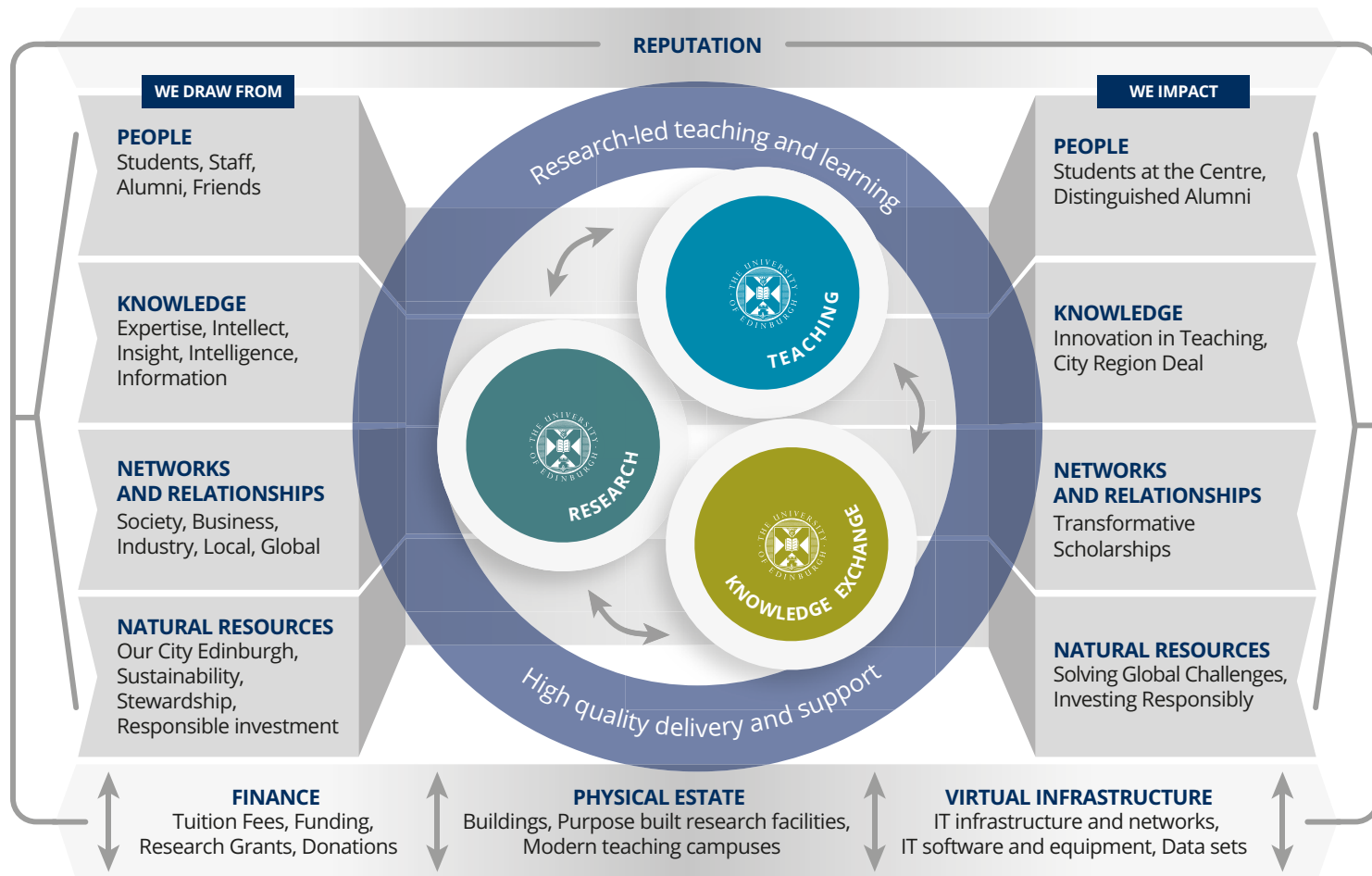
We deliver impact for society. As a truly global university, rooted in Scotland's capital city, we make a significant, sustainable and socially responsible contribution to the world. Our mission to discover, develop and share knowledge is at the heart of everything we do.

We teach students from across the world. We equip our students with the knowledge, skills and experience to become successful graduates who contribute to society.

The research we conduct is of the highest standard across a broad spectrum of disciplines. This brings together world-class researchers who provide world-leading outputs and insight.

We seek to convert our research findings and knowledge capital into successful commercial activities to create wealth and improve society.

## University of Edinburgh – Delivering Impact for Society



# Our value model (continued)

## The value created

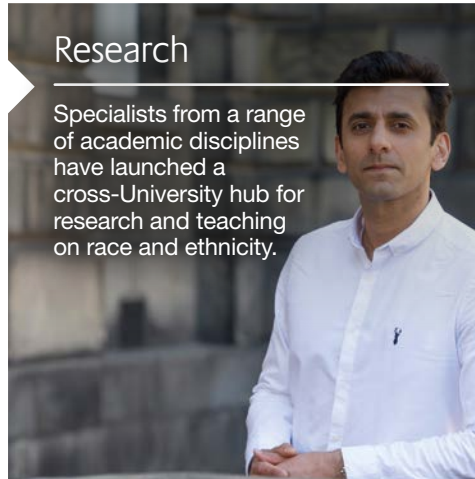
The case studies throughout this integrated Annual Report demonstrate real examples of how we continue to create value from our resources and have a positive impact on society.

### Teaching



In April 2020 the 11th year of the Students' Association Teaching Awards took place, formally recognising academic and support staff who have had the biggest positive influence on students here at Edinburgh.

### Research



Specialists from a range of academic disciplines have launched a cross-University hub for research and teaching on race and ethnicity.

### Revolutionary partnership




Legal & General, the UK's largest pension fund investor, and the University of Edinburgh have agreed a major collaboration to improve understanding of care in later life and revolutionise how it is delivered.

### Supporting our Community



Projects supporting those most severely affected by the Covid-19 pandemic in Edinburgh and the surrounding areas have been awarded funding from the University of Edinburgh.

### People



Andhira is a current PG student who was chosen as one of 20 most influential women in the University by the Students' Association this year.

### Protecting our Planet



A solar farm that will play a vital role in helping the University of Edinburgh become carbon neutral by 2040 is nearing completion.

## Our strategy and Value Creation Model is assured by effective governance

Our previous strategic plan was in place from 2016. In September 2019 we replaced it with our new Strategy 2030 that is led by a distinctive, honest and realistic set of guiding principles and goals.

**Read more:** [Corporate Governance Statement, page 41](#)  
[Financial Review, page 34](#)  
[Independent Auditors' report to Court, page 52](#)

# Understanding our risks

Risk is the effect of uncertainty on objectives and can take the form of adverse consequences or unexpected opportunities.



**The Risk Management Committee**

[www.ed.ac.uk/governance-strategic-planning/governance/university-committees/court-committees/risk-management-committee](http://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/court-committees/risk-management-committee)

**University Executive**

[www.ed.ac.uk/governance-strategic-planning/governance/university-committees/othercommitteesandgroups/university-executive](http://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/othercommitteesandgroups/university-executive)

**University Court's Audit and Risk Committee**

[www.ed.ac.uk/governance-strategic-planning/governance/university-committees/court-committees/audit-and-risk-committee](http://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/court-committees/audit-and-risk-committee)

**Internal Audit**

[www.ed.ac.uk/internal-audit](http://www.ed.ac.uk/internal-audit)

**Risk Management Policy and Risk Appetite Statement**

[www.ed.ac.uk/files/atoms/files/risk\\_policy\\_and\\_appetite\\_-\\_final\\_and\\_court\\_approved\\_0.docx](http://www.ed.ac.uk/files/atoms/files/risk_policy_and_appetite_-_final_and_court_approved_0.docx)

Risk is inherent in all activity, and a dynamic enterprise like ours will inevitably create new risks in pursuit of our evolving objectives. Effective risk management is about ensuring that all relevant risks are understood and prioritised as part of normal management practices to increase the probability of successful outcomes while protecting the reputation and sustainability of the University.

**Risk management**

The University has a holistic approach to risk management, building it into its structures and processes through a framework of governance, a defined risk appetite and an underlying policy and control environment that integrates risk management into planning and decision-making.

**Process**

The University operates a process for the identification, evaluation and management of risks that might impact the achievement of its strategic objectives. It records them in the University Risk Register. The Risk Management Committee monitors and reviews emerging and changing risks throughout the year, tracks the implementation of risk management strategies and mitigations, informs the University Executive and reports the Committee's findings to the University Court's Audit and Risk Committee.

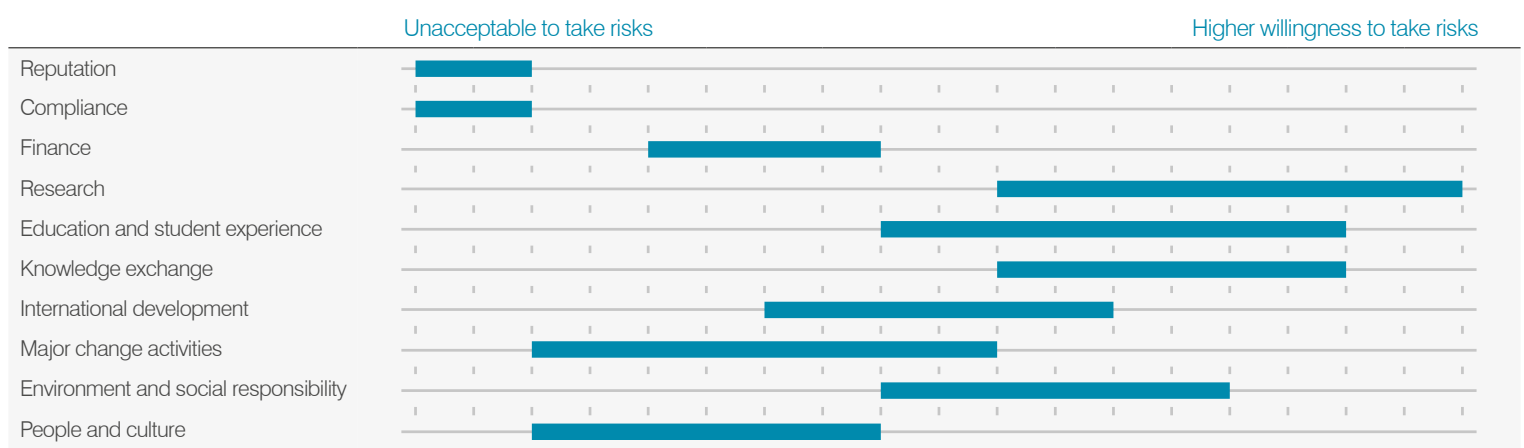
College, Professional Services Group and subsidiary company risk registers ensure key operational risks are identified and managed locally by the appropriate organisation within the University. Those

operational risks of strategic importance, and those that indicate common risk themes, form the basis for the strategic University Risk Register. Internal Audit supports this process and undertakes reviews of key risk areas and the risk management process according to a rolling audit plan.

The University's approach is to minimise its exposure to reputational, compliance and financial risk, while accepting and encouraging an increased degree of risk in pursuit of research, education and knowledge exchange. It recognises that its appetite for risk varies according to the activity undertaken but that controlled risk-taking enables us to take advantage of opportunities to generate further value. The University's risk appetite, explained in detail in the Risk Management Policy and Risk Appetite Statement, is illustrated below. The University's appetite for any particular risk informs decisions on appropriate mitigation strategies and associated resource allocation.

Effective risk management is a process built on continuous review and improvement. In 2019/20, the University began extending its formal risk management processes down to the School and Department levels, and this will continue over the next year. In addition, the University acquired new risk management software to improve the timeliness and ease of updating and sharing risk information, and generating reports. This software will be piloted within Information Services Group prior to being rolled out across the University in the coming year.

**Our appetite for risk**





# Understanding our risks (continued)



The Law School entrance within Old College Quad

The University Risk Register is reviewed annually by the Audit and Risk Committee and approved by the University Court. Semi-annual updates provide assurance that progress is made on planned mitigation strategies. The next risk management cycle will begin as part of the 2021-2024 Planning Round beginning in November 2020, guided by our strategic plan, Strategy 2030, aligning risk management and the University's priority goals and objectives. Set out on the following pages are those risks we consider most material. The list is not comprehensive as, in an organisation as large and complex as ours, there are many events that could trigger additional actions to manage them.

“Due to our sound financial planning and stability as an institution, the University of Edinburgh will survive.”

## Our Risks

This year has been unprecedented in terms of the complexity and severity of risk. The risks associated with a no-deal Brexit have required significant contingency planning; UK/EU negotiations have yet to provide us with the level of certainty we are accustomed to, and remain a concern. In response, the University has strengthened its engagement with European partners and continues to build on its reputation as a firmly outward-looking and international institution.

Concurrent with facing the risks of a no-deal Brexit, the world was hit with the worst pandemic in living memory, and perhaps the most disruptive event since the Second World War. Across the higher education sector, the impact of Covid-19 has left most institutions at a higher risk of deficit, and may yet result in the closure of some. Due to our sound financial planning and stability as an institution, the University of Edinburgh will survive, but the financial cost will be significant, and many of our ways of doing business will inevitably have to change in a post-pandemic world. We are working hard to ensure that we not only recover, but adapt and renew our teaching, research and operations to emerge stronger than ever. Much of this renewal will focus on the opportunities presented by our commitments to the *Edinburgh and South-East Scotland City Region Deal*, *Edinburgh BioQuarter*, and *Data-Driven Innovation* programs. The University is a key partner in these major initiatives that will make the city and its surrounds the European leader in data science expertise and health science innovation. Careful implementation of our plans, despite the impacts of Covid-19, will ensure the University maintains the financial headroom required to invest in these major opportunities.

We also continue to address staff recruitment and retention, research funding, student recruitment, and industry engagement to help ensure we maintain our position as one of the top 20 research universities in the world.



**Strategy 2030**  
[www.ed.ac.uk/about/strategy-2030](http://www.ed.ac.uk/about/strategy-2030)

**Edinburgh and South East Scotland City Region Deal**  
[www.ed.ac.uk/local/city-region-deal](http://www.ed.ac.uk/local/city-region-deal)

**Edinburgh BioQuarter**  
[edinburghbioquarter.com](http://edinburghbioquarter.com)

**Data-Driven Innovation**  
[www.ed.ac.uk/human-resources/jobs/chancellors-fellowships/the-university-data-driven-innovation](http://www.ed.ac.uk/human-resources/jobs/chancellors-fellowships/the-university-data-driven-innovation)

**European leader in data science expertise**  
[www.ed.ac.uk/news/2017/university-to-play-pivotal-role-in-creating-data-c](http://www.ed.ac.uk/news/2017/university-to-play-pivotal-role-in-creating-data-c)

# Understanding our risks (continued)



**National Student Survey (NSS)**  
[www.ed.ac.uk/students/academic-life/student-voice/student-surveys/national](http://www.ed.ac.uk/students/academic-life/student-voice/student-surveys/national)

**Research Excellence Framework (2014)**  
[www.timeshighereducation.com/sites/default/files/Attachments/2014/12/17/k/a/s/over-14-01.pdf](http://www.timeshighereducation.com/sites/default/files/Attachments/2014/12/17/k/a/s/over-14-01.pdf)

**Online Distance Learning**  
[www.ed.ac.uk/studying/online-learning/postgraduate?gclid=EAlaQobChMIpPXK66uW4wIVFc13Ch0gOQL\\_EAAYAAIAEgLPnFD\\_BwE](http://www.ed.ac.uk/studying/online-learning/postgraduate?gclid=EAlaQobChMIpPXK66uW4wIVFc13Ch0gOQL_EAAYAAIAEgLPnFD_BwE)

**Data-Driven Innovation (DDI)**  
[www.ed.ac.uk/local/city-region-deal/about-data-driven-innovation](http://www.ed.ac.uk/local/city-region-deal/about-data-driven-innovation)

**Edinburgh BioQuarter**  
[edinburghbioquarter.com](http://edinburghbioquarter.com)

**South East Scotland City Region Deal**  
[www.ed.ac.uk/local/city-region-deal](http://www.ed.ac.uk/local/city-region-deal)

## Strategic Objectives and Development Themes

Strategic Objectives and Development Themes	Risk Description	Risk Management
Leadership in learning	<b>Student experience</b> Failure to provide a high quality student experience may negatively impact our reputation, recruitment and retention.	The University of Edinburgh is one of the world's top universities, and placed 20th in the 2020 QS World University Rankings. Our entrepreneurial and cross-disciplinary culture attracts students and staff from across the globe. Various measures of student satisfaction, however (such as the National Student Survey (NSS)) have not reflected similarly impressive results. The University is working hard to improve; recent initiatives have included a strong focus on enhanced support for mental health and wellbeing, and on our student support and personal tutor systems. A major programme of curriculum review is expected to commence later in 2020/21. We recognize that the Covid-19 pandemic will necessitate dramatic changes in our students' learning, research, and social experience, and we are working diligently to minimize disruption and deliver innovative alternatives, while ensuring we keep the health and safety of our students, staff and larger community as our first priority.
Leadership in research	<b>Research funding</b> Increasing competition for UKRI funding, and potentially reduced access to EU funding due to Brexit.	The Research Excellence Framework (2014) ranked Edinburgh 4th in the UK for research power, the highest position of any Scottish university. We have scope, however, to increase awards from Research Councils (particularly Engineering and Physical Sciences Research Council where the University remains outside the top-12 UK performers). Despite the uncertainty surrounding Brexit, the University is performing well in EU awards and exceptionally well in Global Challenges Research Fund (GCRF) awards. There remains significant opportunity to grow industry income. We have created additional Research Development posts to work closely with Colleges on horizon scanning and bid development.
Influencing globally	<b>Political uncertainty and change</b> The restrictions on people's mobility brought on by Covid-19, and changes in the UK's relationship with the EU, may inhibit the University's ability to attract international staff and students, affecting the global impact of our research and teaching.	We are advancing student recruitment and admissions, including European recruitment, through the Student Transitions Group. We are taking a more strategic and supported approach to transnational education, within a portfolio that is geographically balanced, sustainable and delivers significant return. Spurred on by the challenges of Covid-19, we are advancing Online Distance Learning (ODL) and hybrid delivery domestically, and with international partners. We are deepening our partnership with international alliances and networks including Una Europa as a response to a more challenging and uncertain environment for staff and student mobility, recruitment and research funding. We remain actively engaged in horizon scanning and external engagement with key sector organisations, ensuring that the university is positioned to adapt to an ever-more complex and evolving geopolitical environment.
Contributing locally	<b>Economic landscape</b> Significant changes to the social and economic fabric of Scotland, such as increased societal emphasis on widening access and diversity, and the shift to a digital economy may impact the University's ability to contribute meaningfully to the region and the nation.	We are energetically advancing partnerships with government and industry such as Data-Driven Innovation (DDI), Edinburgh BioQuarter and South East Scotland City Region Deal to accelerate inclusive growth and make a strong contribution to regional economic and social development. The City Region Deal will improve skills across the region through work with schools, colleges, employers, training providers and partners, with a focus on digital skills that match to future career opportunities. Our new Community Strategy will help us support and nurture opportunities, engagement and communications with the city including spending £250k over the next 5 years support community grants. In addition, we are broadening our efforts to recruit from and support a broader cross-section of society through programs such as the UK and Scottish Government's Widening Participation, and our own Equality and Diversity Strategy, Outcomes and Action Plan.
Partnerships with industry	<b>Strategic partnerships</b> Failure to maintain a common vision across partners and jurisdictions could hamper achieving significant opportunities.	Partnership with international and domestic industry is critical to advancing the University's contributions to research, teaching, and our vision and values. The University is improving how it grows and maintains its partner relationships. We are enhancing measures to ensure our partnerships are ethical, sustainable and secure through improved internal policies and processes, and closer cooperation with Universities UK and government. Our Director of Strategic Partnerships, Edinburgh Innovations, Edinburgh Research Office, Data-Driven Innovation team, and the Corporate Development Team work together to manage and grow these opportunities.

# Understanding our risks (continued)

## Strategic Objectives and Development Themes

Strategic Objectives and Development Themes	Risk Description	Risk Management
Digital transformation and data	<p><b>Core IT infrastructure and info security / data breach</b></p> <p>Disruption to basic network services, and compromise of University information.</p>	<p>The University strives to continually ensure its networks are robust and secure. Our <i>Network replacement programme</i> is progressing, with ongoing capital sought to fund a rolling replacement of core enterprise IT infrastructures. Information security improvement work is ongoing, with focus on continuing our training programme and improving network security controls. The move to remote working necessitated by Covid-19 has changed the nature of this risk somewhat, and we have enhanced both technical controls and training measures to improve our information security and network stability.</p>
Our People	<p><b>People</b></p> <p>Multiple external and market factors combine to challenge staff recruiting efforts. Immigration changes, low unemployment and inflated local market salaries reduce the availability of some professional services staff.</p>	<p>The University is introducing trainee roles, reviewing entry routes and succession. Covid-19 is likely to change the employment landscape and we are working to retain key skills and become even more attractive to candidates. We expect to recruit fewer staff in the next twelve months as we adapt and reshape the organisation. We are building on our strengths to make the University an even better place to work and encourage retention of our diverse staff. We actively promote a culture of inclusivity with our partners and are committed to equality of opportunity for all our staff and students. Our new Staff Experience Committee is addressing such areas as staff workload, wellbeing, staff careers and development in learning and teaching.</p>
Growth through investment in learning and research	<p><b>Finance</b></p> <p>Failure to maintain financial headroom required to pursue strategic priorities and ensure financial sustainability in the face of increasing financial pressures.</p>	<p>The financial impact of Covid-19 has the potential to be extreme, placing further stress on the University's financial situation already challenged by increases in costs such as USS pension, and likely economic impacts of Brexit such as increased labour costs due to reduced availability of EU workers, over which the University has little control. Comprehensive financial modelling based on predicted impacts of Covid-19 is being conducted and reported to Audit and Risk Committee and Court. Actions to mitigate the impact of these challenges, particularly around our liquidity, include pausing elements of our capital programme and the continued focus on efficiency measures across the University.</p>
Our physical presence	<p><b>Estate</b></p> <p>The Estate fails to meet the needs of the University (volume, condition, and accessibility).</p>	<p>Past growth in enrolment numbers has stretched the capacity of our Estate and challenged our ability to develop a stable, long-term capital plan. Despite a deliberate pause on some of our projects this year as a result of Covid-19, the University is developing a clearly articulated, and widely supported strategic vision on size and shape of the University, focussing on our strengths. This will ensure we continue to excel in research and teaching, while approaching growth in a more strategic direction, integrated within an achievable and sustainable capital plan. A Capital Prioritisation paper was presented to Estates Committee in March and December 2019. Discussions in relation to size and shape of the University are ongoing but will likely be impacted by significant challenges experienced through Covid-19.</p>
Sustainably achieving our ambitions	<p><b>Responsibility and sustainability</b></p> <p>Pursuit of our goals and objectives, particularly those associated with energy-dependent City Region Deal and Data-Driven Initiatives, will challenge achievement of our carbon reduction targets.</p>	<p>The University is a global leader in climate change research with several centres of excellence, including the Edinburgh Centre for Carbon Innovation, the Institute for Energy Systems, the Centre for Sustainable Landscapes and Forests, and the FloWave Ocean Energy Research Facility. We also lead the sector in sustainability, being named 'Sustainability Institution the Year' at the EAUC Green Gown awards in 2018. We have re-committed to achieving net carbon neutrality by 2040, and will fully divest from fossil fuels by the start of 2021. University Climate Strategy activities are moving forward. We have developed numerous initiatives, such as the Transport and Aviation working group, Forests Proposals working group, Low Carbon Design work and a Heat and Energy masterplan to propose a prioritised list of investments to decarbonise the energy/heat. Inevitably, previous assumptions on timing, resource availability and investment will have to be adjusted to post-Covid-19 realities, but the related success of remote-working, video conferencing, and distanced collaboration with international partners have contributed numerous lessons learned that will enhance our climate action plans.</p>



**Staff Experience Committee**  
[www.ed.ac.uk/governance-strategic-planning/governance/university-committees/othercommitteesandgroups/staff-experience-committee](http://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/othercommitteesandgroups/staff-experience-committee)

**Edinburgh Centre for Carbon Innovation**  
[www.edinburghcentre.org/](http://www.edinburghcentre.org/)

**Institute for Energy Systems**  
[www.eng.ed.ac.uk/research/institutes/ies](http://www.eng.ed.ac.uk/research/institutes/ies)

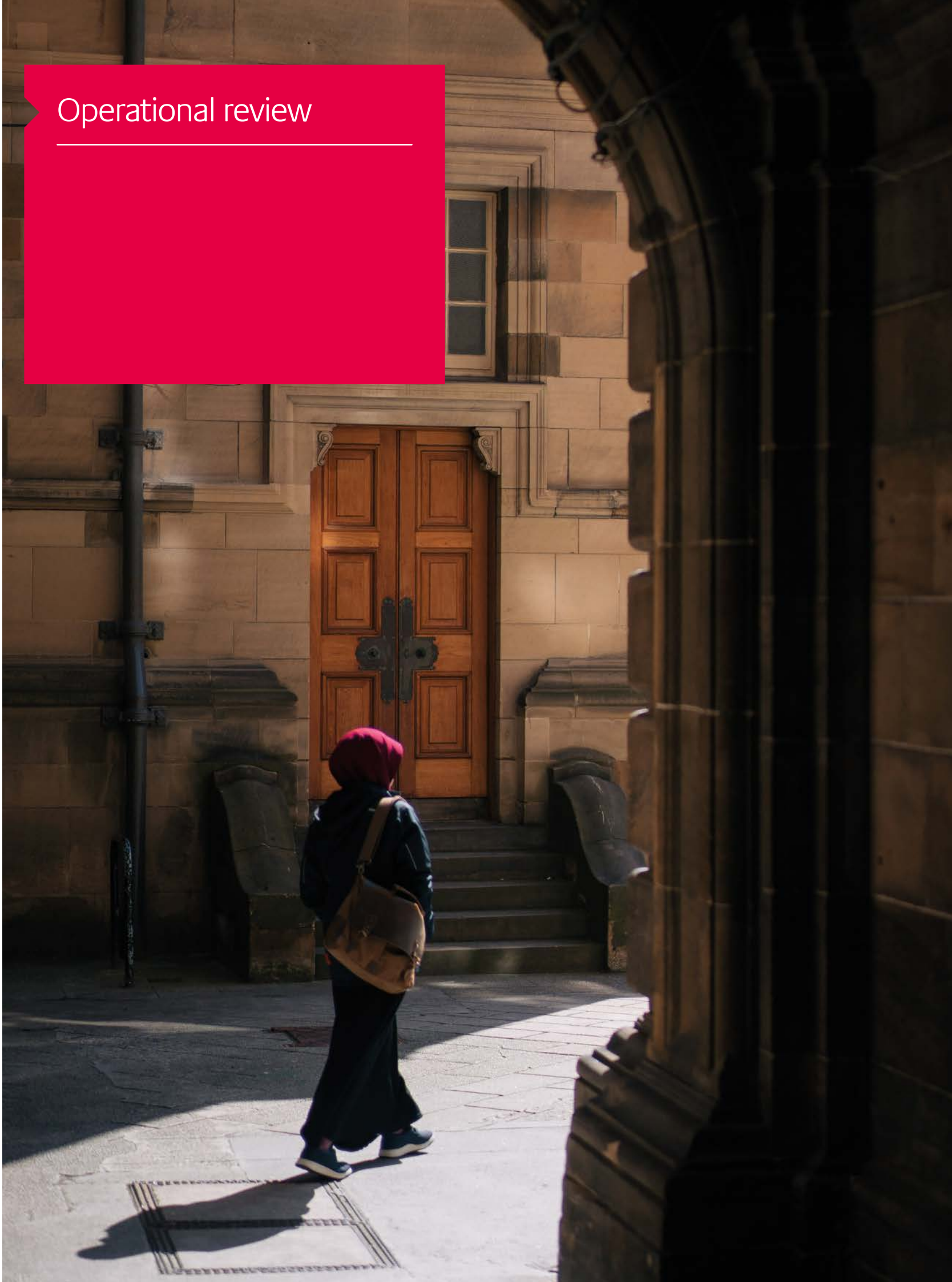
**Centre for Sustainable Landscapes and Forests**  
[www.ed.ac.uk/sustainable-forests-landscapes](http://www.ed.ac.uk/sustainable-forests-landscapes)

**FloWave Ocean Energy Research Facility**  
[www.flowavett.co.uk](http://www.flowavett.co.uk)

**Sustainability Institution the Year**  
[www.ed.ac.uk/about/sustainability/news/archived-news/2018/sustainability-institution-green-gowns](http://www.ed.ac.uk/about/sustainability/news/archived-news/2018/sustainability-institution-green-gowns)

# Operational review

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# Operational review

As a world-leading research-intensive University, we are here to address tomorrow's greatest challenges. We will do that with a values-led approach to teaching, research and innovation, and through the strength of our relationships, both locally and globally.

## Student Experience

We aim to provide our students with a world-class University experience so that they are equipped with the skills they need to achieve their full potential and become the change-makers of the future. The University pushed forward with enhancing the student experience, committing funding in the areas of: improving and enhancing student mental health facilities; addressing critical issues of student care; safety on campus – especially with regards to sexual violence – and a programme of upgrades to specialist teaching spaces.

As part of our investment in student support, the new £8m Health and Wellbeing Centre opened at Bristo Square this summer. This will create more space for counselling and disability services, an expanded University Pharmacy and additional quiet spaces. The University is putting over £1m funding into additional support for student mental health and wellbeing over the next two years, giving faster access to counsellors, disability advisers, courses, programmes and online resources.

The University provides students with a huge variety of opportunities for personal and academic growth, enabling our students to become more confident during their time at Edinburgh and giving them opportunities to reflect on what works for them whilst learning. MyDevelopmentHub is a portal to curated online resources, activities and events to help students unleash their potential and stand out from the crowd. This sits alongside MyCareerHub, our online jobs portal for part-time, vacation and graduate jobs exclusively for University of Edinburgh students and graduates.

The Institute for Academic Development (IAD) provides free study skills workshops and online resources to support students throughout their studies, developing skills and confidence in their academic practice. Last year the IAD's workshop programme (tailored to the needs of undergraduate, masters and PhD students) recorded attendance of over 9,000. Use of the IAD study hub resources and blogs grew with over 5,000 unique page views per month during February to July.

The University's Careers Service is dedicated to helping our students reflect on their existing skillset and provides support and guidance on how to build new skills for securing a working role. Last year, the Careers Service supported 10,800 students at careers service events and over 4,000 students accessed one-to-one support to enhance their employability.

## Leadership in Teaching

Our deep commitment to the student learning experience has been demonstrated most effectively by the extraordinary efforts to move to online teaching, learning and working at the end of the semester: an on-campus operation moved to a digital operation in effectively one week in March. That effort, to ensure we maintained the best tradition of Edinburgh in the face of a pandemic, was unprecedented and represented the best blending of the commitments of our professional, operational and academic staff. We want to turn the disruptive effect of Covid-19 into an opportunity to work with our students on better ways to learn.

Looking forward to 2020/21, we will continue to show leadership in the sector in how we plan to deliver our teaching, drawing on 15 years of digital learning experiences, alongside as much on campus teaching as is achievable under new and ever-changing conditions. We want our students, regardless of location, to have the best education possible.

Students at Edinburgh graduated this summer with a degree that is just the same as any other year. While they couldn't attend our usual large-scale ceremonies in-person this year, we are looking forward to welcoming those graduates back to celebrate at a future occasion. Our graduates are amongst the most highly sought after in the UK and globally, and we are fully committed to making sure that it remains that way next year and beyond.

## Leadership in Research

The range and scale of the University's research is extensive, and in line with our strategic priorities we aim to make our research more interdisciplinary and international than ever in order to address global and societal challenges.

### Our response to Covid-19

It has been the start of a new academic year like no other, as we meet and overcome challenges of remote learning, social distancing, and ever-changing government regulations around the Covid-19 pandemic. We are working hard to make sure that all students are fully supported while they are with us, both in their physical and mental wellbeing. We know this is a very uncertain and anxious time for students, especially as they look towards Christmas and traveling home to be with loved ones, and we are prioritising their safety by supporting all students to act in accordance with government guidelines. While we are working daily to meet the short-term requirements of the situation, we are acutely aware of the broader, long-term challenges that Covid-19 brings to the higher education sector as a whole and are addressing these through our adaptation and renewal work.

### Our response to Covid-19

Edinburgh's final-year medical students graduated from the University early to enable them to support the frontline fight against Covid-19. Around 200 newly qualified Edinburgh graduates had the opportunity to join the NHS workforce sooner than they would have anticipated, as Foundation Year doctors. This postgraduate programme is a bridge between medical school and specialist or general practice training. The new system operated on a voluntary basis and was achieved by accelerating the registration process. Induction and training was provided, along with the necessary personal protection equipment.

# Operational review (continued)

With more than 7,600 academics and 5,750 postgraduate research students across the sciences, social sciences and humanities, the University of Edinburgh is one of the leading UK universities for its research quality and output. Ranked as Scotland's top research institution and fourth in the UK according to the most recent Research Excellence Framework assessment (the system for assessing the quality of research in UK Higher Education Institutes), the University receives funding from the Scottish Funding Council typically worth over £80m each year, as well as funding from UKRI, the European Commission, Wellcome Trust, The Leverhulme Trust, the National Institute for Health Research, Cancer Research UK, the British Heart Foundation, industry and other organisations. A total of £332m was received in research awards to the end of July 2019/20.

The quality of our research influences our ability to secure research grants and support leading and innovative staff and research students. Our overall research award activity (by count and value) exceeds historic performance. The overall award total for the year 2019/20 is £332m, which remains comparable to the 3 year average figure and ahead of 2018/19, with a total applications value of £1,171m in 2019/20. With typically over £300m of new awards per annum, the University's research drives public policy changes, global and economic developments and lays the foundations for a more prosperous world for future generations.

In this unprecedented year, the University's world-leading research has been critical in the global emergency response and recovery from the pandemic. We could not be prouder of our people who have contributed so much already, from advising Government on public health responses, unravelling genetic responses to Covid-19, trialling new treatments, tracking and analysing critical infection data and more. Looking towards the future, we will work closely with all our partners, funders and Government to protect and strengthen our research base and to ensure that it continues to drive health, innovation, creativity and prosperity for all.

## Research highlights

→ Much of our research is committed to improving the lives of local communities. Research conducted by the University of Edinburgh and NHS Lothian suggests that children from disadvantaged backgrounds are three times more likely to develop difficulties with language than those from more affluent areas. Researchers say the findings highlight the need for policies to address the social factors that can hamper speech, language and communication development in order to decrease the risk of setbacks in later life.

→ On a global stage, researchers at the University of Edinburgh and Karlsruhe Institute of Technology have studied the impact of consumption trends on biodiverse regions. Research suggests that one quarter of the world's tropical land could disappear by the end of the century unless meat and dairy consumption falls. Some nine per cent of natural land – 95 per cent of which is in the tropics – could go within 80 years unless global dietary habits change.

→ Since March 2020, much of the University's research effort has turned to the fight against Covid-19. A global collaboration to study genetics in critical illness, led by Dr Kenneth Baillie from the University of Edinburgh, is to study the genetic blueprints of severely ill Covid-19 patients to find out why the disease affects some more seriously than others and suggest potential treatments. GenOMICC – which was launched by Dr Baillie in 2016 – is already active in more than 170 intensive care units. The team aim to recruit every Covid-19 patient on a ventilator in the UK. The group have been funded to sequence the entire genomes of patients with Covid-19 in collaboration with Genomics England and Illumina.

## City Region Deal

Last year, the Data-Driven Innovation (DDI) programme reported its first full year of activity in an ambitious 15-year plan, which is part of the University's commitment to the £1.3bn Edinburgh and South East Scotland City Region Deal.

As of July 2020, almost £90m Government funding had been drawn down via the City Region Deal as investment for setting up the DDI hubs. The projects are largely on track, except for some delays caused by the Covid-19 pandemic. Cutting-edge equipment has been purchased for the National Robotarium in the Bayes Centre. The new Engine Room for the Edinburgh International Data Facility opens in December 2020. The Edinburgh Futures Institute redevelopment in the Old Royal Infirmary is due to be completed in early 2023, and planning for the new Usher Institute, at the Edinburgh Bioquarter, is progressing towards end-user occupation in autumn 2023. The final business case, for Easter Bush Campus, is due to be completed by the end of December.

Though still at a relatively early stage in its lifespan, the DDI programme has already delivered notable achievements such as an announcement in January 2020 to partner with Legal & General on a £20m deal to launch the Advanced Care Research Centre, a seven-year multi-disciplinary research programme and the first of its kind in the UK.

“Policies designed to lessen deprivation could reduce language and communication difficulties among pre-school children.”

## James Boardman,

Professor of Neonatal Medicine at the University of Edinburgh's MRC Centre for Reproductive Health

## Our response to Covid-19

More than 20 projects have collectively received £1.5m to help understand and fight Covid-19 in some of the world's poorest regions. The projects – which come from across the University's three Colleges – have been funded from the University's Scottish Funding Council Global Challenges Research Fund allocation. This strategic resource supports partnerships to improve the economic and social welfare of partner countries.

Projects include researching the use of technology in Sierra Leone to mitigate the pandemic, assessing the Kenyan government's policies, and investigating the relationship between the disease and extreme heat in poor urban areas. Other projects involve developing a response for vulnerable communities in India and exploring the impact of Covid-19 on mental health in Malawi and its knock-on effect on the economy and society.

# Operational review (continued)

“Data is the new soil, and collaboration the seeds. The Data-Driven Innovation initiative is unique in its ambition and scale. It’s been designed to reach out to the whole City Region, so we can develop and test new services to meet the needs of our citizens.”

**Jarmo Eskelinen,**  
Data-Driven Innovation  
Programme Director

## Our response to Covid-19

As part of the University’s response to the Covid-19 pandemic, the DDI Programme was authorised to allocate up to £200,000 in small grants to enable staff and students to apply data-driven-innovation ideas in support of communities, services and businesses in the Edinburgh and South East Scotland Region. Out of 36 innovative proposals received, 19 were selected to help link academics with local and global organisations to deliver solutions using data to assist our region’s recovery. Also in response to Covid-19, the Edinburgh Futures Institute (one of the DDI ‘hubs’) launched a collaboration with the Scottish Futures Trust into community-sourced data to support recovery planning.

Partnerships with industry	2019/20	2018/19	2017/18
Number of patents	48	71	117
Number of licences	41	31	48
Number of start-up companies created	85	64	45
Value of consultancy processed by Edinburgh Innovations	£7.0m	£6.9m	£5.6m
Value of industrial and transitional awards	£55.4m	£49.5m	£37.3m

This was followed in June 2020 when the programme won a £23m bid to the UK Government’s Strength In Places Fund to create the Global Open Finance Centre of Excellence in Edinburgh. The new Global Open Finance Centre of Excellence is a world-first collaboration between governments and regulators, the financial services industry and academia.

Other highlights include the launch of the FAST Agritech accelerator, securing Scottish Enterprise funding to support the creation of a Travel Tech Cluster for Scotland, ongoing support for the Wayra AI Blockchain Accelerator programme at the Bayes Centre, and support for the Creative Informatics Cluster, which delivered three rounds of the Resident Entrepreneurship programme with £12k awards for 29 creative entrepreneurs. Public services initiatives have focused on smart places, with projects including the use of IoT sensors to monitor air quality (a collaboration with the University of Helsinki).

Over the last year, the DDI team has also focused on embedding robust governance and reporting processes to ensure fast and accurate capture of Key Performance Indicators (KPIs) spread across five themes (talent, research, adoption, datasets, and entrepreneurship), designed to benefit 10 industry sectors and delivered through five DDI hubs – the Bayes Centre, Edinburgh Futures Institute, Usher Institute, Easter Bush Campus, and National Robotarium – in collaboration with Heriot-Watt University.

## Commercialisation and industry partnerships

In 2019/20 the University celebrated 50 years since the launch of its first dedicated industry engagement office. Today Edinburgh Innovations manages the University’s commercialisation activities, encompassing all

aspects of industry engagement, and 2019/20 was a record year by several measures, continuing consistent growth in recent years.

Edinburgh Innovations helped launch a record 85 companies founded by staff and students, and reported record investment of £32.6m in existing spinouts and start-ups. This reflects not only the credibility of our entrepreneurs but also the strong relationship Edinburgh has with the investment sector.

Income from industrial awards and translational awards – many of which involve collaboration with external organisations, rose to a new high of £55.4m in 2019/20 – while a record was also set in consultancy income, which climbed to £7.0m.

The latest year’s industrial awards include the University’s biggest to date: a £20m investment by Legal & General, the UK’s largest pension fund manager. The award is part of a partnership agreement that established the Advanced Care Research Centre, a seven-year multi-disciplinary research programme to improve understanding of care in later life and to revolutionise how it is delivered.

## Service Excellence Programme

The Service Excellence Programme was established in 2016 with the aim of delivering improvements that will make it easier for our students to join and study with us, improve processes for our staff and help to reduce costs, enabling a focus on investment in the areas that will help us build our future.

In response to Covid-19, we reprioritised our organisational plan, adapting the shape and focus of this programme so we emerge from the pandemic as a strong and renewed organisation. The Service Excellence Programme’s priorities have been aligned to this adaptation and renewal plan.

# Operational review (continued)

## Our response to Covid-19

When the Covid-19 pandemic struck in early 2020, Edinburgh Innovations and the University immediately streamlined procedures to enable academics and commercial partners to rapidly start collaborative research projects in response to the crisis. New mechanisms were also introduced for industry to engage with the University in response to the pandemic.

There were soon more than 50 collaborations between researchers and businesses, the public sector and charities to tackle the virus, support the NHS and help businesses adapt. Projects ranged from increasing production of disinfectant and developing point-of-care tests, to creating a wellbeing app and helping bank customers manage their finances.

**“It is a source of great pride to the University of Edinburgh that our excellent and committed group of final year medical students will be graduating earlier than expected. Many of them will be joining the NHS sooner than they might have anticipated and volunteering their services to society during these challenging times.”**

**Professor Moira Whyte,**  
Head of the College of Medicine & Veterinary Medicine, the University of Edinburgh

Over the last year the programme has delivered a wide range of improvements, from updated and clearer HR policies to trialling a new streamlined way of buying goods and services. Later this year, working with our industry leading delivery partners Oracle and Inoapps, we're looking forward to launching a web-based system that will help us to deliver more user-friendly processes, consistent systems and smarter ways of working.

Work focused on bringing improvements for students is now a critical part of our university adaptation and renewal plan, and has been accelerated to ensure we can recruit and provide the best possible experience for students in the challenging times we face today and as we renew our organisation in the future.

We have been working towards the implementation of a new enquiry management service that will provide a single point of contact and a consistent service to all prospective students who contact us with an enquiry. For existing students, a new service called EdHelp will provide easy, coordinated access to information and services, online or on campus. We'll also introduce a new service to provide a more transparent process for coursework extensions and special circumstances.

The work delivered to date by the Service Excellence Programme has provided invaluable experience and insights which are shaping how we do things across our University for the better, now and in the future. Find out more: <http://edin.ac/2A08ZuP>

## Estates

Despite the suspension of Scottish building sites and construction due to the Covid-19 pandemic, the University's ambitious Estates Capital Plan has progressed in a number of areas over the course of the last financial year.

The new Large Animal Research and Imaging Facility (LARIF), based within the Edinburgh Imaging Facility at Easter Bush, is on course to be finished by the end of 2020. LARIF boasts advanced imaging capabilities to support the study of the biology of large animals with all the resources of a human hospital. Amongst other things, the facility will offer advanced imaging capabilities to progress the study of neurobiology, anatomy and physiology in large animals, as well as to provide capacity to study infectious diseases and evaluate control strategies.

Also at our Easter Bush campus, a New Advanced Computer Facility (ACF) is set to open its doors by the end of 2020. The facility is a core component of the Data-Driven Innovation (DDI) Programme that forms an integral part of the Edinburgh and South East Scotland City Region Deal investment proposition. This development will drastically extend the existing Advanced Computer Facility which houses computer rooms, associated plant rooms and office space. The new building will house a brand new High Resiliency Computer Room and associated plant areas to house and support the computer equipment.

Entry to academic year	2019/20	2018/19	2017/18
<b>Undergraduate enrolments</b>			
Total applications	<b>63,855</b>	61,846	63,026
Total offers	<b>28,640</b>	26,252	25,602
Total enrolments	<b>6,534</b>	6,349	6,483
Applications to enrolments ratio	<b>9.8</b>	9.7	9.7
Matriculate rate (enrolments / offers)	<b>22.8%</b>	24.2%	25.3%
<b>Postgraduate home and EU</b>			
Total applications	<b>10,168</b>	10,742	10,914
Total offers	<b>5,651</b>	6,190	6,238
Total enrolments	<b>2,940</b>	3,286	3,187
Applications to enrolments ratio	<b>3.5</b>	3.3	3.4
<b>Postgraduate overseas</b>			
Total applications	<b>59,660</b>	49,310	44,557
Total offers	<b>21,825</b>	18,928	17,403
Total enrolments	<b>6,086</b>	5,138	4,557
Applications to enrolments ratio	<b>9.8</b>	9.6	9.8



# Operational review (continued)

“We have more than 400 years of excellence behind us. Working together, we can make the next 400 years even better.”

**Professor Peter Mathieson,**  
Principal and Vice-Chancellor  
of the University of Edinburgh

## Our response to Covid-19

Recognising that students from disadvantaged or underrepresented backgrounds may face additional challenges in terms of financial hardship, wellbeing, or family support (or lack of) the University has significantly increased the support for current and incoming students: [www.ed.ac.uk/news/covid-19/current-students](http://www.ed.ac.uk/news/covid-19/current-students)

Work is moving swiftly to ensure offer holders will also have access to short study-skills courses that can help with preparations for their first academic term. These will provide a resource to help students adjust to the new University environment and enable them to feel a part of the University community before they arrive. It is an attempt to level the playing field for those who have been out of formal education since the early spring (with a particular focus on Maths and English).

The £37m project, Centre for Tissue Repair (CTR) is in its final stages of completion. CTR will sit adjacent to the MRC Centre for Regenerative Medicine (CRM) building and form the University's new Institute for Regeneration and Repair (IRR) at the BioQuarter. CTR will provide purpose built laboratory facilities, and state-of-the-art research space will be provided for 250 researchers: <https://edin.ac/3jdGGwl>

On our central campus, the existing building at 7 Bristo Square is being extended and renovated to create a new Wellbeing Centre and improve access to Bristo Square. Although Covid-19 delayed completion, the centre opened in September 2020. The new centre provides students with an expanded range of essential services, bringing together the University's Student Counselling and Disability Services, both previously with the medical practice and pharmacy, for the first time. The centre also benefits from its proximity to other student services within the central campus.

The development is a great example of the University's commitment to delivering excellent wellbeing services. It puts student wellbeing at the heart of the University's city centre campus, making it easier for students that need help to access support, and expanding the range of spaces and services on offer.

Over the next decade the University of Edinburgh will transform the collection of buildings that is the King's Buildings as we know it today into a world class, dynamic campus. The key to this vision is the 'Nucleus', a new staff and student 'hub' for learning, studying and socialising. Built at the heart of the King's Buildings campus, it will bring many aspects of campus life together in one building. The current completion date of 2022 is under review as the impact of physical distancing is being evaluated.

## Equality and diversity

Everyone deserves an equal opportunity to study at Edinburgh. Higher education, and a student experience at Edinburgh has the power to transform lives, not just of those who come to study with us, but their families and communities also. Building on our values and our commitment to having a positive impact on our local and global community, we are working to ensure that students from a wide range of diverse backgrounds thrive and feel a sense of belonging. We want to foster a welcoming community, where staff, students, alumni and friends feel proud to be part of our University.

We are ambitious in our plans for widening participation and demonstrate that within Strategy 2030 where we state our future

intention to be leading Scotland's commitment to widening participation. As our Widening Participation strategy principles demonstrate, inclusion can and should be the lens of everything we do. Read more here: [www.ed.ac.uk/files/atoms/files/guidingprinciples2018-2021.pdf](http://www.ed.ac.uk/files/atoms/files/guidingprinciples2018-2021.pdf)

We have met the Commission for Widening Access targets of 10% of our intake to come from the 20% most deprived areas in Scotland 3 years ahead of schedule. Our students from Scottish Index of Multiple Deprivation (SIMD) 20 areas represent 11.4% of this year's UG intake (19/20 cycle). In the current 2020 recruitment cycle we have been pleased to see a marginal growth and maintenance of those students who have applied and accepted offers from disadvantaged backgrounds (those who have been flagged within our contextual admissions process).

The University is currently working to develop partnerships with key regional college partners to create new access and articulation routes for target groups including mature students, students from Scotland's most deprived communities and those who have care experience. The University's initial objective with these college partnerships is to agree formal articulation agreements for a 1+3 model (HNC to year two entry) in a small number of subject areas. The first agreement we have in place will enable second year entry for students from Edinburgh College to the University in 2020/21 to programmes in Health in Social Science.

Now, possibly more than ever before, we are ensuring we consider those students who face disadvantage or barriers within their educational journey. We will ensure that the progress we have made in widening access over the last few years doesn't fall by the wayside and that we support those learners at every stage in the student lifecycle.

Read our Widening Participation Strategy at: [www.ed.ac.uk/student-recruitment/widening-participation/about/widening-participation-strategy](http://www.ed.ac.uk/student-recruitment/widening-participation/about/widening-participation-strategy)

The University is committed to equality, diversity and inclusion (EDI) for all, and these principles are at the heart of our institution's values and strategic priorities. The EDI Committee (EDIC) was established in 2019, convened by the University Lead for EDI and reporting to the University Executive. EDIC is taking a mainstreaming approach to embed EDI in all that we do. All Adaptation and Renewal workstreams have an EDI lead to ensure consideration of relevant issues at all stages of decision-making.

The recommendations of the Thematic Review of Support for BAME Students, which reported last year, are being taken forward with the new Race Equality & Anti-Racist subcommittee of EDIC and associated action plan.

# Operational review (continued)

## SUSTAINABLE DEVELOPMENT GOALS



Last year the Student Disability Service (SDS) focused on improving the speed of access and provision of support for disabled students and students with additional support needs. The number of students seeking support increased by 10%. SDS also developed closer working relationships with key partners in the University such as the Exams and Library team to ensure adjustments are implemented as quickly as possible.

Senior management within the service are working more closely with the schools and deaneries to better understand and resolve any barriers to implementation of support for students.

The University was delighted to rise 80 places up the rankings in the Stonewall Workplace Equality Index 2020, in recognition of our significant work on LGBT+ inclusion.

For more information, please read the latest Equality Diversity Monitoring and Research Committee (EDMARC) report, which provides analyses of available equality protected characteristics data on staff and students: [www.ed.ac.uk/equality-diversity/about/reports/edmarc](http://www.ed.ac.uk/equality-diversity/about/reports/edmarc)

### Tackling the climate crisis

The climate crisis is one of the most pressing issues facing humanity, and the University is committed to continuing to play a leading role in creating a more sustainable world through its research, teaching and operations.

### Zero by 2040

The University and Students' Association signed the Sustainable Development Goals (SDGs) Accord in 2017. The SDGs are embedded within the University's Strategy 2030 and progress will be reported annually through the University's annual Social Responsibility and Sustainability report. <https://sustainability.ed.ac.uk/report/2018-19/>

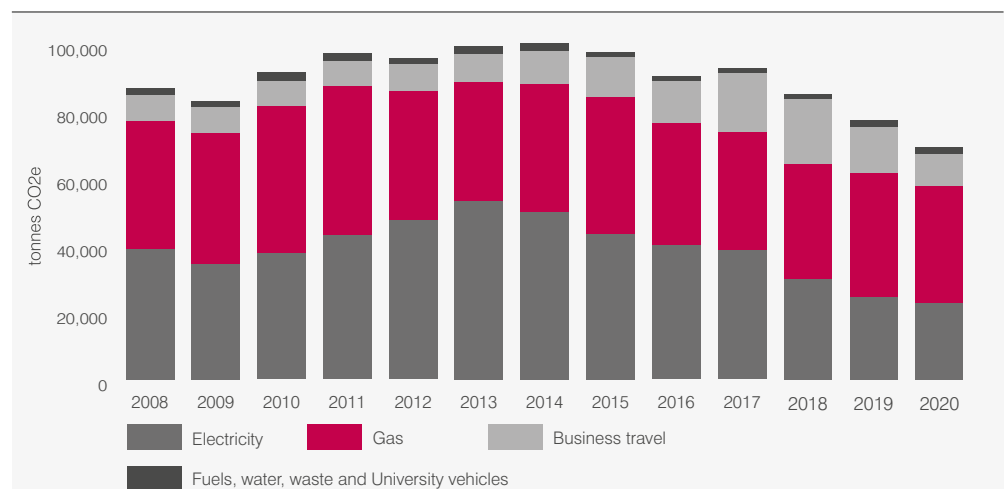
The University participated in the Times Higher Education Impact Rankings this year, which assesses the social, environmental and economic impact of universities. The University of Edinburgh was ranked 30th out of 767 institutions around the world and first in Scotland when the rankings were published in April 2020.

In November 2019, the University approved the formation of the Travel and Aviation Working Group (TAWG) with the aim of reducing carbon emissions from university business travel. Following a University-wide consultation in early 2020, proposals put forward by TAWG focused on embedding a climate conscious approach to travel through: improving information provision for travellers, travel bookers, and management groups; introduction of new policies to reduce the number of high-carbon journeys taken on behalf of the University; reviewing our use of virtual collaboration tools to enable a "virtual first" approach to meetings and events; and piloting incentives and required contributions to reward low-carbon travel.

“As staff, students and citizens, our decisions matter. The new Sustainability Champions network will support the University community to make positive changes in response to the climate emergency and global Sustainable Development Goals.”

**Michelle Brown,**  
Deputy Director of Social Responsibility and Sustainability

Absolute carbon emissions



The University continues to see a decrease in annual carbon emissions. The significant reduction in carbon emissions from business travel is associated with the impact of the Covid-19 pandemic and the restrictions on travel. The University has continued to invest in low carbon technologies, such as the solar farm at the Easter Bush Campus, and implement energy efficiency measures through the Sustainable Campus Fund.

## Research

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Specialists from a range of academic disciplines have launched a cross-University hub for research and teaching on race and ethnicity. Academics across the humanities and social sciences will explore issues of race and racism in social, political and economic life across the globe.

The RACE.ED hub will highlight the work of experts at Edinburgh and also showcase the insights of academics from around the world. Edinburgh scholars will engage with contemporary debates in key areas such as public policy, policing, healthcare, employment and education. They will also offer fresh perspectives on the lasting impact of colonialism worldwide and the varied responses to it by anti-colonial movements.

RACE.ED will launch an inter-disciplinary course on Race and Decolonial Studies in 2021.

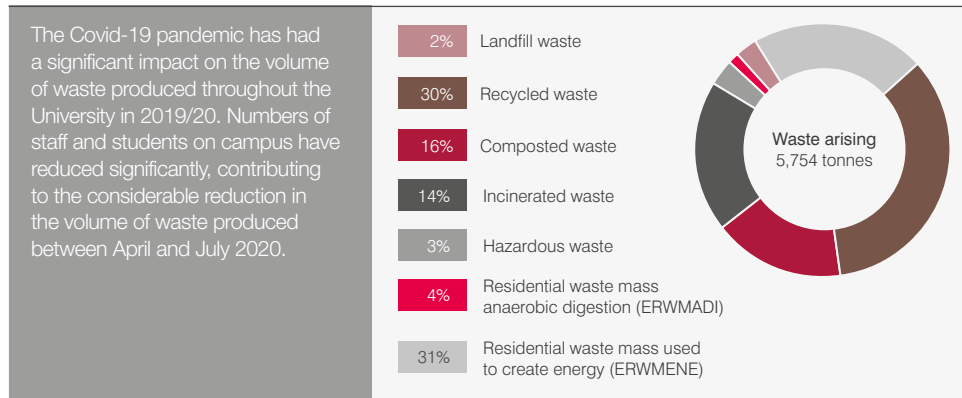
Nasar Meer, Professor of Race, Identity and Citizenship and Director of RACE.ED

# Operational review (continued)

## Key performance indicators

	2014	2015	2016	2017	2018	2019	2020
Income (tonnes CO2e / £m)	128	116	100	100	89.4	72.2	65.2
Staff (tonnes CO2e / staff FTE)	11.5	10.6	9.7	9.3	8.4	7.3	6.4
Students (tonnes CO2e / student headcount)	3.3	2.8	2.4	2.3	2.1	1.8	1.7

## University waste breakdown 2019/20



The built environment is one of the biggest carbon emitters in Scotland, contributing to around 40% of the total UK footprint. To address this, in May 2020 the University began a cross-sector collaboration to improve the way buildings are designed, constructed and retrofitted in the future to minimise their impact on the climate. Working with some of Scotland's most innovative technology companies and leading industry and public sector organisations, this project will involve developing and testing tools on-campus that reduce buildings' emissions by improving their energy performance when occupied.

In August 2019, the University launched its Sustainability Champions Network. Open to all staff and students, the network is designed to support those who are interested in learning how to live and work in a more sustainable way. To date there are more than 500 staff and students signed up.

The University of Edinburgh is recognised as a global leader for its commitment to responsible investment - a commitment that was formally recognised when we were invited to join the 2019 UN-supported Principles for Responsible Investment's Leaders' Group. In early 2020, the University was a founding member of a new Responsible Investment Network within higher education that will explore how universities can invest ethically.

It has been a year of positive developments in our commitment to social responsibility

and sustainability, but we know that there is always more to do. In November 2019, the University of Edinburgh was recognised for its efforts, winning three awards for Campus Health, Food and Drink, Total Reporting and Money for Good at the UK and Ireland Green Gown Awards. The Green Gown Awards celebrate initiatives in universities and colleges that make them more socially responsible and sustainable. We will continue to work towards our goal to be a net zero carbon university by 2040.

### Sustainable Operations

The University is committed to ensuring our impact is a positive one by developing and pioneering approaches to deliver a low carbon and circular economy, and protect and enhance biodiversity.

In 2020, the University was named as the best University in the UK for student cyclists. Student accommodation site Mystudenthalls.com ranked UK universities using a range of measures.

More than 1,500 new cycle parking spaces across campus sites have been added for the start of the academic year 2020/21. The University is a partner in Just Eat Cycles, the City of Edinburgh's cycle hire scheme.

The Staff Cycling Community, launched in 2019, is a new staff-led initiative to connect cyclists across the University. The Community runs events including

### Our response to Covid-19

A computer donation scheme has been accelerated to help pupils continue their studies during school closures. The University has worked with the City of Edinburgh Council to support pupils across the city whose learning has been impacted by the Covid-19 pandemic. The computers were donated to help computing students in Edinburgh and Perth who do not have access to a computer at home.

The computer donation scheme was led by the University's Data Education in Schools team - part of the Data-Driven Innovation programme - and the PC Reuse Project which aims to reduce the environmental impact caused by disposing used computers. By refurbishing old computers and donating them to good causes, the hope is to extend their life while providing benefits to the wider community. Since the PC Reuse Project launched, more than 1,800 computers have been donated to charities and community groups in Edinburgh and the wider area.

**“It was a fantastic opportunity to network with colleagues from across Europe who work in similar roles to mine and to build new professional and personal connections that I am keen to maintain and build on in the future.”**

### Anita Petriello,

European Programmes Administrator, Study and Work Away Service

# Operational review (continued)

regular meet ups at different campuses and weekend cycle rides allowing new cyclists to test their commuting routes.

To enhance the biodiversity of our campus and the city, the University has collaborated with the City of Edinburgh Council and other local partners on 'The Thriving Green Spaces' project which will shape an ambitious new vision for Edinburgh's natural environment and produce a 30-year strategy and action plan to deliver that vision. The University was awarded bronze accreditation from the Hedgehog Friendly Campus, recognising the efforts of staff and students who carried out hedgehog footprint surveys.

Departments from across the University came together to develop and deliver opportunities to embed and support sustainability at the Edinburgh Festival Fringe in University venues in 2019. This was advanced by developing a new Sustainability Protocol for the University, strengthening sustainability in policy, reviewing the use of single use cups and packaging, providing support to tenants, establishing an online and physical presence for sustainability in the Festivals Fringe, and bringing together a network of stakeholders for festival sustainability.

## Influencing Globally

Strengthening and enhancing our European partnerships and outreach has been central to our international activity. Una Europa is an alliance of eight leading research universities with global reputation and reach formed in 2018.

In January 2020, 1EUROPE was launched. 1EUROPE is the alliance's three-year pilot project funded under the Erasmus+ Call for European Universities.

The joint research focuses on areas vital for improving resilience and sustainability of societies. 'One Health', the newest addition to our focus areas, promotes networked thinking about health to improve disease detection, prevention and treatment: <https://edin.ac/3j9xWXS>

Despite the current outbreak of Covid-19, the impact from Brexit and the uncertain duration of travel restrictions, we have been working to create digital alternatives to replace study or work away activity so it remains an integral part of the student experience. We are working in partnership with Schools and Colleges, to develop a strategy that focuses on: sustainable partnerships post-Brexit; a diverse portfolio of mobilities and enhanced student experience. The underlying objective is to offer mobility for all.

To ensure that this activity is well funded we've been successful in attracting 1.5m euros for Erasmus+ International Credit Mobility for

activity beyond Europe and 2.6m euros for Erasmus+ in Europe (totalling 4.1m euros). This represents the largest Erasmus+ grant award in the 33 years of Erasmus+ history, supporting the University's commitment to Europe, by ensuring we can support mobility activity until the end of May 2022.

We've been prioritising the expansion of our activities to support refugees and 'at-risk' scholars. A new information resource on our website is part of a continual effort to provide a place of sanctuary and education for those seeking protection: <https://edin.ac/3aSKzno>

The University of Edinburgh is proud to provide sanctuary for academics and young people and was the first UK University to be awarded University of Sanctuary status in June 2017. Our University of Sanctuary status was renewed in July 2020. There are 15 Universities of Sanctuary in the UK; Edinburgh is the first university to be re-awarded this status.

In June 2020 the University hosted an online Refugee Week showcasing Edinburgh's support of refugee projects, centring around World Refugee Day on 20 June, which included the creation of a story book showcasing Edinburgh's involvement in refugee projects told by refugees, to highlight experiences of those in our community: <https://edin.ac/2UTighK>

The fourth annual Africa Prospects and Futures event took place in Edinburgh for the first time in January 2020 in the Debating Chamber of Teviot Row House. This year the event widened its scope beyond a forecast of the year ahead to offer a vision of Africa in the coming decade. A broad range of subjects were put before the group who spoke to a lively audience of 150 people including students, academics, representatives of business, culture and other civil society organisations.

We were delighted to learn in 2019 that two of the University's Mastercard Foundation Program Scholars were selected by the Skoll Foundation as Emerging Leaders, graduate Ritah Namwiza and recent Mastercard Foundation Summer School Scholar, Edith Violet Naisubi. In partnership with the Mastercard Foundation, the University of Edinburgh will provide 200 full postgraduate and undergraduate scholarships to students from Africa with great academic and leadership potential but few educational opportunities.

## Contributing locally

As Scotland's original civic university, we give special importance to how we engage with the City and its neighbourhoods. The University's new Strategy 2030 reinforces the significance of this history and places

**“This (Africa Prospects and Futures event) is a unique event that provides the opportunity to hear provocative talks about expectations and the future of African citizens from speakers with different backgrounds and expertise. It's also a wonderful platform to gather and meet up with students, academics and members of the general public with a strong interest in African affairs.”**

**Barbara Bompani,**

Reader in Africa and International Development, Centre of African Studies

## Our response to Covid-19

Students from the University of Edinburgh have used their skills and access to research to help local community groups better understand Covid-19 research. Our Health, led by Dr Helen Szoor-McElhinney, is a community-university programme that invites real world research questions from local community groups, and empowers students to collaborate with community partners to answer them.

Since the Covid-19 pandemic, the research questions investigated by the Our Health team have pivoted towards this topic. Community partners wanted evidence-based information about the disease so that they could explore with students how this new information could be used to understand and better manage their own health during the pandemic. The students could draw on the research, much of it produced by the University itself, to share timely and specific evidence with partners.

Find out more: [www.ed.ac.uk/clinical-sciences/our-health](http://www.ed.ac.uk/clinical-sciences/our-health)

## Operational review (continued)

social and civic responsibility at the forefront of our ambitions. In April 2020, the University signed off a new Social and Civic Responsibility Delivery Plan, demonstrating how we plan to deliver on our commitments to social and civic responsibility as part of the University's Strategy 2030.

We recognise our role in education, knowledge and research and our responsibility to be future-facing and address tomorrow's challenges in a fair and sustainable way. You can read the full plan here: <https://edin.ac/3laMGaN>

Coupled with the University's investment as a result of the Edinburgh and South East Scotland City Region Deal, Strategy 2030 will allow us to scale up our community engagement activity and partner with community groups more effectively.

**“The University is delighted to be loaning these computers to pupils to help them keep up their studies and improve their computing skills through the coronavirus closures.”**

**Kate Farrell**  
Data Education in  
Schools, University  
of Edinburgh

One such collaboration is our Students as Change Agents project, a 'living lab' approach for students, staff, and external partners to tackle real-life challenges and generate fresh thinking. It involves students from multiple disciplines who want to make a social impact during their time at University.

The culmination of the programme in June 2020 saw 150 students taking part from across the world, working together with partner organisations to address challenges like youth homelessness in Scotland and exploring what an environmentally sustainable future might look like for Edinburgh in the revival of its tourism industry and festivals post-Covid-19.

Academics at the University of Edinburgh have been working with the Scottish Poetry Library to develop an anthology which follows in the footsteps of *Tools of the Trade* (for doctors, 2014) and *To Learn the Future* (for teachers, 2018), with the aim of supporting newly qualified social workers to reflect more deeply during the most formative years of their professional development. It will be a flexible resource that

can be used by lone workers, groups or in supervision. Poems selected will demonstrate compassion, including the service user-social worker relationship and the narrative of what it means to be a social worker.

A new community choir, BioRhythms has been set up based on the BioQuarter campus. Membership includes people from across the BioQuarter community, including the University and NHS, as well as people from the hospital and local residents. Studies have shown that singing strengthens the feeling of togetherness, regulates the heart rate, reduces stress levels and depression and improves feelings of social wellbeing.

The University of Edinburgh was one of the first universities to sign up to the Scottish Government's Social Impact Pledge, an initiative asking public sector organisations across Scotland to commit to increasing their social impact by making a public commitment to changing three aspects of their current operations or policies. In 2020 we renewed our commitment to increasing our social impact for the third year. Working with community partners, we have made three sets of pledges so far on the themes of literacy, digital skills, homeless health and inclusion, and student social enterprise.

### Annual Procurement Report

The Procurement Reform (Scotland) Act 2014 (PRA) requires any publicly funded organisation which has an estimated annual regulated<sup>1</sup> spend of £5m or more to have a procurement strategy, and for it to be reviewed annually, therefore we must comply with this statutory requirement.

The Director of Procurement (Interim) is responsible for producing the University Procurement Strategy and the Annual Procurement Report. The University Procurement Strategy is reviewed by the University Executive through its Procurement Risk Management Executive, including relevant subsidiary company members, and is published annually on our website.

The Annual Procurement Report reflects our current reporting period and reports on specific items, as described in the PRA and other relevant supporting statutory guidance. It also addresses our performance and achievements in delivering the University Procurement Strategy for legal compliance and strategic impact<sup>2</sup>. As it is a statutory report, it is also made available to the public by the Scottish Government.



#### University Procurement Strategy

[www.ed.ac.uk/procurement/policies-procedures/university-procurement-strategy-annual-procurement](http://www.ed.ac.uk/procurement/policies-procedures/university-procurement-strategy-annual-procurement)

#### Principal and Vice-Chancellor

[www.ed.ac.uk/principals-office/principal-and-vice-chancellor-role](http://www.ed.ac.uk/principals-office/principal-and-vice-chancellor-role)

#### GO Scotland Award 2019

[www.goawards.co.uk/scotland/award-categories/2019-20-winners-finalists/](http://www.goawards.co.uk/scotland/award-categories/2019-20-winners-finalists/)



1 [www.ed.ac.uk/procurement/policies-procedures/university-procurement-strategy-annual-procurement](http://www.ed.ac.uk/procurement/policies-procedures/university-procurement-strategy-annual-procurement)

2 Procurement & Commercial Improvement Programme is an independent evidence-based benchmark for public procurement in Scotland [www.procurementjourney.scot/procurement-and-commercial-improvement-programme-0](http://www.procurementjourney.scot/procurement-and-commercial-improvement-programme-0)

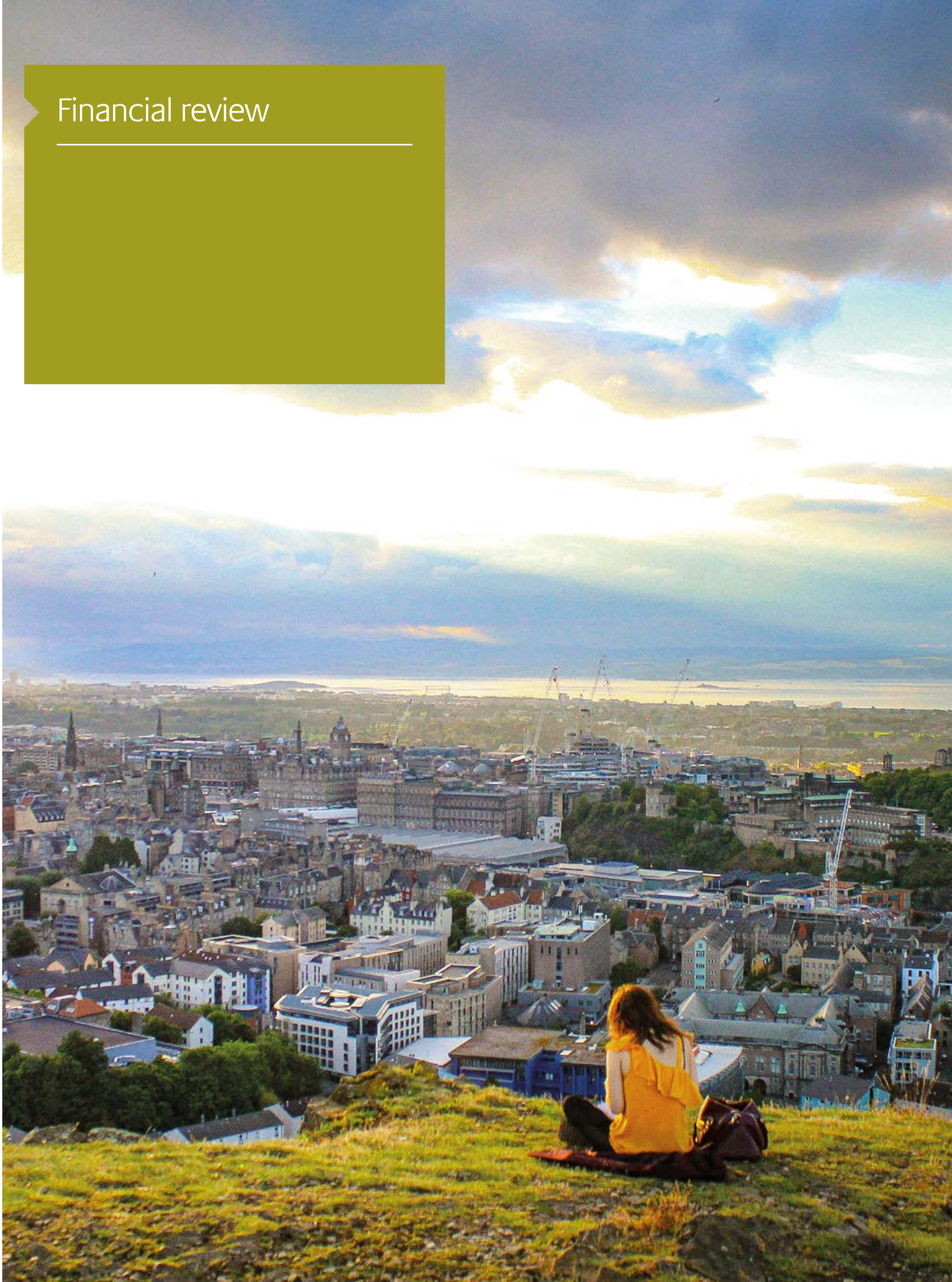
# Revolutionary partnership

Legal & General – the UK’s largest pension fund investor – and the University of Edinburgh have agreed a major collaboration to improve understanding of care in later life and revolutionise how it is delivered. The agreement will establish the Advanced Care Research Centre (ACRC), a seven-year multi-disciplinary research programme that is the first of its kind in the UK. ACRC will combine research across fields including medicine and other care professions, life sciences, engineering, informatics, data and social sciences.

Edinburgh Innovations led the industry engagement that resulted in the agreement, bringing together more than 50 academics from across the University to meet the identified need. ACRC will receive £20m funding for research from Legal & General, marking the University’s largest industry investment of its kind and the largest to be confirmed as part of the Data-Driven Innovation initiative of the Edinburgh and South East Scotland City Region Deal.

## Financial review

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# Director of Finance's foreword



**Lee Hamill**  
Director of Finance

In a year in where we have worked hard to manage the impacts of a global pandemic, we have also remained focused on maintaining our high standards of financial performance and sustainability both in the short-term and for the years ahead.

Universities, along with most other sectors of the global economy, have certainly not been immune to the effects of Covid-19. And as we begin to understand the longer term impacts we will need to be flexible and agile in our response to the many challenges that are still to come. In response to the unprecedented events of the past year we have re-prioritised our organisational plan, adapting the shape and focus of our University so that we can emerge from the pandemic as a stronger and renewed organisation.

## Financial Impact of Covid-19

The financial impact of the Covid-19 pandemic has been felt right across the University significantly reducing some of our key income streams for the year. Income from our residences and catering has been particularly affected by Covid-19 and has reduced by £11m in 2019/20 when compared to last year. Other income streams negatively affected include research and commercial income from consultancy and veterinary services.

However, offsetting these pressures against our income streams were cost savings from our revised ways of working including reduced travel and utilities expenditure, for example. The University also sought support from the UK Government's Coronavirus Job Retention Scheme for those staff placed on furlough during this difficult period. Despite the pressures we were experiencing, we continued to pay our furloughed staff 100% of their wages, topping up the funds received from the government scheme.

Colleagues from across the University, including our newly formed Adaptation & Renewal Team (ART), have been working tirelessly to manage and mitigate the impacts of Covid-19 on our students and our staff going forward. University finances form an important part of this work and we have taken forward a range of proposals that will enable us to make significant operational cost savings for the year ahead and on a sustainable basis thereafter. In addition, as the seriousness of the pandemic became clear we took the early decision to defer over £90m of planned capital expenditure that would have occurred in 2020/21 in order to preserve our existing cash balances which will be key as we navigate our way through the "new normal".

## Headline figures for the year

Despite the significant tests we have faced during the past year, our headline financial performance in 2019/20 was positive. The University's total income grew by 2.2 per cent to over £1.12bn and our Operating Surplus was £48m or 4.2 per cent of total income. This is a good result when we consider the substantial impact Covid-19 has had on our income and expenditure in the year.

Operating Surplus is our key financial metric. It measures our ability to generate funds from our underlying operations that we can then reinvest back into University activities as well as an indication of future financial sustainability. In calculating our Operating Surplus figure we have removed non-cash accounting adjustments relating to our two main pension schemes. Our full financial results for 2019/20 are reviewed in more detail on pages 34 to 38, expanding on the table below.

	2020 £m	2019 £m
Income	1,125	1,102
Expenditure (1)	(1,077)	(1,027)
Exceptional item: Loan break costs	-	(14)
<b>Operating surplus</b>	<b>48</b>	<b>61</b>

## Pensions

The sudden and significant shock to global investments in the first half of 2020 has undoubtedly added to the strain already faced by many pension funds across the economy. We provide a thorough account of the main developments on University pensions in the Financial Review. Our largest scheme, the Universities Superannuation Scheme (USS), agreed a new statement of contributions in September 2019 which reduced our future liabilities by £138m. In 2020 USS began the process for its triennial valuation and, as pensions is a long term issue, we remain committed to finding a long term, sustainable and affordable solution for the scheme. We also reported a non-cash actuarial loss of £53m this year, largely relating to our second biggest pension scheme. The Edinburgh University Staff Benefits Scheme (EUSBS) as a result of updated actuarial assumptions. As noted above both of these large movements for USS and EUSBS are non-cash in nature and are no reflection of the University's operational financial performance.

## Notes to table

1. Excludes £144m decrease in USS provision in 2019/20 and £195m increase in USS provision in 2018/19 (both are non-cash movements)

# Director of Finance's foreword (continued)

## **Transforming our physical and digital Estates**

Despite Scottish building sites and construction being suspended due to Covid-19, the implementation of the University's Estates Capital Plan continues to progress, with projected spend to be £1.2bn over the next 10 years.

Capital investment in our physical estate in 2019/20 was £79m, with a total of five ambitious projects delivered. These include a new Health and Wellbeing Centre for our students, refurbishment at Edinburgh College of Art and an increased number of learning and teaching spaces.

## **Transforming our Professional Services**

Our Service Excellence Programme was created to deliver change and improvement that makes it easier for our students to join and study with us, life easier for our staff and reduces costs so we can focus investment in the areas that will help us build our future.

Colleagues have been working hard to build new teams, services and ways of getting things done in HR and Finance. Most significantly we launched a new smart, web-based system that will enable these changes, helping us to deliver more user-friendly processes, consistent systems and smarter ways of working.

The programme's work will also bring many improvements for students. From summer 2020, a new enquiry management service will provide a single point of contact and consistent service to all prospective students who contact us with an enquiry. For existing students, a new service called EdHelp will provide easy, coordinated access to information and services, online or on campus.

We're incredibly proud of the work delivered to date by the Service Excellence Programme. What we've learned along the way has given us invaluable experience and insights which are shaping how we do things across our University for the better, now and in the future.

## **Transforming skills through Data-Driven Innovation**

The Edinburgh and South East Scotland City Region Deal continues to go from strength to strength, securing £86.4m Government investment to date. Though still at a relatively early stage in its lifespan, the programme has already delivered notable achievements such as the announcement in January 2020 to partner with Legal & General on a £20m deal to launch the Advanced Care Research Centre, a seven-year multi-disciplinary research programme – the first of its kind in the UK.

More recently, we have become partners on a multi-disciplinary collaboration by winning a £23m bid to create an ambitious Global Open Finance Centre of Excellence in Edinburgh. The Centre will transform the sector, providing leadership, research and capability to seize opportunities and better understand the impacts of financial data for society, the economy and the environment. You can read about further progress in the Operational Review on pages 19 to 29.

## **Conclusion**

The events of the past year have been remarkable, but we are a remarkable University. I remain confident that we have maintained a solid financial platform to continue to enable our academic mission and to support our students, staff and communities as we work together to deliver our shared ambitions.



## Supporting our Community

Projects supporting those most severely affected by the Covid-19 pandemic in Edinburgh and the surrounding areas have been awarded funding from the University of Edinburgh.

Awards of £5000 – from the University's Community Grants Scheme – have been made to projects that aim to deliver thousands of free meals, provide music therapy workshops for unpaid carers, deliver computers to vulnerable families, and provide isolation and mental health support networks.

The Venchie Children & Young People's Project is one recipient of the fund. Set up to provide children and young people with a range of play, recreation and issue-based youth work, they now offer an emergency food service to families in Craigmillar, cooking and delivering 600 meals a day, six days a week.

The Community Grants Scheme is part of the University's wider strategy to make a positive social impact locally through connecting staff and students with opportunities to volunteer for grass-roots projects and widening access to formal and informal learning opportunities.

“When lockdown was announced we identified a huge need for an emergency food delivery service in localities in Edinburgh. Through help from the University we've been able to address the need.”

**Susan Heron**  
Manager of Venchie  
Children and Young  
People's Project

# Financial review

University operating surplus delivered this year, but reduced by 22% on previous year reflecting the historic challenges.

Excluding non-cash staff costs relating to pensions, financial performance during the year shows an operating surplus of £48m. This is a £13m adverse variance to the surplus reported last year (2019: £61m). The balance sheet remains strong with total net assets amounting to £2.2bn (2019: £2.1bn).

These financial statements have been prepared on a consolidated basis and include the financial results of the University, and its subsidiaries (and a share of the results of its joint ventures). The subsidiary operations include accommodation letting, research, publishing, catering services and the supply of utilities services to the University.

In response to the Covid-19 pandemic, and in line with government guidelines, many of the University's core activities were delivered online from March 2020. The University's response to this major change was timely and effective with decisions made to pause capital expenditure projects and identify and mitigate potential pressures in some of our key affected income streams in order to preserve cash balances.

We have continued to support our students and our staff through these unprecedented times that we are, and have been, living through. The University placed staff from affected services on furlough and sought support from the UK Government's Coronavirus Job Retention Scheme which covered 80% of salaries up to a maximum of £2,500 per calendar month. The University was clear from the outset that all staff should be supported and we therefore continued to pay staff 100% of their salary during their furlough period.

Refunds were provided to students who no longer required their accommodation and our catering, conferencing and hotel income also reduced as a result of the national response to the pandemic. Offsetting these pressures in part were benefits derived from the University's revised ways of working including reduced premises costs along with a reduction in travel costs and other operational savings.

## Scope of the Financial Statements

These accounts have been prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education Institutions 2019 (SORP 2019) and with Financial Reporting Standard (FRS) 102.

## Financial Performance

Commentary on financial performance in 2019/20 excludes the impact of a non-cash staff costs credit of £144m relating to movement on the USS pension provision in the year (in 2018/19 this was a non-cash charge of £195m). This is a result of the University holding a provision on its balance sheet for our share of the USS Deficit Recovery Plan. The movement year on year (either up or down) does not represent cash moving in or out of the organisation as it is an accounting adjustment.

The University surplus before other gains and losses has reduced to £48m (2019: £61m).

Financial Reporting Standard (FRS) 102 requires that unrealised gains and losses, which would previously have been reported within the Statement of Total Recognised Gains and Losses, are reported as part of the Statement

Summary I&E	2019/20 £m	2018/19 £m
Total income	1,125	1,102
Total expenditure <b>(1)</b>	(1,077)	(1,027)
Exceptional loan break costs	-	(14)
<b>Operating surplus</b>	<b>48</b>	<b>61</b>
Exceptional USS provision movement (non-cash)	144	(195)
<b>Surplus/(deficit) before other gains and losses</b>	<b>192</b>	<b>(134)</b>
Gain on disposal of fixed assets	1	4
Gain on investments (non-cash) <b>(2)</b>	12	37
Taxation <b>(3)</b>	(1)	-
<b>Surplus/(deficit) for the year</b>	<b>204</b>	<b>(93)</b>
Unrealised surplus on revaluation of heritage assets (non-cash)	(1)	1
Actuarial loss in respect of pension schemes (non-cash) <b>(4)</b>	(53)	(70)
<b>Total comprehensive income/(expenditure) for the year</b>	<b>150</b>	<b>(162)</b>

## Notes to table

1. Expenditure excludes exceptional staff costs (non-cash) relating to movement on USS pension provision in each year.
2. An unrealised gain which is subject to the volatility of investment movements.
3. UK corporation tax charge on subsidiary's profits.
4. Non-cash movement - this is the difference, year on year, of revisions to the estimated value of the pension scheme assets and liabilities.

# Financial review (continued)

of Comprehensive Income and Expenditure. These gains and losses, which are not realised cash movements, form part of the Total Comprehensive Income for the year of £150m.

## Income

Total income in 2019/20 was £1,125m (2019: £1,102m). This represents an increase of 2.2 per cent from last year and is less than growth in expenditure. Tuition fees income grew strongly in the year to £391m (2019: £347m), representing an increase of £44m (12.6 per cent). This year shows a 2.6 per cent growth in student number headcount to 44,510 (2019: 43,380).

The funding mix for the University is similar to last year, with tuition fees accounting for 35 per cent (2019: 31 per cent) of the University's total income. The proportional increase is due to reduced other income as a result of the Covid-19 outbreak.

Funding body grants fell by 2.6 per cent in 2019/20 to £191m (2019: £196m). This was driven by a reduction in strategic funding grants.

Research income grew by 3.6 per cent on the previous year to £296m (2019: £286m). UK based charities now account for 21 per cent (2019: 23 per cent) of total research funding, and income from other overseas sponsors has remained at £21m this year. The University continues to listen closely to the dialogue around EU research funding as the detail surrounding the UK's departure from the EU crystallises.

£192m of the University's income, 17 per cent (2019: 21 per cent) is earned from sources other than teaching and research. Other

income in total reduced by 18 per cent (£42m) on the previous year, due to lower City Region Deal grant funding of £39m received in the year (2019: £51m) and the impact that the Covid-19 outbreak had on some of our key other income streams. Income from residences and catering fell by 14 per cent to £68m (2019: £79m) and income from other services, like consultancy, reduced by 24 per cent to £28m (2019: £37m).

## Expenditure

Total expenditure in 2019/20 was £1,078m (2019: £1,027m), a five per cent increase on last year. This excludes the impact of non-cash staff costs relating to movement on the USS pension provision. Staff costs represented 56.8 per cent of the total expenditure (2019: 54.6 per cent), although this percentage increase is driven at least in part due to some reductions to our other operating expenses due to restricted working under Covid-19.

Other operating expenses included expenditure on student accommodation, scholarships and bursaries, library services, utilities and premises maintenance costs, and administration costs. Other operating expenses (excluding depreciation) for the year were £363m (2019: £383m), a five per cent decrease on last year. The fall in operating expenses was driven to a large extent by the revised working practices that the University implemented in March 2020 in line with government guidance in response to the Covid-19 outbreak with teaching taking place online and many staff working remotely. Some activity was paused for a period including most catering and accommodation, and travel costs also reduced over this time.

The University offers generous assistance to students studying at Edinburgh. In

2019/20 we provided £16.0m in centrally administered financial support to students (including scholarships and assistance with fees) a decrease of £0.2m from the £16.2m provided in 2018/19.

The University's depreciation charge reduced by five per cent to £61m (2019:

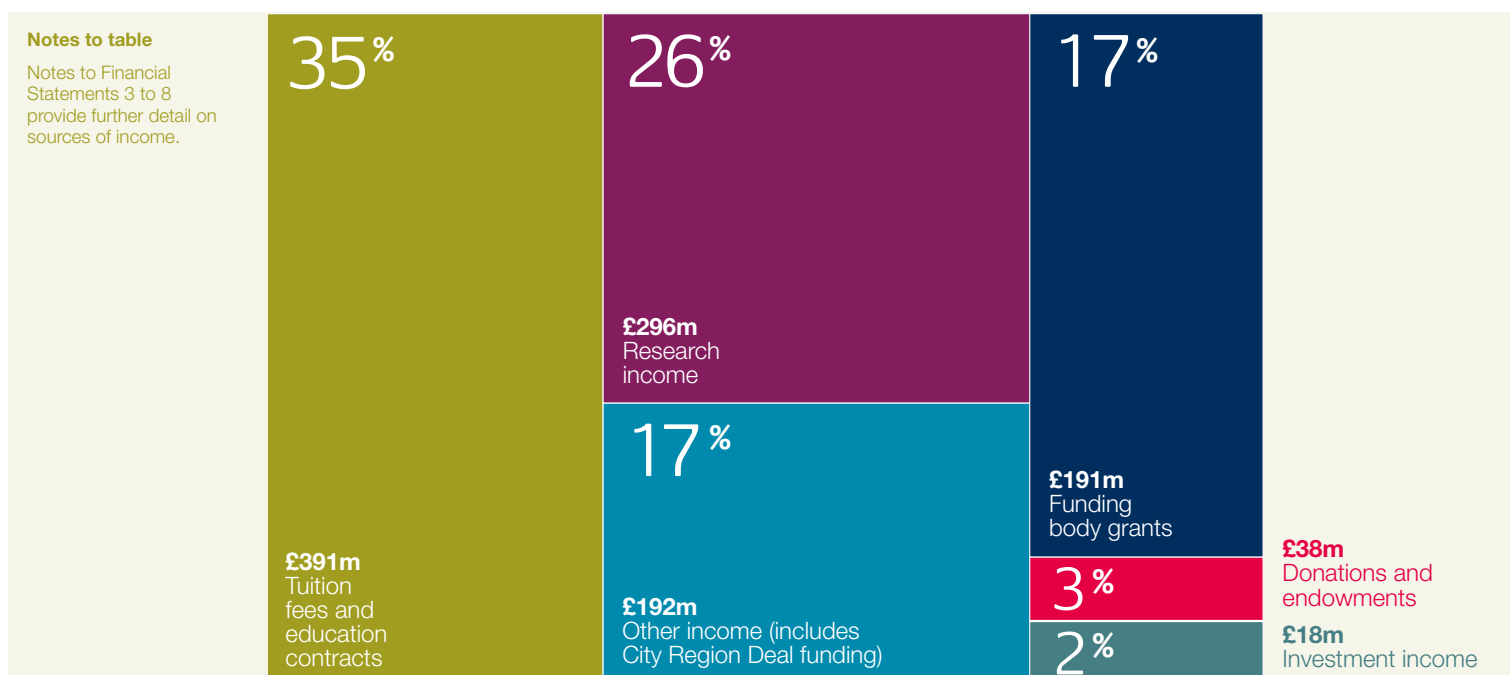
£64m), as a result of capital works slowing down in the last four months of the year in line with government guidelines associated with Covid-19. In addition to our depreciation charges for the year we also impaired £17.8m of fixed assets in 2019/20, reflecting the review of our capital works expectations in light of the impact of Covid-19.

## Impact of pension deficit

The University has recorded an actuarial loss on its funded pension schemes fund of £53m in the year, a movement of £17m from the previous year when we recorded an actuarial loss of £70m. The actuarial loss is a non-cash movement and is not a measure of the University's operational financial performance or surplus generation. It is simply the difference, year on year, of revisions to the estimated value of the pension scheme assets and liabilities in the University's own defined benefit pension scheme.

Financial Reporting Standard (FRS) 102 impacts certain disclosures, measurement and recognition of certain assets and liabilities. There is potential for figures to fluctuate year on year due to changes in market value and changes in actuarial assumptions. This makes direct comparisons with previous years' surplus challenging - we can remove the impact of these entries to allow comparison of the surplus.

## Sources of income 2019/20



# Financial review (continued)

## How we allocate our resources 2019/20

<b>£449m</b> Academic and related expenditure	<b>Total Staff Costs</b> <b>£609m</b>
<b>£334m</b> Staff costs	<b>Total Other Operating Expenses</b> <b>£363m</b>
<b>£115m</b> Other Operating Expenses	<b>Total</b> <b>£972m</b>
Total expenditure does not include depreciation and interest and other finance charges.	
<b>£223m</b> Research grants and contracts	<b>£125m</b> Staff costs
<b>£98m</b> Other Operating Expenses	
<b>£84m</b> Premises costs including utilities	<b>£24m</b> Staff costs
	<b>£60m</b> Other
<b>£80m</b> Administration and central services	<b>£56m</b> Staff costs
	<b>£24m</b> Other
<b>£59m</b> Residences and catering operations	<b>£18m</b> Staff costs
	<b>£41m</b> Other
<b>£49m</b> Library, computer and other academic support services	<b>£35m</b> Staff costs
	<b>£14m</b> Other
<b>£29m</b> Other including income-generating operations	<b>£17m</b> Staff costs
	<b>£11m</b> Other

Certain assumptions are used to value the future liabilities of the pension scheme and the assets belonging to the pension scheme. These estimates reflect changes to the actuary's assumptions as a result of another year's experience. The majority of the actuarial loss for the current financial year is derived from the University of Edinburgh Staff Benefits Scheme (EUSBS). The actuarial gains and losses for the past four years are as follows:

### EUSBS Gain/Loss Trend

Year	2017	2018	2019	2020
Actuarial Gain/(Loss)	£m (8)	£m 95	£m (63)	£m (51)

The actuarial gain or loss can vary greatly from year to year depending on the re-measurements which have taken place.

The EUSBS is in deficit – the present value of the scheme liabilities is greater than the market value of the scheme assets.

The net liability of the EUSBS as at 31 July 2020 was £177m, having increased from a £121m deficit as at 31 July 2019. The deficit on the EUSBS is reported on the balance sheet under Pension provisions.

Breakdown of EUSBS actuarial loss:

### EUSBS Actuarial Loss

	Note	£m
Demographic assumptions gain	1	-
Financial assumptions loss	2	(56)
Member experience gain	3	-
Asset return gain	4	5
<b>Total loss</b>		<b>(51)</b>

The actuarial loss of £53m is broken down as per the table below. The majority of it relates to the EUSBS with the Lothian Pension Fund, Strathclyde Pension Fund and unfunded pensions making up the remainder (see note 33 for further details on the pension schemes).

Actuarial Loss per pension scheme:

### Actuarial Loss

	£m
EUSBS	(51)
Lothian Pension Fund	(2)
Strathclyde Pension Fund	(1)
Other unfunded	1
<b>Total</b>	<b>(53)</b>

### Update on USS

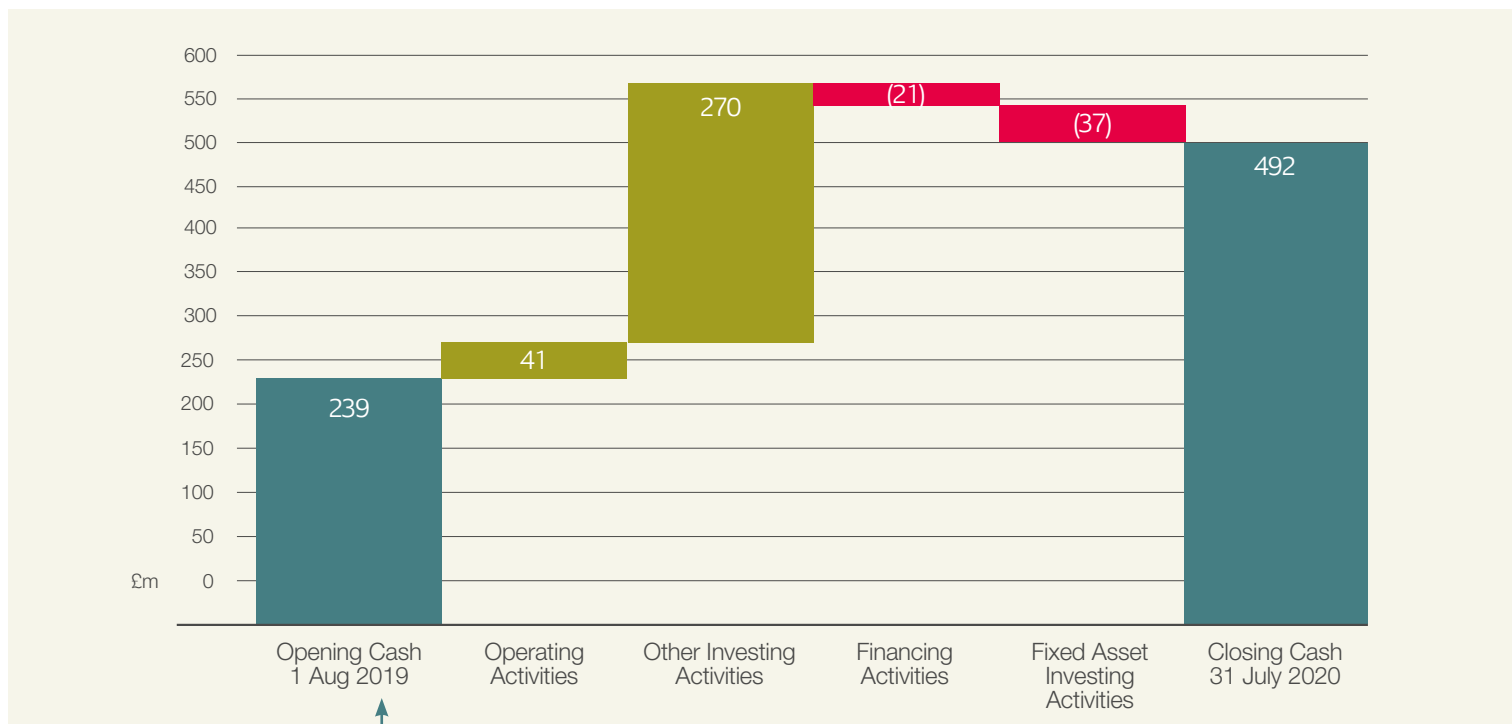
The year ended 31 July 2020 fell between formal triennial valuations of the USS. There was nevertheless significant activity relating to the University's largest pension scheme:

### Notes to table

- The demographic assumptions were also used in the 2019 accounting disclosures. As such, the impact of change in demographic assumptions (including mortality) over the year is £0.
- Covid-19 has caused significant market volatility over the year. A large fall in the discount rate has led to an increase in the value of the liabilities in the Scheme of c£85m. The impact of this has been slightly offset by a decrease in long term inflation which has reduced the value of the liabilities by c£30m.
- The member experience assumptions were also used in the 2019 accounting disclosures. As such, the impact of change in member experience over the year is £0.
- The asset return gain is as a result of investment returns being in excess of the return expected by the discount rate at 31 July 2019.

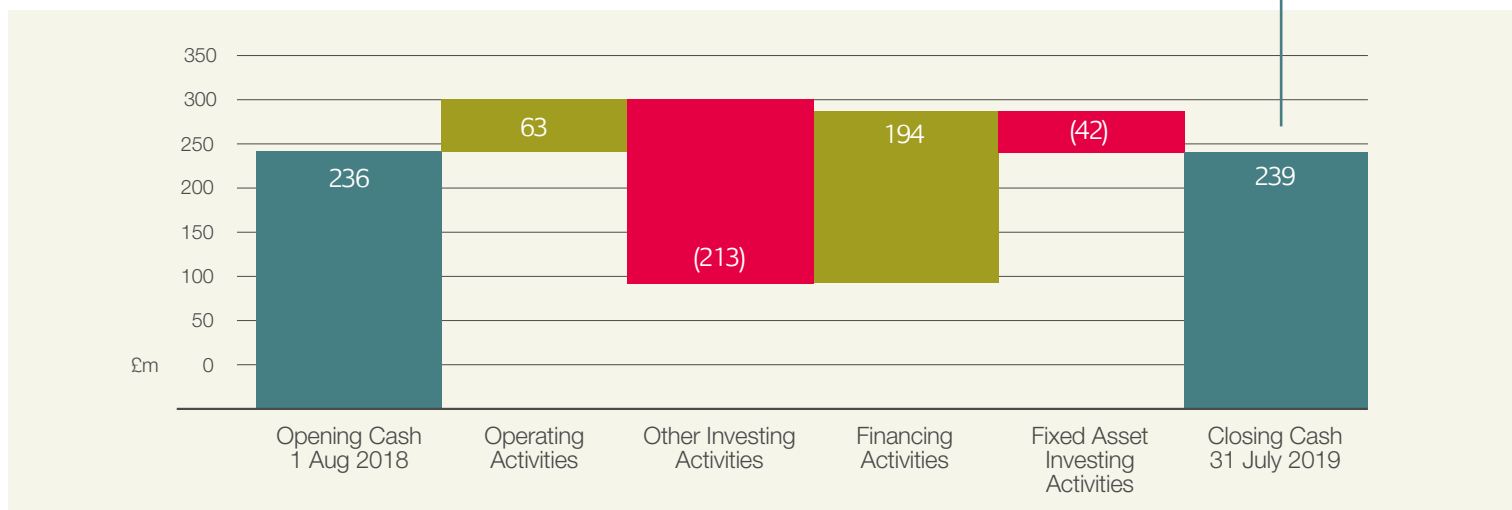
# Financial review (continued)

## Cashflow statement 2019/20



## Cashflow statement 2018/19

Refer to Consolidated statement of cash flows, page 57



### Notes to table

1. Outflow on other investing activities reflects purchase of fixed asset investments with funds from new debt raised.
2. Inflow from financing activities relates to new debt drawn down in the year, less planned repayment of expensive old debt.
3. Fixed asset investing activities is payments made to acquire fixed assets, net of capital grant receipts.

the first phases of the contribution increases agreed as part of the 2018 valuation were implemented; in April 2019 employer contributions rose to 19.5% (from 18.0%) and member contributions to 8.8% (from 8.0%); in October 2019 the rates increased further to 21.1% (for employers) and 9.6% for members.

Although formally agreed through the Joint Negotiating Committee (resulting from the Independent Chair voting alongside Universities UK) the implemented changes contributed to further industrial action called by the Universities and Colleges Union (UCU). The final assumptions adopted by the Trustee

reflected some of the recommendations of the Joint Expert Panel (JEP), but not all, and the continuing view of the UCU remains that the USS Trustee is being overly prudent in its assumptions in valuing the Scheme.

The USS Trustee is obligated to fund the scheme as defined, depending on both the investment strategy it adopts and the underlying reliance it can place on the sponsoring employers. The Trustee is increasingly concerned about the financial strength of the employers and has sought greater commitments from Universities, such that the Pension scheme would rank alongside

## Financial review (continued)

new secured lenders into the sector. Other arrangements to monitor university debt levels and require consent to be granted for new debt issuance were consulted on. The sector has so far not granted this support but is working with Universities UK to establish a balanced and appropriate proposal which, it is hoped, can provide the Trustee with the comfort it seeks.

The departure of Trinity College (Cambridge) from the USS has also prompted the Trustee to seek a long-term rule change preventing further employers leaving the scheme. Employers will need to consider this request alongside other 'covenant strengthening' measures as an overall package as part of the upcoming 2020 valuation.

The Trustee has indicated that without these further measures, under guidance from the Pensions Regulator, it may have to revise its covenant rating from 'strong' to 'tending to strong'. The impact of such a change would be to apply tighter risk tolerances to key assumptions which will ultimately result in further increases to contribution rates.

The 2020 valuation will be a challenging exercise given the recent history (industrial action, the departure of a scheme employer, concessions already given by employers during the 2018 valuation). This will be complicated further by economic uncertainty resulting from both the Covid-19 pandemic and macro-economic events. If agreement cannot be reached on the 2020 valuation, the final phase of the 2018 valuation contribution increases will take effect in October 2021, with employer contributions rising to 23.7% and members to 11.0%.

### Cashflow and Financing

The University cash and cash equivalents balance at 31 July 2020 was £492m (2019: £239m). The increase has been driven by the disinvestment of treasury funds placed in fixed asset investments. This was a result of a careful strategy to fund our Estates Capital Plan by maximising our cash position and our return on investment. It should be noted that a substantial amount of our cash and cash equivalents are ring fenced and must be used under the terms in which we received it e.g. for research purposes or donations with specific requirements.

### Net Assets

Total Net Assets £2.20bn (2019: £2.05bn) have increased by seven per cent, driven by a £82m decrease in pension provision liability (USS £139m decrease, and an increase in SBS £56m and other £1m). The net book value of fixed assets increased by £22m to £1.84bn (2019: £1.82bn). This is a reflection of the University's programme of estates development and equipment procurement.

### Endowments

In the year to 31 July 2020, the Endowment and Investment fund unit price rose

to £46.54, (31 July 2019: £44.95) representing an increase of 3.5 per cent.

The Investment Committee regularly reviews the fund managers and asset categories in the unitised fund to diversify risk while optimising returns. All of the University's fund managers are signatories to the United Nations Principles of Responsible Investment (UNPRI). Our Responsible Investment Policy can be found at [www.ed.ac.uk/about/sustainability/themes/responsible-investment](http://www.ed.ac.uk/about/sustainability/themes/responsible-investment).

### Institutional sustainability

Our financial statements are prepared on the going concern basis and although we face many challenges in the higher education sector we are confident in the continuing financial sustainability of the University. With Covid-19 presenting historic challenges we have worked hard to model various impact scenarios on the University's financial position and with our management of risks and our cost base we are confident we will remain a going concern and deal with our short and longer term commitments.

The University of Edinburgh's governing body, the University Court, has comprehensive arrangements in place to monitor, assess and ensure the institution's sustainability. As we transition to the Strategy 2030 approved last year we continue to develop additional metrics to monitor our progress against this plan.

### Outlook

The University has maintained a positive surplus over the last year in light of the historic challenges we have all faced, and we are confident that the institution has the reserves and appropriate approach to managing both its risk and cost base to deal with its short and longer term commitments. The consequences of both the longer term impacts of Covid-19 and leaving the EU still remain to be seen, but our commitment to optimising our cost base and adapting and renewing our ways of working provides a clear pathway for ongoing stability.

To maintain our commitment to a holistic and integrated reporting model, we continue to monitor developments in the practice to provide the most innovative and best quality assessment of our financial position to our broad audience of stakeholders and other interested parties, which is embedded in our Strategy 2030. We continue to work to ensure that these reflect the strategic thinking, forecasting and reporting we apply across the University.



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### Janet Legrand

Senior Lay Member of Court  
30 November 2020



“My most important role is to inspire young women and especially young refugees.”

## People

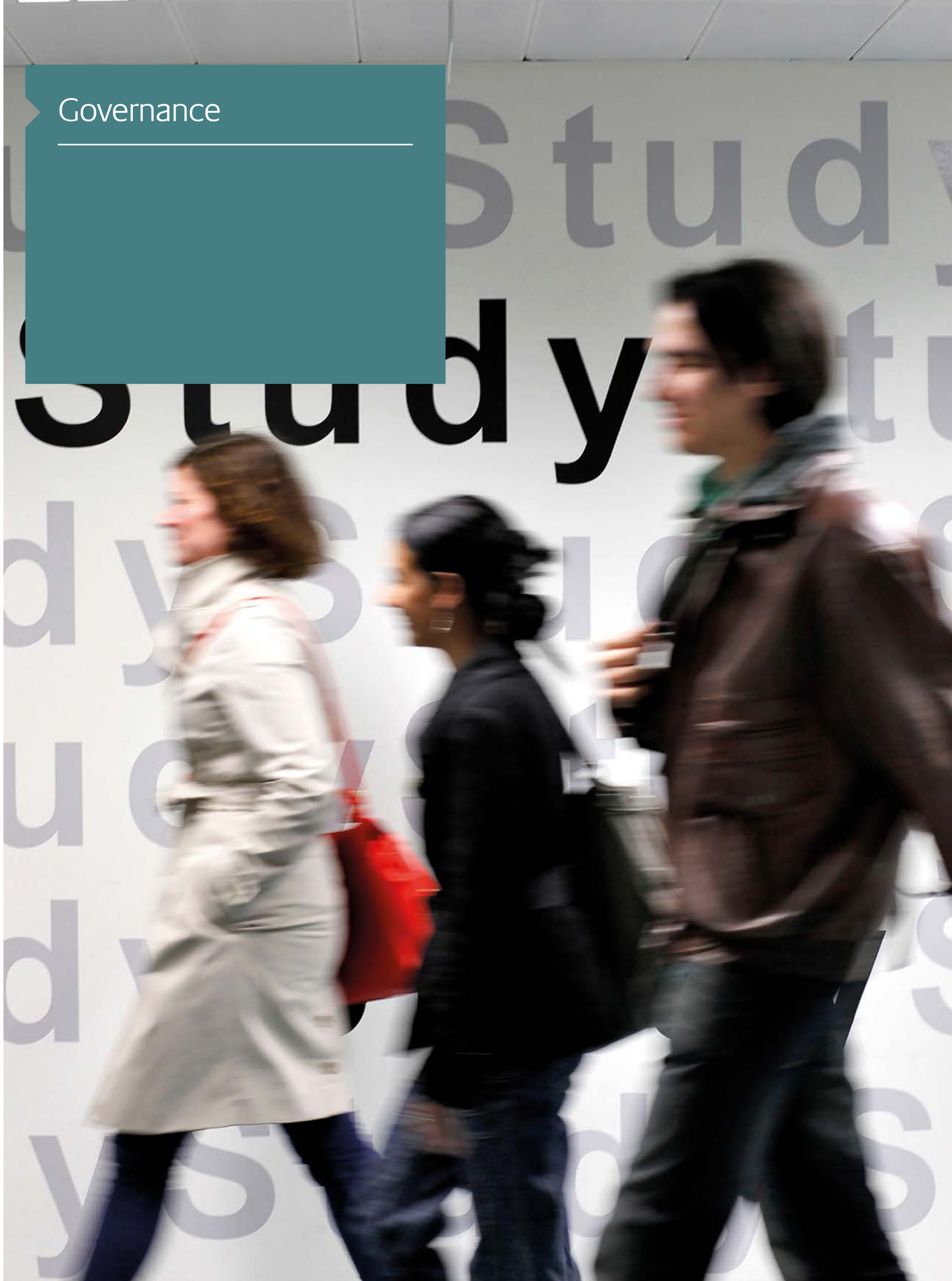
Andhira is a current PG student who was chosen as one of 20 most influential women in the University by the Students' Association this year. Andhira is a South Sudanese woman who grew up in a refugee camp in Kenya. Because of her personal story, she has always stood up for the rights of migrants and other displaced persons.

She is pursuing an MSc in International Development and has already years of experience working with local, regional and international organisations, in areas such as refugee assistance, communication and peace building. Having co-founded the youth led organisation, the Nuba foundation, she understands the unique challenges faced by young leaders. She is specially attuned to challenges faced by women leaders and girls in Africa. Andhira volunteers as programme manager in the Nuba Foundation and her work includes formulating and implementing youth empowerment programs. She also organises Sudanese refugee youth consultations designed to give refugee youths voice through dialogue with each other.

Andhira Kara

# Governance

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# Corporate governance statement

The University continues to maintain the highest standards of corporate governance through a period of challenge and change.

The University of Edinburgh has responded to the Covid-19 pandemic to ensure that it emerges as a strong, renewed organisation. This has been achieved through effective leadership and a collective willingness to embrace significant change in the established ways of doing things.

In the opinion of Court, the University complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance (the Code) throughout 2019/20. The University has also continued its work to be compliant with Higher Education Governance (Scotland) Act 2016 (the Act). Donations and benefactions continue to be made to the Development Trust pending further discussion and possible refinement of implementation of the outcomes of the review.

also held for an Academic Staff Member and Professional Services Member; eight candidates stood for the Academic Staff Member position and nine candidates stood for the Professional Services Member position.

Ordinances related to the General Council membership on Court were approved by Privy Council in February 2020. In 2019/20 Ordinances relating to Employment of Academic Staff and the Removal of Members of Court were approved by Court to be promulgated for consultation prior to submission to the Privy Council, as the final tidy up exercise for the University's governing instruments to be fully compliant with the 2016 Act.

## University governance

The University of Edinburgh is constituted by the Universities (Scotland) Acts 1858 to 1966. The Universities (Scotland) Acts make specific provision for three major bodies in the Governance of the University: Court, Senate and General Council.

## University Court

Throughout 2019/20, the University Court had 22 members. The Rector, who is elected by staff and students of the University, presides over meetings of Court. The role of the Vice-Convenor of Court is responsible for the leadership of the University Court and was appointed by an open, transparent recruitment process, managed by the Nominations Committee which included involvement by staff and students. Court has a majority of lay members, including assessors appointed by the Chancellor and the City of Edinburgh Council. There were also assessors elected by members of Senate and by non-teaching/academic staff from amongst their number and two fully matriculated student members nominated by Edinburgh University Students' Association. The Principal is an ex-officio member and acts as the Chief Executive Officer of the University and its Accountable Officer. Co-opted members of Court, General Council members and external members of the Court Committees are appointed through a robust, transparent, open advertisement and interview process managed by the Nominations Committee, (which includes staff and student members) taking into consideration skills, experience and diversity. A Skills Register is maintained for all Court members at: [www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/SkillsRegister.pdf](http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/SkillsRegister.pdf)

## A collective willingness to embrace significant change in the established ways of doing things.

From 1 August 2020, the Court's composition will be in full compliance with the 2016 Act, with 23 members: the Rector; the Principal; the elected Senior Lay Member; one elected academic staff member; one elected professional services staff member; one academic and one professional services staff member nominated by a trade union; two academic staff members elected by the Senatus Academicus; two student members; one member nominated by the City of Edinburgh Council who will not be a member of staff or student of the University; three members appointed by the University Court who are members of the General Council; one member nominated by the Chancellor of the University; and seven members appointed by the University Court.

In February 2020, there was an open, transparent recruitment process for the Senior Lay Member conducted in accordance with the 2016 Act managed by the Nominations Committee which included involvement by staff and students. 22 applications were received, 3 candidates were taken forward to interview and in March an election was held with two candidates. Elections were

# Corporate governance statement (continued)

The terms of office of the two student representatives ceased at the end of the academic year 2019/20 and they were succeeded by new members. Since June 2018, Court has had a majority of female members. Training and development opportunities are made available as appropriate for all Court members throughout the year and a mentoring scheme for new Court members is also in operation.

Court is committed to ensuring ethical standards in public life. On joining Court, members are required to sign a statement confirming that they will comply with the University's Code of Conduct, which includes the 9 Principles of Public Life in Scotland. Court maintains a Register of Interests of its members and senior University officers. The current interests of members of the Court are published on the University's web site at: [www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/RegisterofInterests.pdf](http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/RegisterofInterests.pdf)

The University is committed to protecting and respecting human rights and has a zero tolerance approach to slavery and human trafficking in all its forms. Court has approved a statement in relation to slavery and human trafficking, in compliance with the Modern Slavery Act 2015, published on the University's website at: [www.ed.ac.uk/sustainability/what-we-do/supply-chains/initiatives/modern-slavery/statement](http://www.ed.ac.uk/sustainability/what-we-do/supply-chains/initiatives/modern-slavery/statement)

Court met on five occasions during 2019/20 and between meetings considered any urgent matters which required Court approval via the Exception Committee, which has delegated authority to enable decisions to be taken between Court meetings. Court seminars were held in September 2019 and in February 2020 on the climate emergency, international partnerships and data-driven innovation. Court held two additional informal meetings in July and August 2020 to enable members to continue to engage with the University's response to the Covid-19 pandemic. Members were also kept informed by electronic means of any significant issues affecting the University, with a fortnightly update on the University's response to the Covid-19 pandemic. Due to the lockdown required by Covid-19 pandemic, Court's annual 'Meet the Court' event, which is usually held in April for staff and students to hear about the activities of Court, had to be postponed.

Court has overall responsibility for the University's strategic development and is actively engaged in the University's strategic planning processes and in monitoring progress against the Strategic Plan, supported by the work of its Committees. Court approved Strategy 2030, our vision to deliver excellence in 2030 rooted in our values, with a focus on four key areas: people,

research, teaching and learning, and social and civic responsibility. Strategy 2030 can be found at: [www.ed.ac.uk/about/strategy-2030](http://www.ed.ac.uk/about/strategy-2030)

During 2019/20, as well as the more routine items, Court considered the following:

- The response to Covid-19 and a programme of adaptation and renewal to ensure the University emerges as a strong, renewed organisation, able to deliver against Strategy 2030.
- Ongoing oversight of an ambitious, multi-year programme of work to enhance the student experience including the development of accommodation and transport strategies.
- Approval of a social enterprise and social investment strategy in line with the new Strategy 2030 and its commitments to civic and social responsibility and a values-led approach.
- With issues of race and racism brought into sharp focus by Black Lives Matter the University accelerated actions to promote an anti-racist culture, with Court reviewing a report describing our student journey by ethnicity from application to degree outcomes and graduate outcomes and the University's Equality, Diversity and Inclusion Committee tasked to drive forward actions to enhance and support our Black and Minority Ethnic student and staff sense of belonging.

Court News is published after each Court meeting on the University webpages highlighting key items considered by Court. Court also continued to receive reports from the Students' Association President outlining activities and matters arising from the student body.

## Performance evaluation

Following the external review of Court's effectiveness in 2018/19 facilitated by David Newall, former Secretary to Court & Director of Administration at the University of Glasgow and current Chair of the Board of Management at Glasgow Clyde College, Court agreed actions to address the priority areas of people, structures and process and these continued to be implemented during 2019/2020, with a focus on succession planning for transitioning to the new Act compliant composition of Court. Throughout 2019/20 there was a programme of individual meetings for Court members with the Vice-Convener, Committee Conveners or University Secretary to discuss their view of Court and any individual support requirements. An intermediary member was appointed to lead the review of the Vice-Convener and wrote to all Court members seeking their views before their review meeting.

# Corporate governance statement (continued)

## University of Edinburgh committee structure

## Standing committees

### University Court

University Court, the University's governing body, is a body corporate, with perpetual succession and a common seal. The present powers of the Court are defined in the Universities (Scotland) Act (1966) and include the amendment of the composition, powers and functions of bodies in the University and the creation of new bodies, the administration and management of the whole revenue and property of the University, internal arrangements of the University, staff appointments and, on the recommendation of Senate, the regulation of degrees, admission and discipline of students. It is responsible for ensuring that the Senate has in place effective arrangements for academic quality assurance and enhancement.

### Audit and Risk Committee

**Convener:** Alan Johnston, Lay Member of Court

The Audit and Risk Committee's purpose is to review the effectiveness of the University's corporate governance arrangements, financial systems, internal control environment and risk management arrangements and provide appropriate assurances to Court on these areas.

### Exception Committee

**Convener:** Anne Richards, Vice-Convener of Court

The Exception Committee's purpose is, under delegated authority, to make decisions which would otherwise require Court approval between meetings of Court subject to defined principles and on the understanding that any matter so referred can be referred to the full Court should this be the wish of the Exception Committee.

### Nominations Committee

**Convener:** Anne Richards, Vice-Convener of Court

The Nominations Committee's purpose is to make recommendations to Court on the appointment of co-opted members of Court, the Court's nominations of Curators of Patronage and the filling of vacancies as these arise in the Standing Committees of Court.

### Policy and Resources Committee

**Convener:** Anne Richards, Vice-Convener of Court

The Policy and Resources Committee's purpose is to provide strategic oversight of the University's financial, investment, estates and people affairs and to advise Court on any other business of particular importance or complexity.

### Remuneration Committee

**Convener:** Susan Rice, Lay Member of Court

The Remuneration Committee advises Court and oversees the preparation of policies and procedures in respect of salaries, emoluments and conditions of service including severance arrangements for the University's senior management including the Principal and those at professorial or equivalent level and to keep these under review. Details of the operation of the Remuneration Committee and the policy adopted for senior pay, including that of the Principal are set out in the Remuneration Committee Framework:

[www.ed.ac.uk/files/atoms/files/20181203-remuneration\\_committee\\_framework.pdf](http://www.ed.ac.uk/files/atoms/files/20181203-remuneration_committee_framework.pdf)

### Joint Committee of Senate and Court

### Knowledge Strategy Committee

**Convener:** Doreen Davidson, Lay Member of Court

The Knowledge Strategy Committee's purpose is to oversee the University's knowledge management activities in the areas of Library, Information Technology, technology enhanced learning, Management Information and e-Administration on behalf of Court; and to give initial consideration to and advise on any other Court business in respect of the University's knowledge management activities.

### The Senate

The Senate is the academic authority of the University and draws its membership from the academic staff and students of the University. Its role is to superintend and regulate the teaching and discipline of the University and to promote research. The Principal presides at meetings of the Senate.

### Education Committee

**Convener:** Vice-Principal Students Professor Colm Harmon

The Education Committee is responsible, on behalf of Senate, for taught and research student matters, particularly strategy and policy concerning learning, teaching and the development of curriculum.

### Academic Policy and Regulations Committee

**Convener:** Assistant Principal Professor Alan Murray

The Academic Policy and Regulations Committee is responsible, on behalf of Senate, for the University's framework of academic policy and regulation, apart from those aspects which are primarily parts of the Quality Assurance Framework.

### Quality Assurance Committee

**Convener:** Assistant Principal Professor Tina Harrison

The Quality Assurance Committee is responsible, on behalf of Senate, for the framework which assures standards and enhances the quality of the student learning experience.



“The solar farm at Easter Bush will not only allow us to lead the way in the practical implementation of such technology, but research the next generation of low-carbon energy.”

**Dave Gorman**  
Director of Social Responsibility and Sustainability

Charles Easton (right), Director of FES Support Services Limited shows Dave Gorman (left), the University's Director of Social Responsibility and Sustainability the new solar farm.

This photograph was taken on Friday 11th Sept 2020 in line with the current government Covid-19 regulations at the time.

## Protecting our Planet

A solar farm that will play a vital role in helping the University of Edinburgh become carbon neutral by 2040 is nearing completion.

Almost 5,000 ground-mounted panels are being installed at Easter Bush campus in Midlothian in a move that will save an estimated £200,000 per year in electricity costs. Installation is due to finish in November 2020.

The five-hectare site – the equivalent of five football pitches – will be connected to the world-renowned Royal (Dick) School of Veterinary Studies and the Roslin Institute.

Its photovoltaic (PV) panels are expected to generate more than 1,400,000 kWh of electricity a year, which is roughly the same as that needed to supply 500 typical homes.

# Corporate governance statement (continued)

## Standing Committees

### Audit and Risk Committee

### Policy and Resources Committee

## Thematic committees

### Risk Management Committee

**Convener:** Hugh Edmiston, Vice-Principal Business Development and Director of Corporate Services / Catherine Martin, Vice-Principal (interim) Corporate Services  
The role of the Risk Management Committee is to support and advise Audit and Risk Committee and through it the Court, on the implementation and monitoring of the risk management policy.

### Estates Committee

**Convener:** Professor Jonathan Seckl, Senior Vice-Principal  
The Estates Committee's purpose is to oversee the University's estate in order that it can support world-class academic, teaching and research activity.

### Investment Committee

**Convener:** Richard Davidson, External Member  
The role of the Investment Committee is to consider the corporate governance and other related implications of the University's investments.

Each of these Committees is formally constituted with terms of reference and conducts its business both through regular meetings and by electronic communication when appropriate.

## University Senate

The Senatus Academicus (Senate) is the University's supreme academic body. Its core function is to regulate and superintend the teaching and discipline of the University and to promote research. During 2019/20 the composition of Senate was revised in order to comply with the requirements of the Higher Education Governance (Scotland) Act 2016. Ordinance 212: Composition of Senatus Academicus was approved by Privy Council in October 2019: this reduced the overall Senate membership and increased the proportion of elected staff and student members of Senate. Senate Election Regulations were approved by Senate and University Court, and the election process was carried out in February and March 2020. The new membership of Senate took up their seats on 1 August 2020. Further information on the Senate Academicus can be found at: [www.ed.ac.uk/academic-services/committees/senate](http://www.ed.ac.uk/academic-services/committees/senate)

## General Council

General Council consists mainly of alumni of the University of Edinburgh, includes eligible academic staff and a more limited number from other related categories. It has a statutory right to comment on matters which affect the well-being and prosperity of the University and to be consulted on Ordinances and Resolutions. The aim is to ensure that graduates of this University have a continuing voice in the management of its affairs. There

are three General Council Assessors on Court, appointed following an open advertisement and recruitment process overseen by a joint Court-General Council Selection Panel. It is also responsible for election of the Chancellor. Further information on the General Council can be found at: [www.general-council.ed.ac.uk](http://www.general-council.ed.ac.uk).

## University Executive

The University Executive is chaired by the Principal and is the main executive decision-making forum for the University. Membership includes the major budget holders in the University, Vice-Principals, senior professional services staff including the Director of Finance, the Students' Association President and representation from Heads of Schools. It brings together the academic, financial, human resources and accommodation aspects of planning and it is responsible for managing the University's performance and for assisting the Principal in delivery of the University's strategy. The University Executive also provides advice and views on proposals and reports and ensures a consistent approach to activity across the University. The Principal convened an Adaptation and Renewal Team, reporting to the Executive, to co-ordinate activity to ensure the University emerges from the Covid-19 pandemic as a strong, renewed organisation. The Team has University-wide representation covering four work-streams: research and innovation; students; estates and digital infrastructure; and re-shaping.

## The University's system of 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 Delegated Authority Schedule lists those Committees or individuals to whom authority has been delegated by the University Court to commit the University to a contractual or quasi-contractual arrangement within approved budget limits

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 which are embedded within the operational units and reinforced by risk awareness training. The senior management team and the Audit and Risk Committee also receive regular reports from Internal Audit which include recommendations for improvement.

# Corporate governance statement (continued)



Mastercard Foundation Scholars in conversation at the Mastercard Foundation Scholars Program celebration event, Edinburgh, March 2020

The University operates processes for the identification, evaluation and management of significant risks.

The University's Risk Management Framework consists of the standards, policies, culture, responsibilities, and governance and reporting structures within which the risk management process is applied. The risk management framework established in the University includes a Risk Management Committee which reports to the Audit and Risk Committee. The Audit and Risk Committee is a Standing Committee reporting directly to Court and has oversight of risk management arrangements based on advice and information from the Risk Management Committee. Strategic direction for Risk Management is set by University Court, and is detailed in the University of Edinburgh Risk Management Policy & Appetite Statement. Further information on the University's Risk Management framework, policies, guidance and practical risk management tools can be viewed at: [www.ed.ac.uk/corporate-services/risk-management/risk-management-information](http://www.ed.ac.uk/corporate-services/risk-management/risk-management-information)

By its 30 November 2020 meeting, Court had received the Audit and Risk Committee Report for the year ended 31 July 2020 and information from the Risk Management Committee; it also had taken account of relevant events since 31 July 2020. During 2019/20 the Audit and Risk Committee was responsible for advising Court on the

effectiveness of policies and procedures for risk assessment and risk management arrangements. Court considers, on the recommendation of the Audit and Risk Committee, that an effective risk management process has been in place throughout the year ended 31 July 2020.

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

- The Internal Audit Service's annual report for 2019/20 presented to the Audit and Risk Committee on the adequacy and effectiveness of systems of internal control including governance and risk management, together with recommendations for improvement, along with the Principal's expression of satisfaction with the performance of the Internal Audit service in his capacity as Accountable Officer;
- The Risk Management Committee's Annual Report 2019/20 presented to the Audit and Risk Committee regarding its operation;
- Findings from the External Auditor's Report to the Audit and Risk Committee and other reports; and
- The work of managers within the institution, who have responsibility for the development and maintenance

of the internal control framework, and by any relevant findings made by other external agencies (e.g. the Quality Assurance Agency for Higher Education, Scottish Funding Council).

## Charitable status

The University had charitable status (No. SC005336) under the legislative framework operative throughout the 2019/20 financial year. The University Court considers that the University meets the 'Charity Test' set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and it will take such actions as are necessary to ensure continued full compliance with the legislation, and retention of charitable status.

The University's endowments are administered as the University of Edinburgh Endowment Fund, overseen by the Investment Committee. Professional fund managers are employed by that Committee on behalf of the University Court. Investment income is applied for the specific purposes of the relevant endowments, or in the case of other investment funds, for the University's general purposes. All of those purposes are charitable for the purposes of the legislation.

Income derived from philanthropic donations and benefactions arising from the University's Development activities are disbursed by a Trust with separate charitable status, The University



# Corporate governance statement (continued)

of Edinburgh Development Trust. The Board of Trustees includes members of the University Court. All disbursements are applied for the specific purposes of the relevant donations and benefactions, or in the case of general donations and benefactions, for the University's general purposes. All of those purposes are charitable for the purposes of the legislation. The operations of the Development Trust were reviewed in 2016/17, with the University Court accepting the recommendations of the review, that: new philanthropic donations will be made directly to the University from a future date; that the Development Trust is retained, primarily to receive legacy pledges, and is streamlined; and that the University Court accepts an oversight function in relation to the University's philanthropic and alumni relations activity. Donations and benefactions continue to be made to the Development Trust pending further discussion and possible refinement of implementation of the outcomes of the review.

## Going concern

The University's activities and the factors likely to affect its future development, performance and position are set out in the Financial Review. Its financial performance for the year to 31 July 2020, income and expenditure, assets, liquidity and cash flows are set out in more detail in the Notes to the Financial Statements.

The University has adequate financial resources and its current forecasts and projections show it to be well placed to manage its activities successfully having taken account of risks and uncertainties highlighted in the Annual Report and Accounts.

Whilst recognising the unique challenges as a result of the Covid-19 pandemic, Court considers that the University has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted when preparing the Accounts.

## Responsibilities of Court

On 12 May 2014 Court adopted a Statement of Primary Responsibilities published on the University website: [www.ed.ac.uk/governance-strategic-planning/governance/university-governance/other-useful-information](http://www.ed.ac.uk/governance-strategic-planning/governance/university-governance/other-useful-information). This was in operation throughout 2019/20.

## Statement of responsibilities relating to the reports and financial statements

The detailed requirements relating to financial matters are governed by law, agreements and regulations as decreed by various bodies and are stated as follows:

Court is responsible for keeping proper accounting records, which disclose, with reasonable accuracy, the financial position of the University at any time and enable it to ensure that the financial statements are

prepared in accordance with the Universities (Scotland) Acts 1858-1966, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University of Edinburgh, the University Court, through its designated office holder, 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; and
- Financial statements are prepared on the going concern basis.

Court has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council 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;
- Safeguard the assets of the University and hence take reasonable steps to prevent and detect fraud; and
- Secure the economical, efficient and effective management of the University's resources and expenditure.

As far as each Court member is aware, there is no relevant audit information of which the University's auditors are unaware; and each Court member has taken all the steps they ought to have in order to make themselves aware of any relevant audit information and establish that the auditors are aware of that information.



**Janet Legrand**  
Senior Lay Member of Court  
30 November 2020

# Corporate governance statement (continued)

Membership of the University Court 2019/20		Court meetings attended	Committee memberships 2019/20	Committee memberships 2020/21
<b>Rector</b>				
Presides at meetings of Court	Ann Henderson	3/5		
Principal and Vice-Chancellor	Professor Peter Mathieson	5/5	PRC EXC NC	PRC EXC NC
<b>Chancellor's Assessor</b>				
Nominated by Chancellor	Sheriff Principal Alastair Dunlop	5/5		
<b>General Council Assessors</b>				
Three Assessors elected by General Council for terms of office of four years	Doreen Davidson	5/5	PRC EXC NC IC KSC RC	PRC EXC NC IC KSC RC
	Jock Millican	5/5	PRC	PRC
	Sarah Wolffe	5/5	ARC	ARC
<b>Senatus Academicus Assessors</b>				
Four Assessors elected by the Senate for terms of office of four years	Professor Sandy Tudhope	4/5	NC RC	
	Professor Elizabeth Bomberg	5/5	KSC	
	Professor Sarah Cooper	5/5	PRC EXC	PRC EXC
	Dr Claire Phillips	5/5	KSC	KSC
<b>City of Edinburgh Council Assessor</b>				
One Assessor nominated by City of Edinburgh Council	The Rt Hon Frank Ross	3/5		
<b>Co-Opted Members</b>				
Eight appointed by Court for a term of office of three years including the Vice-Convener (equivalent to Chair of Institution)	Anne Richards (Vice-Convener of Court)	5/5	PRC EXC NC RC	
	Dr Frank Armstrong	5/5	PRC IC EC	PRC IC EC
	Perdita Fraser	5/5	ARC	ARC
	Caroline Gardner	5/5	ARC	ARC RC EXC
	Alan Johnston	5/5	ARC EXC RC NC	PRC EXC RC NC
	David Law	5/5	PRC	PRC
	Clare Reid	4/5	EC	EC
	Susan Rice	5/5	PRC EXC NC RC	
<b>Non-Teaching Staff Assessor</b>				
Elected by non-teaching staff for a period of four years	Jo Craiglee	5/5		
<b>Student Members</b>				
Annually nominated by the Edinburgh University Students' Association from among sabbatical officers	Andrew Wilson (to June 2020)	4/4	EXC PRC NC RC	
	Oona Miller (to June 2020)	4/4		
	Ellen MacRae (from June 2020)	1/1	EXC PRC NC RC	
	Rachel Irwin (from June 2020)	1/1		

Audit and Risk Committee

ARC

Committee on University Benefactors

CB

Estates Committee

EC

Exception Committee

EXC

Investment Committee

IC

Knowledge Strategy Committee

KSC

Nominations Committee

NC

People Committee

PC

Policy and Resources Committee

PRC

Remuneration Committee

RC

Further information and biographies of Members of the University Court can be found at: [www.ed.ac.uk/governance-strategic-planning/governance/university-court/membership-of-court](http://www.ed.ac.uk/governance-strategic-planning/governance/university-court/membership-of-court)

# Corporate governance statement (continued)

## Membership of the University Court 2020/21

Due to the large number of changes to membership and membership categories from 1 August 2020 in order to be in full compliance with the Higher Education Governance (Scotland) Act 2016, we have included an additional table showing membership of the University Court 2020/21.

Rector	Ann Henderson
Presides at meetings of Court	Professor Peter Mathieson
Principal and Vice-Chancellor	Janet Legrand
Senior Lay Member	
Chancellor's Assessor	Sheriff Principal Alastair Dunlop
Nominated by Chancellor	
General Council Assessors	Doreen Davidson Jock Millican Sarah Wolffe
Three Assessors who are members of the General Council, appointed by a joint Court/General Council selection panel for terms of office of four years	
Senatus Academicus Assessors	Professor Sarah Cooper Dr Claire Phillips
Two Assessors elected by the Senate for terms of office of two years	
Academic Staff Member	Fiona Mackay
Elected by academic staff for a period of four years	
Professional Services Staff Member	Sarah McAllister
Union Members	Joyce Anderson Dr Kathryn Nash
One academic and one professional services staff member nominated by a trade union for a period of four years	
City of Edinburgh Council Assessor	The Rt Hon Frank Ross
One Assessor nominated by City of Edinburgh Council	
Co-Opted Members	Dr Frank Armstrong Perdita Fraser Caroline Gardner Alan Johnston David Law Clare Reid Hugh Mitchell
Student Members	Ellen MacRae Rachel Irwin
Annually nominated by the Students' Association from among sabbatical officers	

Further information and biographies of Members of the University Court can be found at:  
[www.ed.ac.uk/governance-strategic-planning/governance/university-court/membership-of-court](http://www.ed.ac.uk/governance-strategic-planning/governance/university-court/membership-of-court)

# Corporate governance statement (continued)

## Attendance at Standing Committees 2019/20

<b>Audit and Risk Committee</b>		<b>Meetings attended</b>
Lay Members of Court	Alan Johnston (Convener)	4/4
	Perdita Fraser	4/4
	Caroline Gardner	4/4
	Sarah Wolffe	4/4
External Members		
Appointed through an open advertisement and interview process	Bindesh Savjani	4/4
	Grant Macrae	4/4

<b>Nominations Committee</b>		<b>Meetings attended</b>
Ex-officio Members		
The Principal	Professor Peter Mathieson	3/3
Vice-Convener of Court	Anne Richards (Convener)	3/3
Vice-Principal Strategic Change and Governance, and University Secretary	Sarah Smith	3/3
Senate Assessor	Professor Alexander Tudhope	3/3
General Council Assessor	Doreen Davidson	3/3
Lay Members of Court	Alan Johnston	3/3
	Susan Rice	3/3
Student Member of Court	Andrew Wilson	3/3

<b>Policy and Resources Committee</b>		<b>Meetings attended</b>
Ex-officio Members		
The Principal	Professor Peter Mathieson	5/5
Vice-Convener of Court	Anne Richards (Convener)	5/5
Vice-Principal Strategic Change and Governance, and University Secretary	Sarah Smith	5/5
Staff Assessor	Professor Sarah Cooper	5/5
Vice Principal Planning & Resources	Professor Jonathan Seckl	5/5
General Council Assessor	Jock Millican	4/5
Lay Members of Court	Dr Frank Armstrong	4/5
	David Law	3/5
	Susan Rice	4/5
Student Member of Court	Andrew Wilson	5/5

<b>Knowledge Strategy Committee</b>		<b>Meetings attended</b>
Ex-officio Member		
Vice-Principal and Chief Information Officer	Gavin McLachlan	3/3
Students' Association Representative	Stephanie Vallery	3/3
Members of Court	Doreen Davidson (Convener)	3/3
	Elizabeth Bomberg	2/3
	Dr Claire Phillips	2/3
Members of Senate	Professor Colm Harmon	2/3
	Professor Tina Harrison	3/3
	Professor Alan Murray	2/3
	Professor Siân Bayne/Ms Melissa Highton	3/3
External Member	Sue Currie	3/3
Appointed through an open advertisement and interview process		

<b>Remuneration Committee</b>		<b>Meetings attended</b>
Ex-officio Member		
Vice-Convener of Court	Anne Richards	3/3
Lay Members of Court	Susan Rice (Convener)	3/3
	Alan Johnston	3/3
	Doreen Davidson	3/3
Students' Association Representative	Andrew Wilson	3/3
Senate Assessor	Professor Sandy Tudhope	3/3

### Exception Committee Meets by email circulation

Ex-officio Members		
The Principal	Professor Peter Mathieson	
Vice-Convener of Court	Anne Richards (Convener)	
Vice-Principal Strategic Change and Governance, and University Secretary	Sarah Smith	
Convener of Audit & Risk Committee	Alan Johnston	
Convener of Knowledge Strategy Committee	Doreen Davidson	
Convener of Remuneration Committee	Susan Rice	
Staff Assessor	Professor Sarah Cooper	
Student Member of Court	Andrew Wilson	

Full details of terms of reference and Committee membership are published on the University's website at: [www.ed.ac.uk/schools-departments/governance-strategic-planning/governance/university-committees](http://www.ed.ac.uk/schools-departments/governance-strategic-planning/governance/university-committees)



Overview

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Operational review

Financial review

Governance

Financial statements

# Independent auditors' report to the Court of the University of Edinburgh (the "institution")

## Report on the audit of the financial statements

### Opinion

In our opinion, the University of Edinburgh's group financial statements and institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the institution's affairs as at 31 July 2020 and of the group's and institution's income and expenditure and recognised gains and losses, and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Annual Report and Accounts for the Year to 31 July 2020 (the "Annual Report"), which comprise the Consolidated and Institution Statement of financial position as at 31 July 2020; the Consolidated and Institution statement of comprehensive income and expenditure, the Consolidated and Institution statement of changes in reserves, and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for

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

### Independence

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Courts' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Court has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and institution's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Court is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements

or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

### Annual Report

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

### Responsibilities for the financial statements and the audit

#### Responsibilities of the Court for the financial statements

As explained more fully in the Statement of responsibilities relating to the reports and financial statements set out on page 47, the Court is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Court is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Court is responsible for assessing the group's and institution's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Court either intends to liquidate the group and institution or to cease operations, or has no realistic alternative but to do so.

# Independent auditors' report to the Court of the University of Edinburgh (the "institution") (continued)

## Other required reporting

### *Auditors' responsibilities for the audit of the financial statements*

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

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

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

### *Use of this report*

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

### **Opinions on other matters prescribed in the requirements attached to the Scottish Funding Council's Financial Memorandum**

In our opinion, in all material respects:

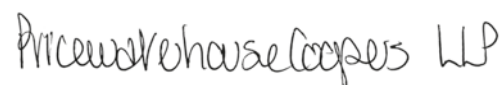
- the requirements of the Scottish Funding Council's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation and any other terms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

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

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

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

We have no exceptions to report arising from this responsibility.



### **PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors  
Glasgow  
3 December 2020

# Consolidated and Institution statement of comprehensive income and expenditure

For the year ended 31 July 2020

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Income</b>					
Tuition fees and education contracts	3	390.6	390.6	346.8	346.8
Funding body grants	4	190.8	190.8	195.8	195.8
Research income	5	296.1	296.1	285.7	285.7
Other income	6	192.4	174.2	234.1	203.9
Investment income	7	17.6	17.5	17.4	17.4
Donations and endowments	8	37.8	43.3	21.8	31.0
<b>Total income</b>		<b>1,125.3</b>	<b>1,112.5</b>	1,101.6	1,080.6
<b>Expenditure</b>					
Staff costs excl USS movement in provision	9	613.0	594.2	561.0	543.9
Exceptional item: USS (decrease)/increase in provision <b>(1)</b>	9	(144.0)	(144.0)	195.2	195.2
Other operating expenses	10	362.6	361.0	383.1	376.9
Depreciation and amortisation	13,14	60.9	60.0	63.8	62.9
Impairment of fixed assets	14	17.8	17.8	-	-
Interest and other finance costs excl loan break costs	11	23.4	23.4	19.2	19.2
Exceptional item: Loan break costs <b>(2)</b>	11	-	-	13.8	13.8
<b>Total expenditure</b>		<b>933.7</b>	<b>912.4</b>	1,236.1	1,211.9
<b>Surplus/(deficit) before other gains and losses</b>		<b>191.6</b>	<b>200.1</b>	(134.5)	(131.3)
Gain/(loss) on disposal of fixed assets		0.5	(0.2)	4.6	4.6
Gain on investments	16	11.5	11.3	36.8	36.4
<b>Surplus/(deficit) before tax</b>		<b>203.6</b>	<b>211.2</b>	(93.1)	(90.3)
Taxation	12	(0.4)	-	0.1	-
<b>Surplus/(deficit) for the year</b>		<b>203.2</b>	<b>211.2</b>	(93.0)	(90.3)
Unrealised (deficit)/surplus on revaluation of heritage assets	14	(0.4)	(0.4)	0.8	0.8
Actuarial loss in respect of pension schemes <b>(3)</b>	21	(53.1)	(53.1)	(70.0)	(70.0)
<b>Total comprehensive income/(expenditure) for the year</b>		<b>149.7</b>	<b>157.7</b>	(162.2)	(159.5)
<b>Represented by:</b>					
Unrestricted comprehensive income/(expenditure) for the year		113.0	116.5	(187.4)	(193.2)
Endowment comprehensive income for the year	22	27.8	27.8	35.8	35.8
Restricted comprehensive income/(expenditure) for the year	23	9.3	13.8	(11.4)	(2.9)
Revaluation reserve comprehensive (expenditure)/income for the year	24	(0.4)	(0.4)	0.8	0.8
		<b>149.7</b>	<b>157.7</b>	(162.2)	(159.5)

## Notes to table

- The (decrease)/increase in the USS provision is a non-cash movement in relation to the deficit recovery plan that was put in place following completion of the 2018 actuarial valuation. The decrease this year largely reverses the increase recorded last year that was calculated based on the 2017 valuation. These movements are not a measure of the University's operational financial performance or surplus generation.
- The University secured £250 million of new debt at a very competitive interest rate in October 2018. The University used some of these new funds to repay some of our older expensive debt. This resulted in exceptional loan break costs of £14 million.
- The actuarial loss is a non-cash movement that is derived from year on year revisions to the estimated value of the pension scheme assets and liabilities of the University's defined benefit pension schemes. It is not a measure of the University's operational financial performance or surplus generation.



# Consolidated and Institution statement of changes in reserves

For the year ended 31 July 2020

## Consolidated

	Income and expenditure account			Revaluation reserve £m	Total £m
	Endowment £m	Restricted £m	Unrestricted £m		
<b>Balance at 1 August 2018</b>	424.1	56.9	1,528.0	207.8	<b>2,216.8</b>
Surplus/(deficit) from the income and expenditure statement	35.8	25.0	(153.8)	-	<b>(93.0)</b>
Other comprehensive (expenditure)/income	-	-	(70.0)	0.8	<b>(69.2)</b>
Release of restricted capital funds spent in year	-	(36.4)	36.4	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	35.8	(11.4)	(187.4)	0.8	<b>(162.2)</b>
<b>Balance at 1 August 2019</b>	459.9	45.5	1,340.6	208.6	<b>2,054.6</b>
Surplus from the income and expenditure statement	33.3	11.4	158.5	-	<b>203.2</b>
Other comprehensive expenditure	-	-	(53.1)	(0.4)	<b>(53.5)</b>
Release of restricted capital funds spent in year	-	(2.1)	2.1	-	-
Transfers	(5.5)	-	5.5	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	27.8	9.3	113.0	(0.4)	<b>149.7</b>
<b>Balance at 31 July 2020</b>	487.7	54.8	1,453.6	208.2	<b>2,204.3</b>

## Institution

	Income and expenditure account			Revaluation reserve £m	Total £m
	Endowment £m	Restricted £m	Unrestricted £m		
<b>Balance at 1 August 2018</b>	424.1	22.8	1,515.1	207.8	<b>2,169.8</b>
Surplus/(deficit) from the income and expenditure statement	35.8	33.5	(159.6)	-	<b>(90.3)</b>
Other comprehensive (expenditure)/income	-	-	(70.0)	0.8	<b>(69.2)</b>
Release of restricted capital funds spent in year	-	(36.4)	36.4	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	35.8	(2.9)	(193.2)	0.8	<b>(159.5)</b>
<b>Balance at 1 August 2019</b>	459.9	19.9	1,321.9	208.6	<b>2,010.3</b>
Surplus from the income and expenditure statement	33.3	15.9	162.0	-	<b>211.2</b>
Other comprehensive expenditure	-	-	(53.1)	(0.4)	<b>(53.5)</b>
Release of restricted capital funds spent in year	-	(2.1)	2.1	-	-
Transfers	(5.5)	-	5.5	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	27.8	13.8	116.5	(0.4)	<b>157.7</b>
<b>Balance at 31 July 2020</b>	487.7	33.7	1,438.4	208.2	<b>2,168.0</b>

# Consolidated and Institution statement of financial position

As at 31 July 2020

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Non-current assets</b>					
Intangible assets	13	9.3	9.3	0.3	0.3
Tangible assets	14	1,840.4	1,833.7	1,818.2	1,810.6
Heritage assets	14 & 15	214.7	214.7	213.9	213.9
Investments	16	565.6	567.3	817.7	820.2
		<b>2,630.0</b>	<b>2,625.0</b>	2,850.1	2,845.0
<b>Current assets</b>					
Stock		3.1	2.4	3.2	2.4
Trade and other receivables	17	178.5	187.6	138.7	129.2
Investments	18	204.5	204.1	207.4	207.4
Cash and cash equivalents	25	491.5	475.8	238.5	223.0
		<b>877.6</b>	<b>869.9</b>	587.8	562.0
Creditors: amounts falling due within one year	19	(353.6)	(377.2)	(345.3)	(358.7)
<b>Net current assets</b>		<b>524.0</b>	<b>492.7</b>	242.5	203.3
<b>Total assets less current liabilities</b>					
		<b>3,154.0</b>	<b>3,117.7</b>	3,092.6	3,048.3
Creditors: amounts falling due after more than one year	20	(598.2)	(598.2)	(605.0)	(605.0)
Pension provisions	21	(350.4)	(350.4)	(432.4)	(432.4)
Other provisions	21	(1.1)	(1.1)	(0.6)	(0.6)
<b>Total net assets</b>		<b>2,204.3</b>	<b>2,168.0</b>	2,054.6	2,010.3
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserves	22	487.7	487.7	459.9	459.9
Income and expenditure reserve - restricted reserves	23	54.8	33.7	45.5	19.9
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted reserves		1,453.6	1,438.4	1,340.6	1,321.9
Revaluation reserve	24	208.2	208.2	208.6	208.6
<b>Total reserves</b>		<b>2,204.3</b>	<b>2,168.0</b>	2,054.6	2,010.3

The financial statements on pages 58 to 96 were adopted by Court on 30 November 2020 and were signed on its behalf by:



**Professor Peter Mathieson**  
Principal and Vice-Chancellor



**Janet Legrand**  
Senior Lay Member of Court



**Lee Hamill**  
Director of Finance

# Consolidated statement of cash flows

For the year ended 31 July 2020

	Note	2020 £m	2020 £m	2019 £m
<b>Cash flow from operating activities</b>				
Surplus/(deficit) for the year before tax			203.6	(93.1)
<b>Adjustments for non-cash items</b>				
Depreciation	14	60.7		63.8
Amortisation of intangibles	13	0.2		-
Gain on investments	16	(11.5)		(36.8)
Donated assets	15	(0.2)		(0.2)
Impairment	14	17.8		-
(Decrease)/increase in pension and other provisions	21	(140.8)		196.9
Decrease in stock		0.1		0.3
Increase in debtors	17	(8.9)		(6.0)
Increase in creditors and accruals	19 & 20	5.7		24.5
			(76.9)	242.5
<b>Adjustments for investing or financing activities</b>				
Investment income	7	(17.6)		(17.4)
Interest payable	11	23.4		33.0
New endowments received	22	(18.1)		(8.1)
Gain on the sale of fixed assets		(0.5)		(4.6)
Capital grant income		(72.4)		(89.5)
			(85.2)	(86.6)
<b>Cash flows from operating activities</b>				
Taxation			41.5	62.8
			(0.4)	0.1
<b>Net cash inflow from operating activities</b>				
			41.1	62.9
<b>Cash flows from investing activities</b>				
Proceeds from sales of tangible assets		1.1		5.8
Capital grant receipts		72.4		89.5
Disposal of non-current asset investments	16	266.5		7.7
Increase in debtor - non-current investment sale proceeds	17	(30.0)		-
Investment income	7	16.7		17.4
Payments made to acquire intangible assets	13	(9.2)		-
Payments made to acquire tangible assets		(101.6)		(137.0)
Payments made to acquire non-current asset investments	16	(2.9)		(217.8)
Increase/(decrease) in cash on deposit	18	2.9		(27.4)
Lump sum pension contribution to EUSBS	21	(1.1)		(1.1)
<b>Net cash inflow/(outflow) from investing activities</b>				
			214.8	(262.9)
<b>Cash flows from financing activities</b>				
Interest paid	11	(16.1)		(27.5)
Interest element of finance lease payments	11	(0.1)		(0.1)
New endowment cash received		18.1		8.1
New unsecured loans	20	-		260.8
Repayments of amounts borrowed	20	(4.5)		(39.1)
Capital element of finance lease payments		(0.3)		0.2
<b>Net cash (outflow)/inflow from financing activities</b>				
			(2.9)	202.4
<b>Increase in cash and cash equivalents in the year</b>				
			253.0	2.4
Cash and cash equivalents at beginning of the year	25		238.5	236.1
Cash and cash equivalents at end of the year	25		491.5	238.5

# Notes to the financial statements

## 1. Statement Of Principal Accounting Policies

### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education 2019 ('the SORP') and in accordance with applicable accounting standards. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of heritage assets and investments).

The financial statements have been prepared on a going concern basis. Court considers this is appropriate as the University has considerable financial resources together with a significant value of contracted income over the medium term. Therefore, Court continues to believe it is well placed to manage its business risks despite the historic challenges due to the global pandemic.

Judgements made by management in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

### Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition, or up to the date of disposal. Intragroup transactions are eliminated on consolidation. The University has taken advantage of the exemption within FRS 102 Section 33.1A and has not disclosed transactions with other group entities where it holds 100 per cent of the voting rights. The University has taken the exemption permitted under FRS 102 to not produce a cash flow statement for the University.

The consolidated statements do not include the income and expenditure of the Edinburgh University Students' Association as it is a separate charity over which the University does not exert control or dominant influence over policy decisions.

Associated companies and jointly controlled entities are accounted for using the equity method.

### Income recognition

Income from the sale of goods or services is credited to the consolidated statement

of comprehensive income and expenditure when the goods or services are supplied to external customers or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the consolidated statement of comprehensive income and expenditure over the course of an associated academic year following a student's programme registration.

Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the consolidated statement of comprehensive income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Government grants, including funding council block grant and research grants from government sources, and other grants and donations, from non-government sources including research grants from non-government sources, are recognised within the consolidated statement of comprehensive income and expenditure when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions is deferred on the balance sheet and released to the consolidated statement of comprehensive income and expenditure in line with such conditions being met.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the consolidated statement of comprehensive income and expenditure 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 deferred on the balance sheet and released to the consolidated statement of comprehensive income and expenditure when such conditions are met.

Donations and endowments are non-exchange transactions without performance-related conditions. Donations and endowments with donor-imposed restrictions are recognised within the consolidated statement of comprehensive income and expenditure when the University is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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 of the restriction applied to the individual endowment fund. Investment income is credited to the consolidated statement of comprehensive income and expenditure when received.

Donations with no restrictions are recorded within the consolidated statement of comprehensive income and expenditure when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the financial statements.

There are four main types of donations and endowments with restrictions:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Where capital funding is received or receivable the income recognition is dependent on whether the University entitlement to the funds is subject to any performance-related conditions being met. Funding is recognised within the consolidated statement of comprehensive income and expenditure when any performance-related conditions have been met. Funding received in advance of performance-related conditions is deferred on the balance sheet and released to the consolidated statement of comprehensive income and expenditure in line with such conditions being met. In the absence of performance-related conditions, capital funding is recognised as income in line with other donations with donor-imposed restrictions and recognised within the consolidated statement of comprehensive income and expenditure when the University is entitled to the funding. The income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point it is released to general reserves through a reserve transfer.

# Notes to the financial statements (continued)

## Accounting for retirement benefits

The University participates in three active pension schemes, the Universities Superannuation Scheme (USS), the University of Edinburgh Staff Benefits Scheme (EUSBS) and the National Employee Savings Trust (NEST). We also participate in other legacy schemes on behalf of retired and active members, the Medical Research Council (MRCPS), the Lothian Pension Fund (LPF), the Strathclyde Pension Fund (SPF) and the Scottish Teacher Superannuation Scheme (STSS).

USS, STSS, MRCPS and NEST are multi-employer schemes and, given the mutual nature of the schemes, it is not possible to identify the University's shares of the assets and liabilities for these schemes. Consequently, the University cannot apply defined benefit accounting and, according to section 28 FRS 102, the schemes are accounted as defined contribution schemes. The EUSBS, SPF and LPF schemes are defined benefit schemes. Each fund is valued every three years by professionally qualified independent actuaries.

With effect from 1 October 2016, USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits for all members, as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102, "Employee benefits", the University 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 and expenditure 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 University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

A small number of subsidiary company employees are members of other defined contribution schemes. Contributions are charged in the consolidated statement of comprehensive income and expenditure in the year in which they become payable.

## Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the organisation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated statement of comprehensive income and expenditure in the periods during which services are rendered by employees and as they become payable in accordance with the rules of the scheme.

## Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements. Actuarial gains and losses (remeasurements) are recognised in other comprehensive income.

## Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits, such as holiday entitlements earned but not taken at the balance sheet date, are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlements.

## Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an

amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 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 lease term.

## Research and development

Research and development costs incurred by the University on its own behalf are written off in the year incurred with the exception of any equipment or software that is capitalised in line with the University's accounting policy.

## Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income and expenditure. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

## Intangible assets

Intangible assets represent the costs of significant software acquisitions and their development for use in the long term. Only costs relating to the development and implementation phases are capitalised. Research phases and training costs involved are written off as incurred. Intangible assets costing less than £50,000 are written off in the year of acquisition. All other intangible assets are capitalised.

Costs are amortised over their useful economic life, being between 4 and 10 years.

# Notes to the financial statements (continued)

## Land and buildings

Land and buildings are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Land and buildings owned by the University were independently valued by Gerald Eve LLP, an independent firm of chartered surveyors on 1 August 2014. The land and building assets that had been revalued to fair value prior to the date of transition to the current SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Property additions since 1 August 2014 including extensions to buildings and building under construction are shown at cost less any accumulated depreciation. The cost of renovating, upgrading or converting buildings is capitalised where the subsequent expenditure prolongs the useful life or enhances the economic benefits of the building and is also shown at cost less accumulated depreciation.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Major plant and infrastructure	10 to 15 years
System built properties	15 to 25 years
General buildings	50 to 80 years
Historic and legacy properties	100 years

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

Major repairs and refurbishments are capitalised and depreciated over 10 to 20 years where they substantially add to the total area of the building, prolong its useful life or enhance the economic benefits of the building.

All land and buildings, including those constructed or acquired with the aid of specific grants, are included in the balance sheet with the exception of the New College Divinity complex on the Mound, which is regarded as inalienable, and two farms, which form part of agricultural tenancies. In addition, the University occupies various premises owned by the NHS and the main locations are subject to formal rentals and service charges which are reflected in the consolidated statement of comprehensive income and expenditure. Some NHS premises are, however, occupied under arrangements such as historic 'knock for knock' agreements. No revenue is recognised for this exchange of goods and services as the transactions have no commercial substance.

## Equipment

Equipment, including IT, costing less than £50,000 per individual item or group of related items, is written off in the year of acquisition. All other equipment, including the initial complement of furniture acquired as part of the initial fit out of a newly constructed building or major refurbishment, is capitalised.

Capitalised equipment is stated at cost and depreciated on a straight line basis over a four year period from the year in which the equipment is operational, or the building is commissioned.

Donated equipment is capitalised at depreciated replacement cost at the date of receipt and is depreciated over a four year period.

It has been recognised that building plant acquired by the University's subsidiary, UoE Estates Service Company Limited, has a long operating life and is depreciated over 10 to 15 years. Certain other subsidiaries provide different rates of depreciation to that of the parent. These have an immaterial effect on the results of the Group.

## Heritage assets

The University holds, preserves and makes available a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1 August 1999 without reliable estimates of cost or value on a cost-benefit basis have not been capitalised. Acquisitions since 1 August 1999 have been capitalised at cost, or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

The University receives a large number of donated assets in addition to heritage assets bought by the University's Centre for Research Collections. Donated assets are not valued unless they are of special interest or expected to be of a material value. The cost of valuing items received in such high volumes would exceed the relative benefit to readers of the Annual Report and Accounts. Donated assets that are capitalised are reported in the consolidated statement of comprehensive income and expenditure at valuation.

## Impairments

At each reporting date a review of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Impairment losses are recognised immediately in the statement of comprehensive income and expenditure.

## Investments

Assets held in the University of Edinburgh Investment and Endowment Fund, which holds endowment and general fund investments, continue to be administered by external fund managers.

Non-current investments are held on the balance sheet at cost and then subsequently at fair value. Investments in subsidiary companies are shown at cost less any impairment.

Investment in associates, if material, is shown in the consolidated balance sheet at the share of net assets.

Current asset investments include temporary and money market deposits and are included at cost and subsequently at fair value.

## Stock

Stocks for resale and other stocks are included at the lower of cost and net realisable value. Where necessary, 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.

## Trade and other receivables

Trade and other receivables are measured at amortised cost, using the effective interest method, less any bad or doubtful debt impairment. An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful.

Such receivable becomes doubtful when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and delinquency in payments are considered indicators that the receivable is impaired. An impairment loss is recognised in the statement of comprehensive income and expenditure, as are subsequent recoveries of previous impairments.

## Creditor Payment Policy

The University makes its payments to creditors, provided they are not in dispute, in accordance with terms of the contract. The University's standard terms and conditions can be found at [www.ed.ac.uk/procurement/supplying/terms-and-conditions-of-purchase](http://www.ed.ac.uk/procurement/supplying/terms-and-conditions-of-purchase).

# Notes to the financial statements (continued)

The average number of days the University takes to pay suppliers (creditor days) was 24.76 days (2018/19: 25.63 days). The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998.

The University of Edinburgh was one of the first organisations to sign up to the Scottish Business Pledge for prompt payment which advocates paying invoices promptly as it has sound business benefits as well as being ethical and fair. <https://scottishbusinesspledge.scot/prompt-payment>

## Investment properties

Investment properties are initially included in the balance sheet at the balance sheet date at their fair value on the basis of an annual independent valuation. Mixed-use investment properties are separated between investment properties and property, plant and equipment. Changes in the fair value of investment properties are recognised immediately within the consolidated statement of comprehensive income and expenditure.

## Borrowing costs

Borrowing costs which are recognised as expenditure in the period in which they are incurred.

## Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into. The University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102 Section 11.8. FRS 102 para. 11.13 requires financial instruments, i.e. the unsecured bank loans, to be recognised at the present value of the future payments discounted at a market rate of interest.

## Public benefit concessionary loans

Where loans are received at below the prevailing market rate of interest, not repayable on demand and made for the purpose of furthering the objectives of the University, they are classified as concessionary loans.

Concessionary loans are initially measured at the amount received and recognised in the statement of financial position and adjusted at the period end to reflect any accrued interest payable. Where a loan is interest free, no interest is charged in subsequent years.

## Taxation status

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 Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of Scottish Charity 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 UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies, except those with charitable status, are not exempt from taxation. The charge for taxation is based on the profit or loss for the year after charging the cost of any Gift Aid payment payable to the University. The charge for taxation also takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Charitable subsidiaries are exempt from taxation under the same legislation as the University.

## Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will

only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

## Exceptional items

Material items derive from events or transactions that fall within the ordinary activities of the University and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence.

## 2. Estimates And Judgements

The University prepares its consolidated financial statements in accordance with FRS 102 and the application of which often requires certain estimates and judgements to be made by management when formulating the financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required where the choice of specific policy, accounting estimates or assumptions could materially affect the reported results or net asset position.

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

### (i) Critical accounting judgements

FRS 102 requires that accounting judgements that are considered to be critical by those charged with governance are explained in more detail as to why the judgement has been applied.

### Classification of financial liabilities

All of the University's financial liabilities have been classified as basic financial instruments. In respect of the private placement debt, judgement has been applied in determining the classification. As part of the agreement, the issuers of the debt, who are based in the US, have entered into cross currency swaps to ensure that they are not adversely impacted by foreign exchange rate movements between USD and GBP, should the University repay the debt early. We consider any resultant financial impact for the University to represent reasonable compensation for early repayment and as such have classified the debt as basic.

As a result, the financial liability is reflected in the financial statements at amortised cost.

### Multi-employer pension schemes

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-

# Notes to the financial statements (continued)

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 consolidated statement of comprehensive income and expenditure in accordance with FRS 102 section 28.

The University has judged that the schemes provided by Universities Superannuation Scheme (USS), Medical Research Council (MRCPS) and the Scottish Teacher Superannuation Scheme (STSS) meet the definition of a multi-employer scheme. The University has recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

## (ii) Key account estimates and assumptions

The University makes estimates and assumptions concerning its assets and liabilities.

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 addressed below.

### Revenue recognition

Certain grants, donations and research revenue are recognised in the income statement 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. Revenue is recognised on percentage completion basis of costs as these are considered a close proxy to the progress of the project.

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.

### Pension provisions – key actuarial assumptions

The key actuarial assumptions used in the valuation of the USS, EUSBS, SPF

and LPF pension schemes including discount rates, salary and pension increases, and mortality rates are reported in note 33 Pension Schemes.

The cost of the USS deficit recovery plan has been estimated based on a model devised by USS and the British Universities Finance Directors Group (BUFDG) based on the USS March 2017 deficit valuation. The USS pension deficit provision includes key assumptions on discount rates, salary inflation and future staff numbers and these are adjusted accordingly for management judgement for the estimated changes. The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

### Holiday earned but not taken and other employee benefits provision

The employee leave accrual is calculated from a sample of departments' holidays earned, but not taken and applied to at the balance sheet date of 31 July 2020. The accrual is recognised in the financial statements for holiday leave that has been accrued for by employees but not yet taken as at 31 July 2020. The liability is calculated based on extrapolating leave records of a sample of the staff population.

### Heritage assets

Heritage assets are valued based on assumptions made by independent external valuers and the University's Centre for Research Collections. Asset valuations are determined by the valuer's opinion on the physical condition of items and their assessment of market conditions.

### Depreciation and amortisation

Group depreciation and amortisation charges are calculated on a straight-line basis over the estimated useful economic lives of the related assets. The remaining useful economic lives of assets are periodically reviewed based on actual experience and expected future utilisation. Where management identifies a change in the life of an asset, it is treated as a change in accounting estimate and the accelerated depreciation is accounted for in the period of change and future periods.

### Impairment

Judgement is applied when assessing the potential impairment of University assets. For Property, Plant and Equipment 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.

For Software the University considers the potential for obsolescence, disposal or changes in operations that would impact on the overall carrying value of assets.

### Recoverability of debtors

A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but inevitably requires a degree of estimation. Specific provision is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.

### Provisions

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.

### Intangible assets (capitalisation of software costs)

The acquisition of new software has been capitalised as an intangible assets where it is determined by management's judgement that the probable benefits exceed the costs beyond one year. Management believes that the assigned value and useful lives, as well as the underlying assumptions, are reasonable.



# Notes to the financial statements (continued)

## 3. Tuition Fees And Education Contracts

	Consolidated and Institution	
	2020 £m	2019 £m
Scotland home domicile fees	40.8	41.7
EU domicile fees	18.0	17.8
Rest of UK domicile fees	64.9	65.0
Non-EU fees	244.8	198.5
Research training support grants	16.2	17.5
Short course and other fees and support grants (non-credit bearing)	5.9	6.3
	<b>390.6</b>	346.8

## 4. Funding Body Grants

	Consolidated and Institution	
	2020 £m	2019 £m
Recurrent grants		
Teaching	66.4	64.5
Research and knowledge exchange	87.8	90.2
Specific grants		
Strategic funding: including UK Research Partnership Investment Fund (UKRPIF)	12.3	19.1
Capital grants received in the year	15.1	15.6
Capital maintenance grants	1.7	1.2
Other grants	7.5	5.2
	<b>190.8</b>	195.8

## 5. Research Income

	Consolidated and Institution			2019 Total £m
	Capital £m	Revenue £m	Total £m	
<b>Research grants and contracts</b>				
Research councils	10.6	102.6	113.2	113.9
UK based charities	2.0	60.6	62.6	65.5
UK central government bodies, local and health authorities	22.2	29.8	52.0	30.2
UK industry, commerce and public corporations	0.0	6.9	6.9	8.8
EU government bodies	0.1	34.9	35.0	36.4
EU other	0.0	3.8	3.8	3.9
Other overseas	0.3	20.5	20.8	20.8
Other sources	0.3	1.5	1.8	6.2
<b>Total research grants and contracts</b>	35.5	260.6	296.1	285.7

### Tuition fees and education contracts

Undergraduate (UG) numbers increased by 0.1 per cent. UG fee income rose £18.9 million, driving up the average fee for UG students by 10 per cent. Postgraduate Taught (PGT) numbers increased by 10.2 per cent. PGT fee income rose by £37.8 million, driving up the average PGT fee by 22.9 per cent.

### Funding body grants

An increase in the Teaching Grant of £1.9 million was entirely offset with a £2.4 million decrease year on year within the Research Excellence Grant. Strategic funding and other grants decreased overall by £4.5 million, while capital maintenance grants remained uncharged (which are recognised in line with restricted conditions).

### Research income

The figures for research income include the University's share of the research activity of the Scottish Universities Environmental Research Centre (SUERC) of £2.4 million. SUERC is a jointly controlled entity with the University of Glasgow. £21.9 million of research capital funding relates to the City Region Deal.

# Notes to the financial statements (continued)

## 6. Other Income

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Residences and catering	<b>68.2</b>	<b>57.0</b>	79.2	60.2
Other revenue grants	<b>43.3</b>	<b>43.3</b>	69.2	69.2
Other services	<b>28.1</b>	<b>24.2</b>	37.2	28.7
Health authorities	<b>15.5</b>	<b>15.5</b>	14.1	14.1
Other income	<b>37.3</b>	<b>34.2</b>	34.4	31.7
	<b>192.4</b>	<b>174.2</b>	234.1	203.9

## 7. Investment Income

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
Investment income on endowments	22	<b>9.3</b>	<b>9.3</b>	9.2	9.2
Investment income on restricted reserves		<b>0.3</b>	<b>0.3</b>	0.2	0.2
Other investment income		<b>1.9</b>	<b>1.9</b>	3.0	3.0
Other interest receivable		<b>6.1</b>	<b>6.0</b>	5.0	5.0
		<b>17.6</b>	<b>17.5</b>	17.4	17.4

## 8. Donations and Endowments

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
New endowments	22	<b>18.1</b>	<b>18.1</b>	8.1	8.1
Donations with restrictions		<b>17.6</b>	<b>23.1</b>	11.5	20.7
Unrestricted donations		<b>2.1</b>	<b>2.1</b>	2.2	2.2
		<b>37.8</b>	<b>43.3</b>	21.8	31.0

### Residences and catering income

Residences and catering income is mainly from student accommodation rental.

### Other revenue grants

Other grants are those that are not from the Scottish Funding Council (SFC). £17.0 million relates to City Region Deal.

### Other services

Other services income includes consultancy, veterinary and computer services.

### Health authorities

Health authority income covers salaries for health and hospital funded posts.

### Other income

Other income includes trading, gas and electricity recharges, conferences and rental income from the Edinburgh Festival.

### Investment income

Income from the Endowment and Investment Fund (EIF) was £11.2 million; £9.3 million related to endowments and £1.9 million to treasury funds; a return of 2.0 per cent. However, including the 3.5 per cent increase in market value, the overall return on the EIF was 5.6 per cent. Bank and other interest received was £6.4 million.

### Donations and endowments

Most donations are restricted and are mainly for scholarships.

New endowments of £18.1 million include:

£15.3 million from JK Rowling for the Anne Rowling Regenerative Neurology Clinic.

£2.0 million from Martin Lee for doctoral scholarships.

# Notes to the financial statements (continued)

## 9. Staff Costs

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Salaries	434.1	419.0	409.8	396.0
Social security costs	45.3	43.9	43.3	42.0
Pension costs (note 33)	126.9	124.6	103.8	101.9
Other unfunded pension costs	0.1	0.1	0.1	0.1
Severance costs	6.6	6.6	4.0	3.9
<b>Staff costs excl USS increase in provision</b>	<b>613.0</b>	<b>594.2</b>	561.0	543.9
Exceptional item: Movement on USS pension provision	(144.0)	(144.0)	195.2	195.2
<b>Total staff costs</b>	<b>469.0</b>	<b>450.2</b>	756.2	739.1
<b>Analysis of the above costs by activity:</b>				
Academic/ teaching departments	334.4	334.4	304.1	304.1
Research grants and contracts	125.0	125.0	119.8	119.8
Library, computer and other academic support services	35.3	35.3	33.2	33.2
Administration and central services	55.6	55.6	50.9	50.9
Premises	24.4	24.4	21.8	21.8
Other including income-generating operations	10.4	-	8.6	-
Residences and catering operations	17.9	9.5	16.8	8.4
Unfunded pensions	0.1	0.1	0.1	0.1
Severance costs	6.6	6.6	4.0	3.9
Pension service costs in excess of scheme contributions payable and USS provision movement (note 33)	(140.7)	(140.7)	196.9	196.9
	<b>469.0</b>	<b>450.2</b>	756.2	739.1

Staff numbers (expressed as average full time equivalents during the year) were as follows:

	2020		2019	
	Consolidated	Institution	Consolidated	Institution
Academic / teaching departments	5,571	5,571	5,310	5,310
Research grants and contracts	2,270	2,270	2,191	2,191
Library, computer and other academic support services	787	787	757	757
Administration and central services	1,213	1,213	1,120	1,120
Premises	759	759	751	751
Other including income-generating operations	238	-	211	-
Residences and catering operations	608	608	624	624
	<b>11,446</b>	<b>11,208</b>	10,964	10,753
Staff on open-ended contracts	8,189	7,960	7,882	7,678
Staff on fixed-term contracts	2,854	2,846	2,666	2,659
Staff on guaranteed hours contracts	403	402	416	416
	<b>11,446</b>	<b>11,208</b>	10,964	10,753

### Staff costs

Staff costs<sup>1</sup> grew by 9.3 per cent, 4.4 per cent due to volume increases, and 4.9 per cent increase in price. The pay award was 1.8 per cent, while the remaining 3.1 per cent reflects increased pension costs, incremental drift and change in the mix of staff.

1. Excluding movement on USS pension provision

### Equal opportunities

The University of Edinburgh is committed to a policy of equal opportunities for staff and students with disabilities, and aims to create an environment enabling staff to participate fully in University life. Wherever practical the University policy in relation to staff with disabilities is to:

Develop a positive culture where disabled employees are able to develop to their full potential. It values a diverse workforce which includes the representation of disabled staff, and will continue to enhance and embed its approach to supporting disabled staff, through policy and good practice and in accordance with current legislation;

Ensure that we provide a working environment free from discrimination, harassment, bullying and victimisation, in line with the University's Equality and Diversity Outcomes and Action Plan and Dignity and Respect Policy; and

Commit to creating an accessible and welcoming working environment, including using both internal and external services and support for potential and current staff.

# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

Staff numbers (expressed as an average employee count) were as follows:

	2020		2019	
	Consolidated	Institution	Consolidated	Institution
Staff on open-ended contracts	9,244	9,021	8,901	8,689
Staff on fixed-term contracts	3,306	3,299	3,239	3,231
Staff on guaranteed hours contracts	3,548	3,547	3,746	3,746
	<b>16,098</b>	<b>15,867</b>	15,886	15,666
Percentage of staff on fixed-term contracts	<b>20.54%</b>	<b>20.79%</b>	20.39%	20.62%

### Emoluments of the Principal - Professor Mathieson (appointed 5 February 2018)

	2020 £'000	2019 £'000
Remuneration	342	342
Lump sum award	-	-
Payment in lieu of employer's pension contribution	50	43
Sub-total excluding pension contributions and life cover	392	385
Employer's life cover	7	8
Employer's Pension Contribution	-	-
Benefits in kind	8	10
	<b>407</b>	403

### Median Pay

	2020 £	2019 £
Principal's remuneration	392,053	385,455
Median total remuneration	36,914	35,681
Ratio	10.62	10.80

### Emoluments of the Principal

The Principal occupies a house that is provided to him by the University on a representative basis, that is, as part of his role as University Principal and is reported as a benefit in kind. As well as being used as a family home, a number of rooms within the Principal's residence are regularly used to host University events involving staff, students, alumni, and supporters.

Professor Mathieson opted out of the Pension scheme in March 2018. Additional payments equivalent to the pension contributions foregone are included within emoluments.

The principal's non-taxable benefits in kind consisted of the provision of living accommodation. With effect from April 2019, HMRC has withdrawn the part of the tax exemption that previously applied to the provision of Principal's accommodation. Following review, a separate tax exemption has been applied which HMRC has also announced will be withdrawn with effect from April 2021. It is expected that from this date, the provision of living accommodation to the Principal will give rise to a taxable benefit in kind.

### Median pay

The median remuneration of the University's staff against the full remuneration of the Principal.

# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

### Key management personnel

	2020 £m	2019 £m
Key management personnel compensation	2.3	2.2

	2020 number	2019 number
Number of posts (expressed as full time equivalents during the year) included in key management personnel	10.0	10.0

### Senior post holders

	2020			2019 number
	Clinical number	Non-clinical number	Total	
£100,000–£109,999	15	43	58	68
£110,000–£119,999	14	34	48	47
£120,000–£129,999	17	24	41	35
£130,000–£139,999	15	15	30	21
£140,000–£149,999	9	11	20	23
£150,000–£159,999	14	9	23	17
£160,000–£169,999	7	10	17	13
£170,000–£179,999	5	9	14	15
£180,000–£189,999	2	7	9	11
£190,000–£199,999	9	2	11	8
£200,000–£209,999	9	1	10	9
£210,000–£219,999	3	1	4	7
£220,000–£229,999	-	1	1	1
£230,000–£239,999	2	-	2	3
£240,000–£249,999	4	-	4	2
£250,000–£259,999	1	-	1	1
£260,000–£269,999	-	1	1	-
£270,000–£279,999	1	-	1	1
£280,000–£289,999	-	-	-	-
£290,000–£299,999	1	-	1	1
£300,000–£309,999	-	-	-	-
£310,000–£319,999	-	-	-	-
£320,000–£329,999	1	-	1	-
£330,000–£339,999	-	-	-	1
£340,000–£349,999	1	-	1	-
£350,000–£359,999	-	-	-	-
£360,000–£369,999	-	-	-	-
£370,000–£379,999	-	-	-	-
£380,000–£389,999	-	-	-	1
£390,000–£399,999	-	1	1	-
	130	169	299	285

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution. This includes compensation paid to key management personnel.

Key management personnel compensation includes remuneration and all employee benefits including employer pension contributions.

Positions held by members of the Key Management Personnel;

- Chief Information Officer and Librarian
- Vice-Principal of Corporate Services (Current post-holder started 04/05/20, prior post-holder finished 26/04/20)
- Director of Finance
- Principal and Vice-Chancellor
- Vice-Principal Students (Current post-holder started 01/10/2019, prior post-holder finished 31/08/2019)
- University Secretary
- Vice-Principal and Head of College of Arts, Humanities and Social Sciences
- Vice-Principal and Head of College of Medicine and Veterinary Medicine
- Vice-Principal and Head of College of Science and Engineering
- Senior Vice-Principal Planning, Resources and Research Policy

The Key management personnel are comprised of the members of the Senior Leadership Team; details of which are available at: [www.ed.ac.uk/principals-office/vice-principals-senior-leadership/senior-leadership-team](http://www.ed.ac.uk/principals-office/vice-principals-senior-leadership/senior-leadership-team)

### Senior post holders

Remuneration of higher paid staff includes NHS merit awards, but exclude employer pension contributions and termination payments.

Staff are included in the range that reflects their actual remuneration for that year.

43 per cent (2019: 44 per cent) of senior post holders are clinical academics.

# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

Compensation for loss of office	2020 £'000	2019 £'000
Compensation payable to senior post holders	39	-
Other compensation paid in excess of £100,000	-	-
	<b>39</b>	-

### Compensation for loss of office

Compensation includes the cost of enhancing pension benefits on early retirement.

There was no compensation payable to key management personnel for the year (2019: nil).

There was £39k compensation paid to senior post holders during the year (2019: nil).

Severance arrangements for senior post holders are overseen by the University's Remuneration Committee and all compensation is paid in line with the severance guidance approved by the University Court.

## 10. Other Operating Expenses

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Academic and related expenditure	73.4	73.4	84.4	84.4
Scholarships and stipends	41.8	41.8	38.3	38.3
Research grants and contracts	97.6	97.6	107.3	107.3
Library, computer and other academic support services	14.3	14.3	14.7	14.7
Administration and central services	23.7	29.6	25.4	30.5
Refurbishment and maintenance	28.2	28.0	23.8	23.4
Utilities costs	17.6	20.2	18.1	20.9
Other premises costs	13.9	13.9	12.0	12.0
Other including income generating operations	11.5	5.9	14.2	8.2
Residences and catering operations	40.6	36.3	44.9	37.2
	<b>362.6</b>	<b>361.0</b>	383.1	376.9
<b>Other operating expenses include:</b>				
Agency staff costs	7.4	7.1	12.0	11.7
Operating lease rentals:				
Land and buildings	28.4	30.1	24.2	25.7
Other	1.0	1.0	1.1	1.1
Fees charged by external auditors:				
In respect of audit services	0.3	0.2	0.2	0.2
In respect of non-audit services**	-	-	0.3	0.3
Fees charged by internal auditors:*				
In respect of audit services	0.3	0.3	0.1	0.1
In respect of non-audit services	0.4	0.4	0.5	0.5

\*The University has a co-sourced model of resourcing for its Internal Audit service which comprises a mixture of in-house personnel and external assistance and specialist input from an external firm, namely KPMG LLP.

\*\*The consolidated audit fees for 2019/20 are £281k (incl. VAT) (2019: £241k) and the non-audit services fees are £20k (incl. VAT) (2019: £267k) which is in line with our non-audit services policy.

# Notes to the financial statements (continued)

## 11. Interest and Other Finance Costs

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
Loan interest		16.0	16.0	15.2	15.2
Finance lease interest		0.1	0.1	0.1	0.1
Net charge on pension scheme	33	7.3	7.3	3.9	3.9
<b>Interest and other finance costs excl loan break costs</b>		<b>23.4</b>	<b>23.4</b>	19.2	19.2
Exceptional item: Loan break costs		-	-	13.8	13.8
<b>Total Interest and other finance costs</b>		<b>23.4</b>	<b>23.4</b>	33.0	33.0

## 12. Taxation

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Recognised in the statement of comprehensive income</b>				
<b>Current tax:</b>				
UK Corporation tax charge/ (credit) on subsidiaries' profits	0.4	-	(0.1)	-
	<b>0.4</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>

## 13. Intangible Assets

Software	2020	
	Consolidated £m	Institution £m
<b>Cost or valuation</b>		
As at 1 August 2019	-	-
Additions in the year	9.2	9.2
Transfer from equipment assets	3.7	3.7
Disposals in year	-	-
As at 31 July 2020	<b>12.9</b>	<b>12.9</b>
<b>Accumulated amortisation</b>		
As at 1 August 2019	-	-
Transfer from equipment assets	3.4	3.4
Charge for the year	0.2	0.2
Amortisation on disposal	-	-
As at 31 July 2020	<b>3.6</b>	<b>3.6</b>
<b>Net book value</b>		
As at 31 July 2020	<b>9.3</b>	<b>9.3</b>
As at 31 July 2019	-	-

### Interest and other finance costs

Interest costs have increased to £16.0 million (2019: £15.2 million). The increase is due to debt raised in 2018 for £250 million with Northwestern Mutual Life Insurance Company.

### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

UK Corporation tax at 19 per cent (2019: 19 per cent)

### Intangible assets

Consolidated

At 31 July 2020, intangible assets included £9.2 million (2019: £0 million) in respect of assets under construction.

Intangible assets under construction represent costs incurred in relation to the new Oracle System, which is redesigning core Finance, HR, Payroll, and Research Grant Management processes through a cloud-based system. No amortisation has been charged in the year as the system remains in the build phase.

# Notes to the financial statements (continued)

## 14. Tangible Assets

Consolidated

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m	Heritage assets £m	Total including heritage assets £m
<b>Cost or valuation</b>					
As at 1 August 2019	1,928.9	216.0	<b>2,144.9</b>	213.9	<b>2,358.8</b>
Additions	78.7	24.1	<b>102.8</b>	1.2	<b>104.0</b>
Transfer to intangible assets	-	(3.7)	<b>(3.7)</b>	-	<b>(3.7)</b>
Revaluation	-	-	-	(0.4)	<b>(0.4)</b>
Disposals	(3.4)	(7.2)	<b>(10.6)</b>	-	<b>(10.6)</b>
As at 31 July 2020	2,004.2	229.2	<b>2,233.4</b>	214.7	<b>2,448.1</b>
<b>Accumulated depreciation</b>					
As at 1 August 2019	152.0	174.4	<b>326.4</b>	-	<b>326.4</b>
Transfer to intangible assets	-	(3.4)	<b>(3.4)</b>	-	<b>(3.4)</b>
Charge for the year	39.2	21.5	<b>60.7</b>	-	<b>60.7</b>
Impairment	17.8	-	<b>17.8</b>	-	<b>17.8</b>
Disposals	(1.4)	(7.1)	<b>(8.5)</b>	-	<b>(8.5)</b>
As at 31 July 2020	207.6	185.4	<b>393.0</b>	-	<b>393.0</b>
<b>Net book value</b>					
As at 31 July 2020	1,796.6	43.8	<b>1,840.4</b>	214.7	<b>2,055.1</b>
As at 31 July 2019	1,776.9	41.6	<b>1,818.5</b>	213.9	<b>2,032.4</b>

## Tangible Assets

Consolidated

At 31 July 2020, freehold land and buildings included £108.0 million (2019: £96.2 million) in respect of freehold land and is not depreciated.

All land and buildings are held on a freehold basis with the exception of the new medical school at the Royal Infirmary of Edinburgh. This is constructed on land held under a long leasehold of 130 years.

Gains on disposal of land and building fixed assets amounted to £0.5 million (2019: £4.6 million).

Certain land and buildings have been partly financed from Exchequer funds. Funding body grants of £16.9 million recognised as income in the year relate to additional exchequer funding of land and buildings. Should any of these assets be sold the University may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council, to surrender part of the proceeds.



# Notes to the financial statements (continued)

## 14. Tangible Assets (continued)

### Institution

	Land and buildings £m	Restated Fixtures, fittings and equipment £m	Total £m	Heritage assets £m	Total including heritage assets £m
<b>Cost or valuation</b>					
As at 1 August 2019	1,920.1	201.8	<b>2,121.9</b>	213.9	<b>2,335.8</b>
Additions	78.7	24.1	<b>102.8</b>	1.2	<b>104.0</b>
Transfer to intangible assets	-	(3.7)	<b>(3.7)</b>	-	<b>(3.7)</b>
Revaluation	-	-	-	(0.4)	<b>(0.4)</b>
Disposals	(3.4)	(7.2)	<b>(10.6)</b>	-	<b>(10.6)</b>
As at 31 July 2020	1,995.4	215.0	<b>2,210.4</b>	214.7	<b>2,425.1</b>
<b>Accumulated depreciation</b>					
As at 1 August 2019	149.1	161.9	<b>311.0</b>	-	<b>311.0</b>
Transfer to intangible assets	-	(3.4)	<b>(3.4)</b>	-	<b>(3.4)</b>
Charge for the year	38.5	21.3	<b>59.8</b>	-	<b>59.8</b>
Impairment	17.8	-	<b>17.8</b>	-	<b>17.8</b>
Disposals	(1.3)	(7.2)	<b>(8.5)</b>	-	<b>(8.5)</b>
As at 31 July 2020	204.1	172.6	<b>376.7</b>	-	<b>376.7</b>
<b>Net book value</b>					
As at 31 July 2020	1,791.3	42.4	<b>1,833.7</b>	214.7	<b>2,048.4</b>
As at 31 July 2019	1,771.0	39.9	<b>1,810.9</b>	213.9	<b>2,024.8</b>

### Tangible Assets

#### Institution

At 31 July 2020, freehold land and buildings included £107.8 million (2019: £96.0 million) in respect of freehold land and is not depreciated.

At 31 July 2020, land and buildings included £153.9 million (2019: £140.0 million) in respect of buildings under construction.

The net book value of tangible fixed assets includes an amount of £2.6 million (2019: £2.8 million) of buildings, fixtures and equipment held under finance leases. The depreciation charge on these assets for the year was £130,775 (2019: £83,784).

Impairment of land and building fixed assets amounted to £17.8 million (2019: nil). The impairment charge resulted from re-planning the Building A New Biology project; the bioresearch facility was removed from the project along with the associated costs incurred to date, additional enabling & asbestos removal costs have also been removed.

# Notes to the financial statements (continued)

## 15. Heritage Assets

Collections	Method of valuation	Valuation undertaken by	Information on qualifications of collection valuers can be found at
Rare Books, Archives and Manuscripts	External	Bernard Quaritch Ltd McNaughtan's	www.quaritch.com www.mcnaughtans.co.uk
Musical Instrument Museums Edinburgh	External	Sothebys	www.sothebys.com
Art Collection	External	Sothebys and Paolozzi Foundation	www.sothebys.com and www.paolozzifoundation.org
Museum Heritage Collection	Internal	Dr John Scally	www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries
Cockburn Museum of Geology	Internal	Dr John Scally	www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries
Natural History Collections	Internal	Prof Mark Blaxter & Prof Graham Stone	www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries
Anatomical Collections	Internal	Malcom McCallum	
School of Chemistry	Internal	Dr John Scally	
Classics Teaching Collection	Internal	Prof Ben Harte & Dr Sue Rigby	
Polish School of Medicine Historical Collections	Internal	Dr Maria Dlugolecka-Graham	

### Additions and disposals

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

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Acquisitions purchased with specific donations	1.0	0.1	0.2	-	0.1
Acquisitions purchased with University funds	0.2	0.2	0.4	0.1	0.2
Total cost of acquisitions purchased	1.2	0.3	0.6	0.1	0.3
Value of acquisitions by donation	-	-	-	-	0.1
Total acquisitions capitalised	1.2	0.3	0.6	0.1	0.4

### Main collections

The University holds and conserves collections of heritage assets which are capitalised. Details of the collections held can be found at: [www.ed.ac.uk/information-services/library-museum-gallery/crc/collections](http://www.ed.ac.uk/information-services/library-museum-gallery/crc/collections)

### University policy on acquisitions, preservation, management and disposal

The University of Edinburgh Collections Management Policy is available at: [www.ed.ac.uk/information-services/library-museum-gallery/crc/about/collections-policies](http://www.ed.ac.uk/information-services/library-museum-gallery/crc/about/collections-policies).

### Heritage assets capitalised

Heritage assets acquired before 1 August 1999 without reliable estimates of cost or value on a cost-benefit basis have not been capitalised. Acquisitions since 1 August 1999 have been capitalised at cost, or, in the case of donated assets, at expert valuation on receipt.

The University's two major collections (the Library Special Collection of Rare Books, Manuscripts and Archives and the Fine Art Collections) were externally valued in 2015. A valuation of Special Collection items held in remote storage was undertaken in 2016. In light of the recent external valuations an uplift was not applied to the collections in the current year.

A small number of books forming part of the Library Special Collection were damaged during the year as a result of water ingress. The items were externally valued prior to the commencement of restoration works. The financial impact on the value of the items have been recognised in the financial statements.

The remaining collections are assessed internally by the University's Centre for Research Collections. Any movement in value is applied if commensurate with market activity, or material benefit to the readers of the Annual Report and Accounts.

### Additions and disposals

The University receives a large number of donated assets in addition to heritage assets bought by the University's Centre for Research Collections. Donated assets are not valued unless they are of special interest as the cost of doing so is not commensurate with the benefits to readers of the Annual Report and Accounts. Donated assets that are capitalised are reported in the consolidated statement of comprehensive income and expenditure at valuation.

# Notes to the financial statements (continued)

## 16. Non-Current Investments

### Consolidated

	Institution of Edinburgh Endowment and Investment fund £m	Other fixed asset investments £m	Total £m
<b>As at 1 August 2019</b>	609.2	208.5	<b>817.7</b>
Additions	1.8	1.1	<b>2.9</b>
Disposals	(154.1)	(110.0)	<b>(264.1)</b>
Other movement	(2.4)	-	<b>(2.4)</b>
Appreciation	11.3	0.2	<b>11.5</b>
<b>As at 31 July 2020</b>	465.8	99.8	<b>565.6</b>
<b>Non-current investments consist of:</b>			
The University of Edinburgh Endowment and Investment fund	465.8	-	<b>465.8</b>
Other	-	92.7	<b>92.7</b>
Edinburgh University Press Ltd (intellectual property)	-	0.3	<b>0.3</b>
Unlisted investments	-	6.8	<b>6.8</b>
	465.8	99.8	<b>565.6</b>

### Institution

	Subsidiary companies £m	Institution of Edinburgh Endowment and Investment fund £m	Other fixed asset investments £m	Total £m
<b>As at 1 August 2019</b>	8.3	609.2	202.7	<b>820.2</b>
Additions	-	1.8	-	<b>1.8</b>
Disposals	-	(154.1)	(110.0)	<b>(264.1)</b>
Loans advanced	0.7	-	-	<b>0.7</b>
Loans repaid	-	(2.4)	-	<b>(2.4)</b>
Appreciation	-	11.3	-	<b>11.3</b>
Impairment	(0.2)	-	-	<b>(0.2)</b>
<b>As at 31 July 2020</b>	8.8	465.8	92.7	<b>567.3</b>

### Non-current investments

The Endowment and Investment Fund investment is 100 per cent Endowment funds as all treasury units were sold during the year.

As well as diversifying risk by investing in different types of asset there are 10 fund managers.

The unit price has increased 3.5 per cent from £44.95 to £46.54 giving appreciation of £11.3 million.

Funds are invested in the University of Edinburgh Endowment and Investment Fund.

The Investment Committee is responsible for the oversight and strategic direction of investments. Its members are appointed by the University of Edinburgh Court, and are drawn from both Court members and external investment professionals.

Mercers are consultants to the Investment Committee and the Secretary is the University's Director: Finance Specialist Services.

Each year an Endowment Fund Report is published. This gives, amongst other matters, details of the Investment Committee and its remit, the Fund managers and statistics relating to the investments and endowment funds.

The loans to subsidiary companies are interest bearing with the exception of the loans to provide venture capital funding to Old College Capital LLP and Old College Capital Strategic Investments.

Interest is charged at 4.82% on the Loan to UoE Estates Services Company Ltd.

Unlisted investments are initially recorded at cost and, where the University believes that an independent fair value can be determined by reviewing the price of a recent transaction for an identical asset, then such investments are recorded in the balance sheet at fair value.

Otherwise, such investments are held in the balance sheet at cost less any impairment.

# Notes to the financial statements (continued)

## 16. Non-Current Investments (continued)

Institution	Subsidiary companies £m	Institution of Edinburgh Endowment and Investment fund £m	Other fixed assets investments £m	Total £m
<b>Non-current investments consist of:</b>				
<b>The University of Edinburgh Endowment and Investment fund</b>				
Equities	-	245.8	-	<b>245.8</b>
Fixed interest stocks	-	23.0	-	<b>23.0</b>
Property	-	108.3	-	<b>108.3</b>
Multi asset type	-	83.3	-	<b>83.3</b>
Venture capital	-	9.1	-	<b>9.1</b>
Debtor	-	(0.2)	-	<b>(0.2)</b>
Bank deposits held at fund managers	-	1.6	-	<b>1.6</b>
Bank deposits held by the Institution	-	(5.1)	-	<b>(5.1)</b>
<b>Other investments</b>				
pure LiFi	-	-	0.9	<b>0.9</b>
Big Issue	-	-	0.8	<b>0.8</b>
Prosper Social Investment	-	-	-	<b>-</b>
Aegon Asset Management	-	-	19.4	<b>19.4</b>
MI TwentyFour Asset Management	-	-	68.5	<b>68.5</b>
Social Investment Scotland	-	-	0.1	<b>0.1</b>
Other investments	-	-	3.0	<b>3.0</b>
<b>Investment in subsidiary companies</b>				
Edinburgh University Press Ltd	0.3	-	-	<b>0.3</b>
<b>Loans to subsidiary companies</b>				
UoE Utilities Supply Company Ltd	4.4	-	-	<b>4.4</b>
Old College Capital LLP	4.1	-	-	<b>4.1</b>
	<b>8.8</b>	<b>465.8</b>	<b>92.7</b>	<b>567.3</b>

# Notes to the financial statements (continued)

## 17. Trade And Other Receivables

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Amounts falling due within one year:</b>				
Research grants receivables	94.3	94.3	81.2	81.2
Other trade receivables	34.9	15.7	26.3	13.7
Prepayments and accrued income	18.8	18.2	30.7	28.9
Amounts due from subsidiary companies	-	9.5	-	4.9
	<b>148.0</b>	<b>137.7</b>	138.2	128.7
<b>Investing Activity</b>				
Non-current investment debtor	30.0	30.0	-	-
	<b>178.0</b>	<b>167.7</b>	138.2	128.7
<b>Amounts falling due after one year:</b>				
Amounts held by lawyer for SEPA	0.5	0.5	0.5	0.5
Endowments receivable	-	19.4	-	-
	<b>0.5</b>	<b>19.9</b>	0.5	0.5
<b>Total receivables</b>	<b>178.5</b>	<b>187.6</b>	138.7	129.2

## 18. Current Investments

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Short-term deposits	204.5	204.1	207.4	207.4

### Trade and other receivables

Research grants receivables are shown net of allowance for doubtful debts of £6.0 million (2019: £5.3 million).

Other trade receivables are shown net of allowance for doubtful debts of £3.4 million (2019: £3.7 million).

### Investing Activity

We sold £30 million of the IM TwentyFour Bond Fund on 28 July and received the cash on 5 August.

### Current investments

The University's Treasury Management policy grants the Director of Finance delegated authority to deposit or invest funds with approved organisations to approved limits. As at 31 July 2020 the short-term deposits had interest rates ranging from 0.3 per cent to 1.3 per cent and are fixed for between 3 and 13 months. All short-term deposits have a maturity date less than 12 months from the 31 July 2020.

# Notes to the financial statements (continued)

## 19. Creditors: Amounts Falling Due Within One Year

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Unsecured loans	4.5	4.5	3.0	3.0
Obligations under finance leases	0.4	0.4	0.3	0.3
Trade payables	22.6	18.6	26.9	23.4
Social security and other taxation payable	13.2	13.2	13.0	12.9
Other creditors	10.7	10.7	9.2	9.2
Concessionary loans	1.7	1.7	1.7	1.7
Accruals and deferred income (see below)	300.4	296.0	291.2	284.5
Agency funds	0.1	0.1	-	-
Amounts due to subsidiary companies	-	32.0	-	23.7
	<b>353.6</b>	<b>377.2</b>	345.3	358.7

### Accruals and deferred income

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Accruals	63.6	63.6	61.2	60.9
Donations and other restricted income deferred	32.9	32.8	35.0	35.0
Research grants received on account	166.2	166.2	147.9	147.9
Estates capital grants deferred	3.6	3.6	6.2	6.2
Other income deferred	34.1	29.8	40.9	34.5
	<b>300.4</b>	<b>296.0</b>	291.2	284.5

## 20. Creditors: Amounts Falling Due After More Than One Year

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Obligations under finance leases	0.3	0.3	0.8	0.8
Unsecured loans	586.8	586.8	591.4	591.4
Concessionary loans	11.0	11.0	12.7	12.7
Other creditors	0.1	0.1	0.1	0.1
	<b>598.2</b>	<b>598.2</b>	605.0	605.0

### Trade payables

The ratio of trade payables to operational expenses is 6.2 per cent (2019: 7.0 per cent), a decrease of 0.8 per cent.

### Accruals and deferred income

In addition to accruals of expenditure, research and other restricted income has been deferred until specific performance-related conditions have been met.

### Public benefit concessionary loans:

The University received a £5.2 million loan in 2018 from Salix Finance Limited in partnership with the Scottish Funding Council. The loan has a 7 year term and is interest free. The loan is required to be repaid in 84 equal monthly instalments over seven years, with the last repayment due on 1 July 2026.

In 2019 the University received a £9.1 million loan from the Scottish Funding Council. The loan has a 10 year term and has an interest rate of 0.25 per cent. The final repayment is due on 31 March 2029. The loan will be used to support Phase 1 of the Student Centre project.

# Notes to the financial statements (continued)

## 20. Creditors: Amounts Falling Due After More Than One Year (continued)

### Borrowings

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Obligations under finance leases are due as follows:</b>					
Due within one year	19	0.4	0.4	0.3	0.3
Due between two and five years		0.3	0.3	0.8	0.8
Due in five years or more		-	-	-	-
		<b>0.7</b>	<b>0.7</b>	1.1	1.1

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Unsecured bank loans are repayable as follows:</b>					
Due within one year	19	4.5	4.5	3.0	3.0
Due between two and five years		39.4	39.4	32.1	32.1
Due in five years or more		547.4	547.4	559.3	559.3
		<b>591.3</b>	<b>591.3</b>	594.4	594.4

Unsecured loans outstanding at 31 July 2020 were as follows:

		Interest rate %	Repayable	Borrower	Amount £m
European Investment Bank	EIB 50m	4.105	2017-2036	University	37.6
European Investment Bank	EIB 200m	2.105	2021-2046	University	200.0
Private Placements due in 20 years	NW 40m	3.20	2036	University	40.0
Private Placements due in 25 years	NW15m	3.38	2041	University	40.0
Private Placements due in 30 years	NW 10m	3.46	2046	University	20.0
Northwestern Mutal due in 20 years	NW 250m	2.62	2038	University	110.0
Northwestern Mutal due in 25 years	NW 250m	2.68	2043	University	75.0
Northwestern Mutal due in 30 years	NW 250m	2.69	2048	University	65.0
The Royal Bank of Scotland plc	RBS	0.2% above base	2017-2037	University	4.2
FRS 102 amortisation adjustment					(0.5)
					591.3

# Notes to the financial statements (continued)

## 21. Provisions For Liabilities

Consolidated and Institution	Obligation to fund deficit on USS pension £m	Pension enhancement on termination £m	Unfunded pension provision £m	Funded pension scheme provision £m	Total £m
<b>As at 1 August 2019</b>	301.4	6.1	0.9	124.0	<b>432.4</b>
Utilised in year	(5.8)	(0.5)	(0.1)	(12.9)	<b>(19.3)</b>
(Reductions)/additions in year	(138.2)*	-	-	16.2	<b>(122.0)</b>
Additional contributions paid by the Institution	-	-	-	(1.1)	<b>(1.1)</b>
Interest in year	4.9	0.1	-	2.3	<b>7.3</b>
Adjustment due to incorrect benefit detail in 31 July 2019 disclosures**	-	(0.8)	-	-	<b>(0.8)</b>
Actuarial loss in respect of pension schemes	-	0.2	-	53.7	<b>53.9</b>
<b>As at 31 July 2020</b>	162.3	5.1	0.8	182.2	<b>350.4</b>

Other Provisions	Decommissioning provision £m	Lease dilapidation provision £m	Total £m
<b>As at 1 August 2019</b>	0.6	-	<b>0.6</b>
Additions in year	-	0.5	<b>0.5</b>
Utilised in year	-	-	<b>-</b>
<b>As at 31 July 2020</b>	0.6	0.5	<b>1.1</b>
<b>Total provisions</b>			<b>351.5</b>

\* Please see narrative on USS deficit in text next to table for explanation of large reduction in USS deficit.

\*\*This figure is reported under the actuarial loss in respect of pension schemes.

### Pension and other provisions

In compliance with FRS 102, Section 21: Provisions and contingencies, the provisions relate only to contractual and legal obligations of the University. Provisions relating to retirement benefits and details including assumptions used are included in Note 33: Pension Schemes.

### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to pay 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.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 33. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence the deficit provision has decreased significantly from the prior year of which £138.2m is due to the change in the deficit contributions contractual commitment.

### Pension enhancement and unfunded pensions

The University has a liability for the enhancement of pensions payable to some former members of staff who have taken early retirement and for the supplementation of Federated Superannuation Scheme for Universities (FSSU) and state pensions granted to certain former members of the University staff. These liabilities are unfunded but are assessed on the same basis as the liabilities within each defined benefit pension scheme.

### Funded pension schemes

The provision represents the net liability in respect of the deficits on the Staff Benefit Scheme, Strathclyde Pension Fund and Lothian Pension fund assessed under FRS 102.

### Decommissioning provision

The provision is held under the Radioactive Substances Act 1993 and the HASS (Scotland) Directions 2005 to provide for the safe management of hazardous material when they become disused.

### Lease dilapidation provision

This provision represents the obligation under two full repairing and insuring leases. As such we have provided for each dilapidation clause settlement subject to negotiation. Both leases end in September and we expect to pay the dilapidations then.



# Notes to the financial statements (continued)

## 22. Endowment Reserves

### Consolidated and Institution

	Permanent unrestricted endowments £m	Permanent restricted endowments £m	Expendable restricted endowments £m	2020 Total £m	2019 Total £m
Capital	6.8	134.0	251.2	<b>392.0</b>	361.1
Accumulated income	-	14.5	53.4	<b>67.9</b>	63.0
<b>As at 1 August</b>	6.8	148.5	304.6	<b>459.9</b>	424.1
New endowments	-	-	18.1	<b>18.1</b>	8.1
Investment income	0.1	3.2	6.0	<b>9.3</b>	9.2
Expenditure	(0.1)	(3.0)	(6.6)	<b>(9.7)</b>	(7.8)
Increase in market value of investments	0.2	1.2	14.2	<b>15.6</b>	26.3
	0.2	1.4	31.7	<b>33.3</b>	35.8
Transfers	-	0.8	(6.3)	<b>(5.5)</b>	-
<b>As at 31 July</b>	7.0	150.7	330.0	<b>487.7</b>	459.9
<b>Represented by:</b>					
Capital	7.0	135.1	280.8	<b>422.9</b>	392.0
Accumulated income	-	15.6	49.2	<b>64.8</b>	67.9
	7.0	150.7	330.0	<b>487.7</b>	459.9
<b>Analysis by type of purpose:</b>					
Chairs and lectureships	1.0	20.6	45.1	<b>66.7</b>	62.8
Prizes and scholarships	3.7	80.1	175.6	<b>259.4</b>	244.7
Other	2.3	50.0	109.3	<b>161.6</b>	152.4
	7.0	150.7	330.0	<b>487.7</b>	459.9
<b>Non-current asset investments:</b>					
Equities	3.9	81.7	160.2	<b>245.8</b>	272.9
Fixed interest stocks	0.3	7.1	15.6	<b>23.0</b>	18.3
Property	1.6	33.4	73.3	<b>108.3</b>	90.6
Multi asset	1.2	25.7	56.4	<b>83.3</b>	61.4
Venture capital	0.1	2.8	6.2	<b>9.1</b>	5.2
Debtor	-	(0.1)	(0.1)	<b>(0.2)</b>	1.8
Bank deposits held at fund managers	-	0.5	1.1	<b>1.6</b>	3.1
Bank deposits held by the Institution	(0.1)	(1.6)	(3.4)	<b>(5.1)</b>	0.6
Non-current asset investments	7.0	149.5	309.3	<b>465.8</b>	453.9
Capital debtor	-	-	19.4	<b>19.4</b>	-
Cash balances held by the Institution	-	0.6	1.2	<b>1.8</b>	3.5
Current asset - working capital	-	0.6	0.1	<b>0.7</b>	2.5
Total endowment assets	7.0	150.7	330.0	<b>487.7</b>	459.9

## Endowment reserves

### Consolidated and University

The University's Endowment Fund is invested in the Endowment and Investment Fund (see note 16) which is invested with a number of fund managers and in different asset types to diversify risk.

# Notes to the financial statements (continued)

## 23. Restricted Reserves

Reserves with restrictions are as follows:

Consolidated	Capital grants £m	Donations and revenue grants £m	2020 Total £m	2019 Total £m
<b>Balance at 1 August</b>	2.0	43.5	<b>45.5</b>	56.9
New donations and grants receivable	17.3	49.9	<b>67.2</b>	65.2
Capital grants utilised	(2.1)	-	<b>(2.1)</b>	(46.4)
Expenditure	-	(55.8)	<b>(55.8)</b>	(30.2)
<b>Total restricted comprehensive income/ (expenditure) for the year</b>	15.2	(5.9)	<b>9.3</b>	(11.4)
<b>Balance at 31 July</b>	17.2	37.6	<b>54.8</b>	45.5
<b>Closing reserves comprise the following funds:</b>				
Donations			<b>23.5</b>	18.6
Capital grants			<b>17.1</b>	2.0
Other grants			<b>1.8</b>	1.3
Funds held at Institution of Edinburgh Development Trust			<b>12.4</b>	23.6
			<b>54.8</b>	45.5

### Institution

Institution	Capital grants £m	Donations and revenue grants £m	2020 Total £m	2019 Total £m
<b>Balance at 1 August</b>	-	19.9	<b>19.9</b>	22.8
New donations and grants receivable	10.5	12.8	<b>23.3</b>	41.3
Capital grants utilised	(2.1)	-	<b>(2.1)</b>	(36.4)
Expenditure	-	(7.4)	<b>(7.4)</b>	(7.8)
<b>Total restricted comprehensive income/ (expenditure) for the year</b>	8.4	5.4	<b>13.8</b>	(2.9)
<b>Balance at 31 July</b>	8.4	25.3	<b>33.7</b>	19.9

# Notes to the financial statements (continued)

## 24. Revaluation Reserve

Consolidated and Institution	Heritage assets £m	2020 Total £m	2019 Total £m
<b>Balance at 1 August</b>	208.6	<b>208.6</b>	207.8
Revaluation in year	(0.4)	<b>(0.4)</b>	0.8
<b>Total restricted comprehensive (expenditure)/income for the year</b>	(0.4)	<b>(0.4)</b>	0.8
<b>Balance at 31 July</b>	208.2	<b>208.2</b>	208.6

## 25. Cash and Cash Equivalents

Consolidated	2020 £m	2019 £m
<b>Balance at 1 August</b>	<b>238.5</b>	236.1
Net change in cash and cash equivalent balances	<b>253.0</b>	2.4
<b>Balance at 31 July</b>	<b>491.5</b>	238.5

Institution	2020 £m	2019 £m
<b>Balance at 1 August</b>	<b>223.0</b>	225.2
Net change in cash and cash equivalent balances	<b>252.8</b>	(2.2)
<b>Balance at 31 July</b>	<b>475.8</b>	223.0

# Notes to the financial statements (continued)

## 26. Consolidated Reconciliation of Net Debt

	Net debt 1 August 2019 £m	Cash-flows £m	New loans £m	Repayment of loans £m	New finance leases £m	Changes in market value and exchange rates £m	Other non-cash changes £m	Net debt 31 July 2020 £m
Cash and cash equivalents	238.5	253.0	-	-	-	-	-	<b>491.5</b>
Unsecured loans falling due within one year	(3.0)	-	-	4.5	-	-	(1.6)	<b>(0.1)</b>
Unsecured loans falling due after more than one year	(591.4)	-	-	-	-	-	4.7	<b>(586.7)</b>
Concessionary loans falling due within one year	(1.7)	-	-	-	-	-	-	<b>(1.7)</b>
Concessionary loans falling due after more than one year	(12.7)	-	-	-	-	-	1.7	<b>(11.0)</b>
Other	(0.1)	-	-	-	-	-	-	<b>(0.1)</b>
Finance lease obligations due within one year	(0.2)	-	-	-	-	-	(0.1)	<b>(0.3)</b>
Finance lease obligations due after more than one year	(0.8)	-	-	-	-	-	0.4	<b>(0.4)</b>
	(609.9)	-	-	4.5	-	-	5.1	<b>(600.3)</b>
<b>Total</b>	<b>(371.4)</b>	<b>253.0</b>	<b>-</b>	<b>4.5</b>	<b>-</b>	<b>-</b>	<b>5.1</b>	<b>(108.8)</b>

## 27. Capital and Other Commitments

	2020		2019	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Commitments contracted for at 31 July	<b>177.6</b>	<b>177.6</b>	151.2	151.2

## 28. Contingent Liabilities

### Subsidiary Companies

The University has given written undertakings to support its subsidiary companies for at least twelve months from the date of approval of their financial statements.

# Notes to the financial statements (continued)

## 29. Lease Obligations

Total rentals payable under operating leases:

	2020			2019 Total £m
	Land and buildings £m	Other leases £m	Total £m	
<b>Payable during the year</b>	28.4	1.0	<b>29.4</b>	26.8
<b>Future minimum lease payments due:</b>				
Due within one year	15.8	0.9	<b>16.7</b>	24.4
Due between two and five years	50.9	0.1	<b>51.0</b>	55.0
Due in five years or more	95.3	-	<b>95.3</b>	107.3
<b>Total lease payments due</b>	162.0	1.0	<b>163.0</b>	186.7

## 30. Events After the Reporting Period

In the interval between the end of the financial year and the date of this report, there were no items, transactions or events of a material and unusual nature likely, in the opinion of the Court, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years

# Notes to the financial statements (continued)

## 31. Subsidiary Undertakings

Subsidiary undertakings comprise companies registered in Scotland as follows:

Subsidiary	% holding	Principal activities and other organisational information
Edinburgh Innovations Limited	100%	Commercialisation of the world-class research and academic expertise at the University of Edinburgh to potential funders, collaborators, licensees or investors.
Edinburgh Technology Fund Limited	100%	Management of investment funds providing seed corn venture capital for early stage high-technology developments and the management of its portfolio of investments made using its funds.
UoE Accommodation Limited	100%	Non-student lettings and the provision of nursery childcare services for the University of Edinburgh.
UoE HPCX Limited	100%	Provision of high-performance computing services.
UoE Estates Services Company Limited	100%	Provision of utility services to the University.
Old College Capital LP, SI and GP	100%	Old College Capital GP Limited acts as a general partner in two Scottish Limited Partnerships. The first is Old College Capital LP which makes early and mid-stage investments into selected companies that emerge from the University and the second is Old College Capital SI LP, which invests in Epidarex, a venture capital fund. In addition, for both these Limited Partnerships, the University is the limited partner.
Research into Results Limited	100%	The company is currently dormant. Discussions are ongoing as to using some of the cash reserves to fund research projects within the University and the company.
Edinburgh University Press Limited	100%	A charity registered in Scotland, registered charity number SC035813, incorporated as a limited company. The principal activity of Edinburgh University Press Limited is the publication of educational books and journals.
The University of Edinburgh Development Trust		A charity registered in Scotland, registered charity number SC004307. The Trust is classed as a “quasi-subsiary” of the University under the guidelines of FRS 102: Section 2 Concepts and Pervasive Principles. The primary purpose of the Trust is to act as a fund raiser of funds for the benefit of the University.
The Andrew Grant Bequest		A charity registered in Scotland, Registered Charity No SC001097. The Trust is classed as a “quasi-subsiary” of the University under the guidelines of FRS 102: Section 2 Concepts and Pervasive Principles. The primary purpose of the charity is to manage the monies in The Andrew Grant Bequest in accordance with the terms of the original benefaction from Andrew Grant.

Other subsidiary undertakings are as follows:

Subsidiary	% holding	Principal activities and other organisational information
University of Edinburgh Deaconess Limited	100%	A company registered in England. The main activities are that of investing in and operating student accommodation property, and in particular, Deaconess House.
Hong Kong Centre for Carbon Innovation Limited	100%	A company registered in Hong Kong. The company was set up to establish itself as a hub for education, research and development, and application of world-class low carbon solutions with strong partnerships among the UK, Hong Kong and China.
The Hong Kong Foundation for the University of Edinburgh Limited	100%	The Hong Kong Charitable Foundation was established to facilitate donations being made to the University from Hong Kong residents.

# Notes to the financial statements (continued)

## 31. Subsidiary Undertakings (continued)

### Overseas Offices

The University operates overseas offices of which several are incorporated including the North American Office - University of Edinburgh incorporated, registered in the United States which supports the University's activity in North America.

Associated undertakings include the following:

Associated Undertaking	Principal activities and other organisational information
Fortissimo Marketplace Limited	The company is currently dormant and is expected to be wound up during the next financial year.
Hua Xia	The Shenzhen initiative is a partnership between the University and the China-based Hua Xia Healthcare Holdings. The collaboration will develop medical and scientific knowledge over the next four years. Staff from Edinburgh will support medical education and research at Shenzhen University's new medical school and teaching hospital campus.
The Alan Turing Institute	The Alan Turing Institute was created as the national institute for data science in 2015. In 2017, as a result of a government recommendation, artificial intelligence was added to the remit. The University was one of the five founding universities in 2015. An additional eight new universities joined the Institute in 2018.
Rosalind Franklin Institute	The University is a member of the newly formed Rosalind Franklin Institute along with nine other UK universities, Diamond Light Source and the research council UKRI-STFC. The new national institute is dedicated to bringing about transformative changes in life science through interdisciplinary research and technology development.
Roslin Cells Limited	Following the acquisition of the Roslin Institute, the University now nominates one member of Roslin Cells, a company limited by guarantees of £1 from each of the two members. No share of the accounts of that body is consolidated on the ground of materiality.
Roslin Technologies Limited	Roslin Technologies is a joint venture between the University of Edinburgh and two investment and business development partners. The Company's principal activity is to commercialise the intellectual property, capabilities and knowhow of The Roslin Institute and The Royal (Dick) School of Veterinary Studies.
Scottish Universities Environmental Research Centre (SUERC)	SUERC is a jointly controlled entity with the University of Glasgow. SUERC was established to provide to the Universities of the Scottish Consortium collaborative access to expensive equipment and specialist expertise. The main areas of strength are in geochemistry, radiochemistry and isotope biogeosciences.

In addition to the above associated undertakings, the Group and University nominate members of other companies limited by guarantee. The University has also acquired equity positions in the issued capital of several start-up/spinout companies limited by shares, largely acquired as part of IP licence agreements. These shareholdings have been valued in accordance with FRS 102 and the International Private Equity and Venture Capital Valuation Guidelines using the last round price where possible as a starting point for estimating fair value. The value of the University investment in these companies can be found in Note 16, Non-current investments. Any investment with a value greater than £500k is listed separately.

# Notes to the financial statements (continued)

## 32. Connected Charitable Institutions

Consolidated	Total net assets opening balance £m	Income £m	Expenditure £m	Change in market value £m	Total net assets closing balance £m
University of Edinburgh Development Trust (Scottish Charity No. SC004307)	28.6	42.9	(50.3)	-	<b>21.2</b>
Edinburgh University Press Limited (Scottish Charity No. SC035813)	2.1	3.6	(3.7)	-	<b>2.0</b>
The Andrew Grant Bequest (Scottish Charity No. SC001097)	5.6	0.1	(0.1)	0.1	<b>5.7</b>
	36.3	46.6	(54.1)	0.1	<b>28.9</b>

Not consolidated	Total net assets opening balance £m	Income £m	Expenditure £m	Change in market value £m	Total net assets closing balance £m
Edinburgh University Students' Association* (Scottish Charity No. SC015800)	-	12.2	(12.7)	-	<b>(0.5)</b>
Edinburgh University Sports Union (Scottish Charity No. SC009248)	0.2	0.9	(0.9)	-	<b>0.2</b>
	0.2	13.1	(13.6)	-	<b>(0.3)</b>

### Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. Three of the connected institutions are included as a subsidiary undertaking in these consolidated financial statements; the others are not included in the consolidation since the University does not have control over their activities.

The University Court is also the sole Corporate Trustee of Andrew Grant Bequest which is included in the Group accounts of the University.

\*Note the Edinburgh University Students' Association figures are at 31 March 2020, which is in line with their reporting year end.



# Notes to the financial statements (continued)

## 33. Pension Schemes

### University pension schemes

The University participates in three active pension schemes; the Universities Superannuation Scheme (USS), the University of Edinburgh Staff Benefits Scheme (EUSBS) and the National Employee Savings Trust (NEST), and operates salary sacrifice for active staff members of these schemes. The University also participates in other legacy pension schemes on behalf of both retired and active members. These legacy schemes are closed to new University employees but some former employees of Moray House Institute of Education, Edinburgh College of Art and the Medical Research Council Human Genetics Unit remain members of the Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF), the Lothian Pension Fund (LPF) and the Medical Research Council Pension Scheme (MRCPS). The University also participates in a Scottish Widows Group Personal Pension (GPP) for staff in certain sections of EI that were transferred to the University. The Federated Superannuation Scheme for Universities (FSSU) covers a small number of academic staff that did not transfer to USS when it was introduced in 1975.

USS, STSS, MRCPS and NHSSS are multi-employer schemes and, given the mutual nature of the schemes, it is not possible to identify the University's share of the assets and liabilities for these schemes. Consequently, the University cannot apply defined benefit accounting and, according to FRS 102, section 28, the schemes are accounted for as defined contribution schemes. Costs charged to the consolidated statement of comprehensive income and expenditure (the Consolidated Statement) shown below reflect the contributions in year. No share of any deficit or surplus in the STSS, MRCPS and NHSSS schemes are included in these financial statements. A liability for the future contributions payable to USS that relate to a deficit recovery plan agreement is recognised and the resulting expense is included in the Consolidated Statement.

The EUSBS, SPF and LPF schemes are accounted for under FRS 102, section 28 and the funded pension costs charged to the Consolidated Statement shown below reflect the service cost calculated under FRS 102. The FRS 102 disclosures of the University pension assets, liabilities and costs are included at the end of this note.

### Overall scheme participation and pension costs

	Employer contribution rate at 31 July 2020	Employee contribution rate at 31 July 2020	Active members at 31 July 2020	Pension costs year to 31 July 2020 £'000	Active members at 31 July 2019	Pension costs year to 31 July 2019 £'000
<b>Defined contribution plan</b>						
USS	21.10%(1)	9.6%	9,013	105,337	8,855	86,519
STSS	23.00%	7.2% to 11.9%	60	565	61	437
MRCPS	15.90%	5.25% to 6.5%	48	371	49	381
NEST	3%	5%	1,788	2,422	1,833	1,872
GPP	14%	4.5%	7	100	8	102
Other: NHS and subsidiaries	20.90%	5.2% to 14.7%	114	1,952	123	1,914
Sub-total: members and costs			11,030	110,747	10,929	91,225
<b>Defined benefit plan</b>						
EUSBS	19.80%	9%	1,803	15,700	1,847	11,900
SPF	37.5%(2)	5.5% to 11.2%	22	280	24	416
LPF	41.8%(3)	5.5% to 11.2%	17	180	19	254
Sub-total: members and service cost per FRS 102 disclosures below			1,842	16,160	1,890	12,570
Total: members and cost			12,872	126,907	12,819	103,795

1. Included a deficit recovery plan contribution of 5 per cent to 30 September 2019 and 2 per cent thereafter
2. An additional SPF employer's contribution of £750,000 (2020 £750,000) is payable for the 12 months ending 31 March 2021
3. An additional LPF employer's contribution of £597,200 (2020 £500,700) is payable for the 12 months ending 31 March 2021

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### Key actuarial assumptions

	Discount rate	Salary increase rate	Pensions increase rate	Current pensioners mortality rate (1)		Non-pensioners mortality rate	
				Males	Females	Males	Females
<b>Valuations under FRS 102 at 31 July 2020</b>							
EUSBS	1.40%	2.95%(2)	2.05%(3)	21.3	23.6	22.7	25.2
LPF	1.30%	3.90%	2.20%	21.7	24.3	24.7	27.5
SPF	1.30%	3.30%	2.20%	20.7	22.9	22.2	24.6

1. Mortality rates are based on assumed life expectancy at the retirement age
2. Salary increases are assumed to be 2.95 per cent based on CPI plus 1 per cent
3. Benefits after 31 December 2016

### The Universities Superannuation Scheme (USS)

The institution participates in the USS. 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. Due to of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement 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) and therefore an expense is recognised.

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 the 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). The resulting expense is recorded in the Consolidated Statement in accordance with section 28 of FRS 102. Court is satisfied that the scheme provided by the USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total cost charged to the Consolidated Statement is £105.3 million (2019: £86.5 million) as shown in the overall scheme participation and pension costs table.

Deficit recovery contributions due within one year for the institution are £7.0 million (2019: £5.7 million).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete. Since the University cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for the section as a whole. The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004. It requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

2018 valuation		
	Pre-retirement:	Post retirement:
Mortality base table	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	0.74%	1.62%
Pensionable salary growth	3.84%	5.00%

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### Scottish Teachers Superannuation Scheme (STSS)

The STSS provides final salary benefits to former members of the Moray House School of Education and is a multi-employer defined benefits scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for a defined contribution scheme. The last four-yearly valuation was carried out as at 31 March 2016 and a shortfall of £1.3 billion was identified in the notional fund. The shortfall will be repaid by a supplementary rate of 4.3% of employers' pension contribution for fifteen years from 1 April 2019. This contribution is included in the 23% employers' contribution rate. The next valuation will be based on scheme data as at 31 March 2020 and will set the employer contribution rate for the period 1 April 2023 to 31 March 2027.

As the scheme is unfunded, no surplus or shortfall can be identified. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contribution is set with reference to a funding valuation undertaken by the scheme actuary.

### Medical Research Council Pension Scheme (MRCPS)

As a result of the merger with the Human Genetics Unit, the University obtained membership of the MRCPS with effect from 1 October 2011. The MRCPS is a final salary, defined benefit pension scheme. Under the terms of the merger the MRCPS is responsible for past service liabilities prior to the merger and the University is responsible for the future service from the merger date.

The University is unable to identify its share of the underlying assets and liabilities of the scheme. Under the definitions set out in FRS 102, the MRCPS is a multi-employer scheme. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions as if it were a defined contribution scheme.

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary. Triennial valuations are conducted under the Pensions Act 2004 on a scheme specific funding basis using the project unit method. The latest actuarial assessment of the MRCPS was at 31 December 2016. At the valuation date, the value of the assets of the MRCPS was £1.41

billion (2013: £1.05 billion) and the value of the scheme's technical provisions was £1.12 billion indicating a surplus of £281 million. The assets were therefore sufficient to cover 126 per cent of the benefits that accrued to members after allowing for expected future increases in earnings. As a result of the 2016 valuation, the trustees determined that the employer contribution rate from 1 April 2018 will increase to 15.9 per cent.

### National Employee Savings Trust (NEST)

The University joined the NEST scheme in March 2013 to provide a low-cost alternative pension to EUSBS scheme membership. NEST is administered by a Trustee and was established as a result of the 2008 Pensions Act, which introduced the requirement to automatically enrol workers into a workplace pension scheme if they:

- are aged between 22 and State Pension Age;
- earn more than £10,000 a year; and
- work in the UK.

NEST is a defined contribution scheme. Pension contribution rates will be set by the scheme's actuary at a level to meet the cost of pensions as they accrue.

### Group Personal Pension (GPP)

As a result of the pre-award research project administration and legal teams of Edinburgh Innovations (EI) being transferred to the University, the University gained a number of staff in a Scottish Widows GPP. This is a defined contribution pension scheme.

### National Health Service Superannuation Scheme (NHSSS)

As a result of the merger with the Human Genetics Unit, the University gained a number of staff in the NHSSS pension scheme. Under the definitions set out in FRS 102, the NHSSS is a multi-employer scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted as if it were a defined contribution scheme. An actuarial assessment was carried out at 31 March 2016. At that date the Scheme had total liabilities of £34.7 billion and notional assets of £32.5 billion giving a notional past service deficit of £2.2 billion.

### The Federated Superannuation Scheme for Universities (FSSU)

FSSU was a defined benefit scheme and covered a very small number of academic staff who did not transfer to USS when it was

introduced in 1975. Pension provision was by means of assurance policies, selected by the member from a panel and held in trust by the Trustees. Persons who retired under the scheme are entitled to additional benefits that may arise under the FSSU Supplementation scheme. These additional benefits are unfunded and are paid direct to retired members by Court. Full provision has been made in the year for the actuarial valuation of the liabilities of this scheme.

There are no active members but the University has two retired members in receipt of FSSU supplementation retirement benefits.

### Unfunded pensions

The University has a number of unfunded pensions which relate to the mergers with the Edinburgh College of Art and the Moray House School of Education and ex-gratia payments from the University. The value of these liabilities is £5.9 million (2019: £7.0 million); This comprises:

- Moray House School of Education and Edinburgh College of Art: £5.1 million (2019: £6.1 million)
- University of Edinburgh: £0.8 million (2019: £0.9 million)

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### Edinburgh University Staff Benefits Scheme (EUSBS)

The assets and liabilities of the EUSBS scheme were:

	Value at 31 July 2020 £m	Value at 31 July 2019 £m	Value at 31 July 2018 £m
Market value of assets:			
Equities	156.4	162.1	159.9
Debt	-	-	0.3
Property	34.4	37.1	37.7
Liability driven investments	106.8	81.7	56.9
Private equity and diversified growth funds	163.8	171.2	165.8
Cash	12.2	9.3	6.9
<b>Total market value of assets</b>	<b>473.6</b>	461.4	427.5
Present value of scheme liabilities			
	<b>(650.9)</b>	(582.3)	(482.1)
<b>Deficit in the scheme - net pension liability</b>	<b>(177.3)</b>	(120.9)	(54.6)

### Lothian Pension Fund (LPF)

The University's share of assets in the LPF scheme were:

	Value at 31 July 2020 £m	Value at 31 July 2019 £m	Value at 31 July 2018 £m
Market value of assets:			
Equities	9.6	9.5	9.5
Bonds	13.9	14.6	11.4
Property	1.0	1.0	0.9
Cash	0.9	-	0.9
<b>Total market value of assets</b>	<b>25.4</b>	25.1	22.7
Present value of scheme liabilities			
Funded	<b>(30.1)</b>	(28.0)	(25.0)
Unfunded	<b>(0.2)</b>	(0.2)	(0.2)
<b>Deficit in the scheme - net pension liability</b>	<b>(4.9)</b>	(3.1)	(2.5)

### Edinburgh University Staff Benefits Scheme (EUSBS)

The EUSBS is an externally-funded defined benefit scheme. The assets of EUSBS are held in a separate trustee-administered fund. The latest formal triennial actuarial valuation was carried out as at 31 March 2018 and has been rolled forward as the basis for the following valuation under FRS 102. As at 31 July 2020, the value of the assets in the scheme was £473.6 million (2019: £461.4 million) and the present value of the funded and unfunded benefits accrued was £650.9 million (2019: £582.3 million), leaving a shortfall of £177.3 million (2019: £120.9 million) included in the University pension liability.

The University has signed a Recovery Plan in respect of the shortfall in funding. It requires deficit funding of £0.316 million to be paid annually each April (from April 2019) until 31 March 2029, increasing each year in line with CPI. The University also committed to pay an addition £0.739 million annually each April (from April 2019) until 31 March 2029, increasing each year with CPI.

Further information is available at: [www.ed.ac.uk/schools-departments/finance/pensions/scheme-details/sbs](http://www.ed.ac.uk/schools-departments/finance/pensions/scheme-details/sbs)

### Lothian Pension Fund (LPF)

Former members of the Edinburgh College of Art are members of the LPF scheme, which is an externally funded, multi-employer, defined benefits scheme from which pensions and other related benefits are paid. LPF is a pool into which employees' and employers' contributions and income from investments are paid, and from which previous and other related benefits are paid out, in accordance with the provisions of the Local Government Pension Scheme. The last full valuation was carried out at 31 March 2017 and the results have been rolled forward as the basis for the following valuation under FRS 102. As at 31 July 2020, the value of the University's assets in the LPF scheme was £25.4 million (2019: £25.1 million) and the present value of the funded and unfunded benefits accrued was £30.3 million (2019: £28.2 million), leaving a shortfall of £4.9 million (2019: £3.1 million) included in the University pension liability.

An allowance was made for the McCloud ruling in 2018/19 in past service cost (£95k) and the roll forward position to 31 July 2020 continues to include this estimated McCloud element in the balance sheet.

Further information on the scheme is available at: [www.lpf.org.uk](http://www.lpf.org.uk)

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### Strathclyde Pension Fund (SPF)

The University's share of assets in the SPF scheme were:

	<b>Value at 31 July 2020 £m</b>	Value at 31 July 2019 £m	Value at 31 July 2018 £m
Market value of assets:			
Equities	<b>22.8</b>	24.3	22.3
Bonds	<b>9.1</b>	9.0	7.7
Property	<b>4.0</b>	3.7	3.9
Cash	<b>0.4</b>	0.4	1.0
<b>Total market value of assets</b>	<b>36.3</b>	37.4	34.9
Present value of scheme liabilities:			
Funded	<b>(33.2)</b>	(31.6)	(29.8)
Unfunded	<b>(0.4)</b>	(0.4)	(0.5)
<b>Surplus in the scheme - net pension asset</b>	<b>2.7</b>	5.4	4.6
Effect of asset cap on surplus	<b>(2.7)</b>	(5.4)	-
	<b>-</b>	-	<b>4.6</b>

### Strathclyde Pension Fund (SPF)

Former members of the Moray House School of Education are members of the SPF pension scheme, which is an externally-funded, multi-employer, defined benefits scheme from which pensions and other related benefits are paid. SPF was, under the State Pension rules up to 5 April 2016, contracted out of the State Second Pension (S2P) scheme. From 6 April 2016, employees are no longer able to contract out of the S2P. SPF is a pool into which employees' and employers' contributions and income from investments are paid, and from which previous and other related benefits are paid out, in accordance with the provisions of the Local Government Pension Scheme. The last full valuation was carried out at 31 March 2017 and the results have been rolled forward as the basis for the following valuation under FRS 102.

As at 31 July 2020, the value of the University's assets in the SPF scheme was £36.3 million (2019: £37.4 million) and the value of the funded and unfunded benefits accrued was £33.6 million (2019: £32.0 million), leaving a surplus of £2.7 million (2019: £5.4 million surplus). We have determined that an asset cap is appropriate for the SPF and reduced the net pension asset to zero.

An allowance was made for the McCloud ruling in 2018/19 in past service cost (£166k) and the roll forward position to 31 July 2020 continues to include this estimated McCloud element in the balance sheet.

Further information on the scheme is available at: [www.spfo.org.uk](http://www.spfo.org.uk)

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### FRS 102 disclosures

The following amounts were measured in accordance with the requirements of FRS 102 in respect of EUSBS, SPF and LPF and have been recognised in these financial statements.

The unfunded liability associated with ex-gratia pensions is included for clarity.

	2020 £m	2019 £m
<b>Analysis of the amount shown in the balance sheet for EUSBS, LPF and SPF pensions:</b>		
Scheme assets	532.6	518.5
Scheme liabilities	714.8	642.5
Deficit in the schemes – net pension liability recorded within pension provisions (Note 21)	182.2	124.0
Unfunded <i>ex gratia</i> pension liability	5.9	7.0
<b>Total provision for net liability</b>	<b>188.1</b>	<b>131.0</b>
Current service cost	16.2	11.6
Past service costs	0.0	1.0
<b>Total operating charge</b>	<b>16.2</b>	<b>12.6</b>
<b>Analysis of the amount charged to interest payable</b>		
Interest cost	13.2	15.2
Expected return on assets	(10.9)	(13.8)
<b>Net charge to other interest and other finance costs</b>	<b>2.3</b>	<b>1.4</b>
<b>Analysis of other comprehensive income:</b>		
Gain on assets	(6.2)	(25.2)
Experience gain on liabilities	(0.4)	(0.1)
Past service loss arising on change of pension increase assumption in the financial year	60.3	94.7
<b>Total charge to other comprehensive income before deduction for tax</b>	<b>53.7</b>	<b>69.4</b>

### Analysis of movement in deficit

	2020 £m	2019 £m
<b>Deficit at beginning of year</b>	<b>124.0</b>	<b>52.5</b>
Contributions or benefits paid by the Institution	(12.9)	(10.8)
Additional contributions paid by Institution*	(1.1)	(1.1)
Current service cost	16.2	11.6
Past service cost	0.0	1.0
Other finance charge	2.3	1.4
Loss recognised in other comprehensive income	53.7	69.4
<b>Deficit at end of year</b>	<b>182.2</b>	<b>124.0</b>

\*Actual contributions in the financial year 2019/20 are £12.9 million (2019: £10.8 million) based on the same member take up in the Salary Sacrifice arrangement.

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### Analysis of movement in the present value of liabilities

	2020 £m	2019 £m
<b>Present value of liabilities at the start of the year</b>	<b>642.5</b>	537.7
Current service cost	<b>16.2</b>	11.6
Interest cost	<b>13.2</b>	15.2
Past service cost recorded within other comprehensive income	<b>0.0</b>	1.0
Actual member contributions	<b>0.5</b>	0.5
Actuarial loss	<b>59.9</b>	94.6
Actual benefit payments	<b>(17.5)</b>	(18.1)
<b>Present value of liabilities at the end of the year</b>	<b>714.8</b>	642.5

### Analysis of movement in the fair value of scheme assets

	2020 £m	2019 £m
<b>Fair value of assets at the start of the year</b>	<b>518.5</b>	485.2
Expected return on assets	<b>10.9</b>	13.8
Actuarial gain on assets	<b>6.2</b>	25.2
Actual scheme contributions paid by Institution*	<b>12.9</b>	10.8
Additional contributions paid by Institution**	<b>1.1</b>	1.1
Actual member contributions	<b>0.5</b>	0.5
Actual benefit payments	<b>(17.5)</b>	(18.1)
<b>Fair value of scheme assets at the end of the year</b>	<b>532.6</b>	518.5

\*Actual contributions in the financial year 2019/20 are £12.9 million (2019: £10.8 million) based on the same member take up in the Salary Sacrifice arrangement.

\*\*An additional £1.07 million (2019: £1.06 million) recurrent contribution was made to the EUSBS in the year as part of a deficit recovery plan while the scheme is in deficit.

### Actual return on scheme assets

	2020 £m	2019 £m
Expected return on scheme assets	<b>10.9</b>	13.8
Asset gain	<b>6.2</b>	25.2
	<b>17.1</b>	39.0

### History of experience gains and losses

	2020	2019	2018	2017	2016
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	<b>6.2</b>	25.2	20.4	30.3	29.7
% of assets at end of year	<b>1.2%</b>	4.9%	4.2%	6.6%	7.1%
<b>Experience (losses)/gains on scheme liabilities:</b>					
Amount (£m)	<b>(59.9)</b>	(94.6)	79.8	(35.5)	(71.1)
% of liabilities at end of year	<b>(8.4%)</b>	(14.7%)	14.8%	(5.8%)	(12.8%)



# Notes to the financial statements (continued)

## 34. Financial Instruments

	Note	2020		2019	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Financial assets</b>					
<i>Measured at fair value through profit and loss</i>					
Non-current investments	16	<b>565.6</b>	<b>567.3</b>	817.7	820.2
<i>Measured at amortised cost</i>					
Trade and other receivables	17	<b>129.2</b>	<b>110.0</b>	107.5	94.9
Investments in short term deposits	18	<b>204.5</b>	<b>204.1</b>	207.4	207.4
Amounts due from subsidiary companies	17	-	<b>9.5</b>	-	4.9
		<b>899.3</b>	<b>890.9</b>	1,132.6	1,127.4
<b>Financial liabilities</b>					
<i>Measured at amortised cost</i>					
Unsecured loans	19 & 20	<b>591.3</b>	<b>591.3</b>	594.4	594.4
Trade payables	19	<b>22.6</b>	<b>18.6</b>	26.9	23.4
Accruals	19	<b>63.6</b>	<b>63.6</b>	61.2	60.9
Other long-term creditors	20	<b>0.1</b>	<b>0.1</b>	0.1	0.1
Finance lease liabilities	20	<b>0.7</b>	<b>0.7</b>	1.1	1.1
Amounts due to subsidiary companies	19	-	<b>32.0</b>	-	23.7
		<b>915.1</b>	<b>938.7</b>	913.7	927.2

## 35. Student Support Payments

	HE childcare £'000	HE discretionary undergraduate £'000	HE discretionary postgraduate £'000	HE other £'000	<b>2020 Total £'000</b>	2019 Total £'000
<b>Balance at 1 August</b>	-	-	-	-	-	-
Allocation received in year	254	1,053	198	4	<b>1,509</b>	1,305
Expenditure	(290)	(895)	(208)	(4)	<b>(1,397)</b>	(1,308)
Interest received	-	3	-	-	<b>3</b>	3
Virements	36	(46)	10	-	-	-
<b>Balance at 31 July</b>	-	115	-	-	<b>115</b>	-

## Financial instruments

The financial statements have been prepared on the historical cost convention (modified by the revaluation of heritage assets and investments), except for certain financial assets and liabilities which are carried at fair value or amortised cost as appropriate.

Fair value measurements are, to the extent possible, based on quoted prices in active markets for identical assets or liabilities that the entity can access. Where quoted prices are not available the University, to the extent possible, uses observable market data for the asset or liability, either directly or indirectly. All other fair value measurements are based on unobservable inputs for the asset or liability. Further details are provided in the accounting policies.

## Student Support Payments

Additional funding has been provided by Scottish Government this year to provide student support as a result of the Covid-19 pandemic. The balance on the HE discretionary undergraduate funding relates to undisbursed funds from our Discretionary Fund and will be disbursed in the next financial year.

# Notes to the financial statements (continued)

## 36. Related Party Transactions

	Income £'000	Expenditure £'000	2020 Total £'000	Balance due at 31 July 2020 £'000
Business Stream	-	5	<b>5</b>	(27)
Edinburgh International Festival Board	-	41	<b>41</b>	-
Edinburgh University Sports Union	322	676	<b>354</b>	23
Edinburgh University Students' Association	401	3,477	<b>3,076</b>	181
EUSACO Limited	-	176	<b>176</b>	(2)
Fios Genomics Ltd	5	4	<b>(1)</b>	-
J Sainsbury's PLC	-	1	<b>1</b>	-
LINC Scotland Ventures Ltd	12	-	<b>(12)</b>	-
NGS Patrons	35	8	<b>(27)</b>	-
Scottish Water	-	99	<b>99</b>	-
University of Aberdeen	126	1,814	<b>1,688</b>	3
	901	6,301	<b>5,400</b>	178

### Court Members

The Court members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of Court, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which a member of Court may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

The University has taken advantage of the exemption allowed by FRS 102 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.

No Court member has received any remuneration nor waived payments from the group during the year (2019: nil).

The total expenses paid to or on behalf of two Court members was £97.00 (2019: £3,087.66). This represents travel and accommodation expenses incurred in attending Court and other meetings in their official capacity.

# Five-year summary (unaudited)

FRS 102

CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME AND EXPENDITURE  
FOR THE YEAR TO 31 JULY

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	123.7	124.5	119.7	109.1	102.7
Non-EU fees	244.8	198.5	168.1	150.3	131.5
Education grants	22.1	23.8	24.2	19.1	20.9
<b>Total tuition fees</b>	<b>390.6</b>	<b>346.8</b>	<b>312.0</b>	<b>278.5</b>	<b>255.1</b>
<b>Funding body grants</b>					
Recurrent teaching grant	66.4	64.5	65.6	64.6	67.7
Recurrent research grant	87.8	90.2	85.4	89.2	92.4
Specific grants	36.6	41.1	35.7	38.1	34.5
<b>Total funding body grants</b>	<b>190.8</b>	<b>195.8</b>	<b>186.7</b>	<b>191.9</b>	<b>194.6</b>
<b>Research grants and contracts</b>					
Research councils	113.2	113.9	116.3	117.6	121.1
UK based charities	62.6	65.5	59.4	58.1	49.7
UK central government bodies, local and health authorities	52.0	30.2	30.3	26.3	22.8
UK industry, commerce and public corporations	6.9	8.8	9.6	7.8	8.4
EU government bodies	35.0	36.4	36.2	31.8	29.6
EU other	3.8	3.9	4.4	3.4	2.9
Other overseas	20.8	20.8	16.1	11.1	8.0
Other sources	1.8	6.2	7.4	9.2	11.3
<b>Total research grants and contracts (excluding RDEC)</b>	<b>296.1</b>	<b>285.7</b>	<b>279.7</b>	<b>265.3</b>	<b>253.8</b>
<b>Other income</b>					
Residences, catering and conferences	68.2	79.2	71.6	67.9	62.8
Specific grants, donations and other designated income	86.9	120.5	62.5	30.8	32.5
General income	37.3	34.4	34.3	58.2	65.9
<b>Total other income</b>	<b>192.4</b>	<b>234.1</b>	<b>168.4</b>	<b>156.9</b>	<b>161.3</b>
<b>Investment income</b>					
Endowments and other investment income	11.5	12.4	11.8	11.1	10.2
Other interest receivable	6.1	5.0	2.7	3.4	3.1
<b>Total investment income</b>	<b>17.6</b>	<b>17.4</b>	<b>14.5</b>	<b>14.5</b>	<b>13.3</b>
<b>Total income before endowments and donations</b>	<b>1,087.5</b>	<b>1,079.8</b>	<b>961.3</b>	<b>907.0</b>	<b>878.0</b>
<b>Donations and endowments</b>					
New endowments	18.1	8.1	1.4	1.7	4.4
Donations with restrictions	17.6	11.5	19.6	16.2	5.6
Unrestricted donations	2.1	2.2	2.1	4.0	1.5
<b>Total donations and endowments</b>	<b>37.8</b>	<b>21.8</b>	<b>23.1</b>	<b>21.9</b>	<b>11.4</b>
<b>Total income</b>	<b>1,125.3</b>	<b>1,101.6</b>	<b>984.4</b>	<b>929.0</b>	<b>889.5</b>

# Five-year summary (unaudited) (continued)

FRS 102

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR TO 31 JULY

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
<b>Expenditure</b>					
<b>Staff costs</b>					
Salaries and wages	434.1	409.8	385.8	367.0	354.6
Social security costs	45.3	43.3	40.8	37.1	30.1
Pension costs	126.9	103.8	92.8	91.3	81.0
Movement on USS provision	(144.0)	195.2	(0.7)	(4.9)	10.0
Other unfunded pension costs	0.1	0.1	-	0.1	0.1
Severance costs	6.6	4.0	2.7	2.0	2.1
<b>Total staff costs</b>	<b>469.0</b>	<b>756.2</b>	<b>521.4</b>	<b>492.6</b>	<b>477.9</b>
<b>Other operating expenses</b>					
Academic and related expenditure	73.4	84.4	75.4	66.6	63.6
Scholarships and stipends	41.8	38.3	33.0	31.6	29.9
Research grants and contracts	97.6	107.3	104.8	96.6	96.5
Library, computer and other academic support services	14.3	14.7	16.1	15.7	11.8
Administration and central services	23.7	25.4	20.9	21.5	20.4
Refurbishment and maintenance	28.2	23.8	24.1	16.2	16.9
Utilities costs	17.6	18.1	17.2	16.9	17.2
Other premises costs	13.9	12.0	12.1	9.7	11.3
Other including income generating operations	11.5	14.2	16.1	9.9	13.8
Residences and catering operations	40.6	44.9	39.0	34.3	31.7
<b>Total other operating expenses</b>	<b>362.6</b>	<b>383.1</b>	<b>358.7</b>	<b>319.0</b>	<b>313.1</b>
Depreciation and amortisation	60.9	63.8	60.2	46.7	40.3
Impairment of fixed assets	17.8	-	-	-	-
Interest and other finance costs	23.4	33.0	16.8	14.5	12.7
<b>Total expenditure</b>	<b>933.7</b>	<b>1,236.1</b>	<b>957.1</b>	<b>872.8</b>	<b>844.0</b>
Surplus/(deficit) before other gains and losses	191.6	(134.5)	27.3	56.2	45.5
Exceptional items (RDEC)	-	-	-	-	19.0
Tax and minority interest	(0.4)	0.1	-	-	(3.9)
Gain on disposal of fixed assets	0.5	4.6	0.2	8.0	0.5
Gain on investments	11.5	36.8	42.4	66.2	28.9
<b>Surplus/(Deficit) for the year</b>	<b>203.2</b>	<b>(93.0)</b>	<b>69.9</b>	<b>130.4</b>	<b>90.0</b>
Unrealised deficit/(surplus) on revaluation of heritage assets	(0.4)	0.8	-	-	7.2
Actuarial (loss)/gain in respect of pension schemes	(53.1)	(70.0)	101.0	(5.1)	(41.1)
<b>Total comprehensive income/(expenditure) for the year</b>	<b>149.7</b>	<b>(162.2)</b>	<b>170.9</b>	<b>125.3</b>	<b>56.2</b>

# Five-year summary (unaudited) (continued)

FRS 102

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Fixed assets	<b>1,849.7</b>	1,818.5	1,741.1	1,617.0	1,493.0
Heritage assets	<b>214.7</b>	213.9	212.8	212.0	212.0
	<b>2,064.4</b>	2,032.4	1,953.9	1,829.0	1,705.0
Investments	<b>565.6</b>	817.7	570.8	531.0	471.0
Current assets	<b>877.6</b>	587.8	552.3	571.0	531.0
Total assets	<b>3,507.6</b>	3,437.9	3,077.0	2,931.0	2,707.0
Less current liabilities	<b>353.6</b>	(345.3)	(310.5)	(305.0)	(276.0)
Total assets less current liabilities	<b>3,154.0</b>	3,092.6	2,766.5	2,626.0	2,431.0
Non-current liabilities	<b>(598.2)</b>	(605.0)	(386.4)	(319.0)	(257.0)
Pension provisions	<b>(350.4)</b>	(432.4)	(163.3)	(261.0)	(254.0)
Other provisions	<b>(1.1)</b>	(0.6)	-	-	-
<b>TOTAL NET ASSETS</b>	<b>2,204.3</b>	2,054.6	2,216.8	2,046.0	1,920.0
<b>Represented by:</b>					
Restricted reserves	<b>542.5</b>	505.4	481.0	440.0	383.0
Unrestricted reserves	<b>1,661.8</b>	1,549.2	1,735.8	1,606.0	1,537.0
<b>TOTAL FUNDS</b>	<b>2,204.3</b>	2,054.6	2,216.8	2,046.0	1,920.0

## Five-year summary (unaudited) (continued)

		2020	2019	2018	2017	2016
<b>Liquidity measures</b>						
Liquidity ratio ([current assets - stock] / current liabilities)	x	<b>2.5</b>	1.7	1.8	1.9	1.9
<i>Extent to which current liabilities can be met from cash and liquid investments</i>						
Days ratio of cash to total expenditure (investments + cash at bank - overdraft) / (total expenditure - depreciation)*365	Days	<b>291</b>	139	169	197	179
<i>The number of days expenditure that could be sustained from available funds</i>						
<b>Solvency measures</b>						
Interest cover (earnings before interest and tax / interest payable)	x	<b>9.9</b>	(3.1)	2.6	3.9	5.1
<i>Measures the ability to pay interest on outstanding debt</i>						
Interest cover (operating cash flow / interest payable)	x	<b>1.8</b>	1.9	3.3	6.7	6.7
<i>Measures how easily the University can pay outstanding debt in cash terms</i>						
Gearing (creditors > 1 year / endowment + general reserves including pension reserve)	%	<b>31%</b>	34%	20%	18%	24%
<i>Measures the extent to which the University is funded by long-term debt</i>						
<b>Operating performance</b>						
Surplus/(deficit) before other gains and losses	%	<b>17.0%</b>	(12.2)%	2.8%	6.1%	6.8%
<i>Measures the ability to deliver surpluses</i>						
ROCE (EBITDA/[total assets - pension provisions])		<b>3.0%</b>	2.4%	2.5%	3.0%	4.6%
<i>Measures the return that is being earned on capital invested</i>						
EBITDA for HE (FRS 102 surplus/(deficit) before other gains/losses + interest payable + depreciation + change to pension provisions within staff costs - capital grants received - new permanent endowments)	£m	<b>77</b>	68	60	69	92
<i>Measures operating performance before local decisions on accounting and finance policies are taken into account</i>						

# Five-year summary (unaudited) (continued)

FRS 102

CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME AND EXPENDITURE  
FOR THE YEAR TO 31 JULY

	2020 % total	2019 % total	2018 % total	2017 % total	2016 % total
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	11.0%	11.3%	12.2%	11.7%	11.5%
Non-EU fees	21.9%	18.0%	17.1%	16.2%	14.8%
Education grants	1.9%	2.2%	2.5%	2.1%	2.3%
<b>Tuition fees as % of total income</b>	<b>34.8%</b>	31.5%	31.8%	30.0%	28.6%
<b>Funding body grants</b>					
Recurrent teaching grant	5.9%	5.9%	6.7%	7.0%	7.6%
Recurrent research grant	7.8%	8.2%	8.7%	9.6%	10.4%
Specific grants	3.3%	3.7%	3.6%	4.1%	3.9%
<b>Funding body grants as % of total income</b>	<b>17.0%</b>	17.8%	19.0%	20.7%	21.9%
<b>Research grants and contracts</b>					
Research councils	10.1%	10.3%	11.8%	12.7%	13.6%
UK based charities	5.6%	5.9%	6.0%	6.3%	5.6%
UK central government bodies, local and health authorities	4.6%	2.7%	3.1%	2.8%	2.6%
UK industry, commerce and public corporations	0.6%	0.8%	1.0%	0.8%	0.9%
EU government bodies	3.1%	3.3%	3.7%	3.4%	3.3%
EU other	0.3%	0.4%	0.4%	0.4%	0.3%
Other overseas	1.8%	1.9%	1.6%	1.2%	0.9%
Other sources	0.2%	0.6%	0.8%	1.0%	1.3%
<b>Research grants and contracts as % of total income</b>	<b>26.3%</b>	25.9%	28.4%	28.6%	28.5%
<b>Other income</b>					
Residences, catering and conferences	6.1%	7.2%	7.3%	7.3%	7.1%
Specific grants, donations and other designated income	7.7%	11.0%	6.3%	3.3%	3.7%
General income	3.2%	3.1%	3.5%	6.3%	7.4%
<b>Other income as % of total income</b>	<b>17.0%</b>	21.3%	17.1%	16.9%	18.2%
<b>Investment income</b>					
Endowments and other investment income	1.1%	1.2%	1.2%	1.2%	1.2%
Other interest receivable	0.5%	0.4%	0.3%	0.4%	0.3%
<b>Total investment income as % of total income</b>	<b>1.6%</b>	1.6%	1.5%	1.6%	1.5%
<b>Total income before endowments and donations as % of total income</b>	<b>96.7%</b>	98.1%	97.8%	97.8%	98.7%
<b>Donations and endowments</b>					
New endowments	1.5%	0.7%	0.1%	0.2%	0.5%
Donations with restrictions	1.6%	1.0%	1.9%	1.6%	0.6%
Unrestricted donations	0.2%	0.2%	0.2%	0.4%	0.2%
<b>Total donations and endowments as % of total income</b>	<b>3.3%</b>	1.9%	2.2%	2.2%	1.3%
<b>Total income £m</b>	<b>1,125.3</b>	1,101.6	984.4	929.0	889.5

# Five-year summary (unaudited) (continued)

FRS 102

CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME AND EXPENDITURE  
FOR THE YEAR TO 31 JULY

	2020 % total	2019 % total	2018 % total	2017 % total	2016 % total
<b>Expenditure</b>					
<b>Staff costs</b>					
Salaries and wages	46.5%	33.2%	40.3%	42.0%	42.0%
Social security costs	4.9%	3.5%	4.3%	4.3%	3.6%
Pension costs	13.6%	8.4%	9.7%	10.5%	9.6%
Movement on USS provision	(15.4%)	15.8%	(0.1%)	(0.6%)	1.2%
Other unfunded pension costs	-	-	-	-	-
Severance costs	0.7%	0.3%	0.3%	0.2%	0.2%
<b>Staff costs as % of total expenditure</b>	<b>50.3%</b>	61.2%	54.5%	56.4%	56.6%
<b>Other operating expenses</b>					
Academic and related expenditure	7.9%	6.7%	7.8%	7.6%	7.7%
Scholarships and stipends	4.5%	3.1%	3.4%	3.6%	3.5%
Research grants and contracts	10.5%	8.7%	10.9%	11.1%	11.4%
Library, computer and other academic support services	1.5%	1.2%	1.7%	1.8%	1.4%
Administration and central services	2.5%	2.1%	2.2%	2.5%	2.4%
Refurbishment and maintenance	3.0%	1.9%	2.5%	1.9%	2.0%
Utilities costs	1.9%	1.5%	1.8%	1.9%	2.0%
Other premises costs	1.5%	1.0%	1.3%	1.1%	1.3%
Other including income generating operations	1.2%	1.1%	1.7%	1.1%	1.6%
Residences and catering operations	4.3%	3.6%	4.1%	3.9%	3.8%
<b>Other operating expenses as % of total expenditure</b>	<b>38.8%</b>	30.9%	37.4%	36.5%	37.1%
Depreciation as % of total expenditure	6.5%	5.2%	6.3%	5.4%	4.8%
Impairment of fixed assets as % of total expenditure	1.9%	-	-	-	-
Interest payable as % of total expenditure	2.5%	2.7%	1.8%	1.7%	1.5%
<b>Total expenditure £m</b>	<b>933.7</b>	1,236.1	957.1	872.8	844.0
<b>Expenditure as % of total income</b>	<b>83.0%</b>	112.2%	97.2%	94.0%	94.9%



# Notes

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