



THE UNIVERSITY *of* EDINBURGH

# Annual Report and Accounts for the Year to 31 July 2021

[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 2021

## University world league table position

QS	16th
THE	30th

→ Our position in the QS rankings has **improved** from 20th to 16th in the current year. THE ranking remains unchanged for the second consecutive year.

## Total income (£m)

2021	1,187
2020	1,125
2019	1,102

→ In 2020/21 our total income **grew by 5.5%**. Strong growth in tuition fees, funding body grants and research income offset reductions in other income streams that were impacted by effects of Covid-19.

## Student numbers including Online Distance Learning

2021	45,615
2020	44,510
2019	43,380

→ Student numbers **continue to grow**, but last year growth was in students from within the UK (53% of total) with students from outside the UK (47% of total) falling in number (previously 49% of total).

## Endowment fund value (£m)

2021	565
2020	488
2019	460

→ The University's annual return on its endowment fund was **18%**, largely driven by market value gains. Most of the endowments are restricted in nature and must be spent on the purposes they were donated for.

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

2021	159
2020	41
2019	63

→ Cash inflow from operating activities is **significantly improved** on prior year. This is a reflection of the operating surplus achieved in the year, in part driven by City Region Deal capital funding received.

## Capital expenditure (£m)

2021	131
2020	104
2019	145

→ Capital spend **grew in the year** but remains lower than recent historic trend due to projects being paused in response to Covid-19 and Government guidelines in place through the year.

## Senior Lay Member of Court's foreword



A handwritten signature in black ink that reads "Janet Legrand".

**Janet Legrand**

Senior Lay Member of Court

As I reflect on my full first year in post as Senior Lay Member of Court for The University of Edinburgh, it has been a year like no other. Like every organisation across the world, The University of Edinburgh has been faced with an unprecedented set of circumstances, and it's clear that we face new challenges ahead.

The pandemic has focused our efforts on remaining financially sustainable in the long-term and I'm pleased to say that this year's Annual Report and Accounts highlights the effectiveness of the hard work and good stewardship at the University over the past year.

We recognise that this has been an exceedingly difficult time for all members of our University community - staff and students. We have taken a range of measures to offer support: increasing frequency and transparency of communication and signposting the many ways in which we provide support for wellbeing and mental health, while explicitly recognising that many staff and students were adapting to significantly new ways of working and learning while facing additional personal challenges.

The impact of the Covid-19 pandemic continues to be felt across all strands of University life. Certain key income streams have been very substantially reduced since March 2021, and we have also faced significant additional costs in some areas. In spite of this, the University has performed well, achieving a positive operating surplus for reinvestment in University activities, with our revenue now approaching £1.2bn.

The University of Edinburgh is one of the leading universities in the world, recently re-evidenced by the latest QS world rankings placing us at number 16. Our core academic mission and aims in Strategy 2030 remain, alongside our conviction that The University of Edinburgh can contribute to making the world a better place.

Our international links are as strong as ever as we forge in-depth relationships: we have entered new agreements across continents, contributed actively to international alliances and continued to attract talented students and staff from all over the world. Our close partnerships with Shanghai Jiao Tong University in China, the University of Witwatersrand in South Africa, Nanyang Technological University in Singapore and the University of Sydney in Australia highlight the diversity and variety of our developing partnerships around the world.

Our international partnerships are invaluable and are working to overcome some of the world's greatest challenges: a new global partnership that has been launched will connect and empower nurses worldwide to share research, innovations and knowledge to tackle global healthcare challenges, improving care for people who use health services in the Democratic Republic of the Congo, the Republic of Liberia and Uganda. Last year has brought into sharp focus that many of the threats of the modern world, like the climate emergency and infectious diseases, do not respect national borders.

Our contributions to the city and the region are accelerating, and as part of our Social and Civic Responsibility priorities, in November 2020 we were pleased to publish our Community Plan 2020-2025 which sets out 32 commitments we will deliver on to benefit the city region. The Data-Driven Innovation programme under our City Region Deal underpins the creation of over 1000 new jobs and 115 high-growth new companies, providing data science education to tens of thousands of people, and attracting hundreds of millions of pounds of inward investment into Scotland. City Region Deal set some very ambitious targets: three years into the 15-year programme we are exceeding them, despite the pandemic.

## Senior Lay Member of Court's foreword (continued)

At Edinburgh, we want to expand educational opportunities across all walks of life – a key ambition in our Social and Civic Responsibility Plan, and we are making strong progress in this area. Securing £600,000 of scholarship funding to enable 40 students from low-income countries to study for a part-time, online masters qualification, will start this academic year. Applicants to the Commonwealth Distance Learning Scholarships programme, funded by the UK Department for International Development (DFID), come from low and middle-income countries around the world, including Asia, Africa, and the Caribbean. Widening access is a local – and a global – priority for Edinburgh.

The University's shared sense of duty to improving knowledge and opportunity will remain the benchmark for progress. The achievements highlighted in this report wouldn't exist without the commitment and dedication of our students and staff, and our friends and alumni around the world with their generous support. The fundamental academic and financial strength of the University and our track record of judicious decision-making means that we continue to move forward with confidence.

**“...we have entered new agreements across continents, contributed actively to international alliances and continued to attract talented students and staff from all over the world. ”**

**Janet Legrand**

Senior Lay Member of Court

# Principal's Welcome



*P. W. Mathieson*

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

This year's Annual Report and Accounts describe a year that has seen every aspect of life impacted in some way by Covid-19. The human and economic loss is devastating and something that we will be adapting to – as individuals and organisations – for years to come.

The University of Edinburgh's strong purpose and values have guided our response and enabled us to synthesise, adapt and share the range of knowledge and expertise we nurture here at Edinburgh. Strong leadership and management, with the willingness to take difficult decisions despite the lack of certainty about the future, has seen us achieve a very successful financial outcome under the circumstances, as set-out in the following pages.

My personal thanks, and on behalf of the senior leadership team, go to all members of the University community for their outstanding contributions. We do not underestimate the many personal and professional challenges that colleagues have navigated in the past year: these make the achievements even more remarkable.

Our contributions to the pandemic response have been wide-ranging: our researchers led work on disease susceptibility, treatments and the effectiveness of vaccines, and our teaching staff have been making fantastic efforts to continue to deliver education to our students. Staff in our accommodation services have worked tirelessly to take care of our students in very challenging circumstances. Estates staff managed our 550+ buildings across Edinburgh, closing many of them down, maintaining them all during lockdown and then progressively re-opening them: a massive set of tasks. Security staff, servitors and many others continued to attend campus despite the pandemic's effects. Across all our colleges and departments, our students and staff have been responding: advising on economic recovery, mitigating digital exclusion, improving food supply chains, responding to challenges in the arts sector and much more.

Edinburgh is an institution that is operating within the top tier globally, and we have ambitions for our curriculum to match that and to develop with the needs of our future students in mind. It has been fantastic to watch the progress of the Curriculum Transformation programme over the last year. Our ambitious plans will generate an outstanding educational experience for students, increase our impact in how teaching is administered and supported, and create greater alignment with institutional strategic priorities.

Nevertheless, it has been an exceptionally challenging year for our students, who have had to navigate a full academic year of lockdown or partial lockdown. Maintaining a sense of attachment and community for our students whilst delivering a high quality of teaching was of utmost importance to us here at Edinburgh, and more on this can be found on pages 27 and 28.

I was delighted to see the University's submission to Research Excellence Framework (REF 2021) completed in March. The University of Edinburgh is one of the world's top research-intensive universities, ranked in the most recent REF at 4th 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. I look forward to seeing our research strengths reflected through our REF results.

As well as our research credentials, we have many operational developments to celebrate. In February this year, the University announced its completion of divestment from our direct and pooled investment in fossil fuels. This means the University does not hold any direct shares in fossil fuel companies, and our pooled and tracker funds do not invest directly, marking a significant milestone in both our journey to become carbon neutral by 2040 and our Strategy 2030 commitment to social and civic responsibility.

# Principal's Welcome (continued)

We know that removing investments from companies involved in fossil fuel extraction is a significant way in which organisations like ours can signal their support for a transition towards a zero carbon economy. Our research and teaching will continue to engage with the fossil fuel industry to aid that transition, and this year we prepare for the 26th UN Framework Convention on Climate Change (COP26), which takes place in Glasgow in November. Many of our talented colleagues will be featuring heavily in both the build-up to COP26 and the event itself.

It was with great sadness that we learnt of the death of His Royal Highness Prince Philip, Duke of Edinburgh, who served as our Chancellor from 1953 to 2010, a true champion of environmental causes and so much more. Throughout nearly 60 years of change, he witnessed the development and growth of the University and gave invaluable support to students, staff and senior University officials. His passionate belief in the positive benefits of education, as well as an innate inquisitiveness in scientific development was evident during his time as Chancellor. His successor, and his daughter, our current Chancellor HRH the Princess Royal, visited the University together with Her Majesty the Queen on 1st July 2021, taking a particular interest in our work on climate sustainability as outlined above.

As we look forward, there is genuine cause for optimism; with the unwavering demand for places at Edinburgh across all student cohorts, our increase in research awards and our industry engagement to name a few criteria for success, we can look ahead with confidence. Navigating very tumultuous external circumstances has impacted but by no means derailed our ambitions as a world-leading University, and our Strategy 2030 remains as relevant as ever: external events may have altered timescales, but our values, principles and vision remain the same.

**“We are determined to increase our global impact and our contribution to society, ensuring equitable access to education. We are very proud that The University of Edinburgh has been ‘home’ to a strong cohort of online Commonwealth Scholars over the last decade. Many of them are now our alumni, and the dedication that they showed to their learning is continuing in the contributions they continue to make in their communities and countries. We look forward to continuing this legacy. ”**

**Professor Peter Mathieson**

Principal and Vice-Chancellor,  
The University of Edinburgh

## Protecting our planet

The University has completed its divestment from fossil fuels, marking a significant milestone in its journey to become carbon neutral by 2040. Divestment sees the University remove direct and pooled investments in companies involved in the extraction and production of fossil fuels such as coal, tar sands, oil and gas from its portfolio.

This action is part of a range of activities the University is undertaking to tackle the climate crisis and the latest step in the University's pledge to become carbon neutral by 2040 – ten years earlier than recommended by the Intergovernmental Panel on Climate Change (IPCC).

Listening to the voices of students was a significant feature of the University's approach to divestment. The fossil fuel review group which provided the recommendations to the investment committee included student representatives.

Find out more: <https://edin.ac/3aSz4y0>

**“By divesting from fossil fuels and choosing to reinvest in more socially and environmentally beneficial causes, the University is proactively supporting society's transition to clean energy, a smarter use of resources and a more inclusive economy. We hope our actions inspire other organisations to increase their climate ambition in the lead up to the UK hosting COP 26. We are now considering what further action we can take to move beyond divestment and contribute to a zero carbon future. ”**

**Dave Gorman**

Director of Social Responsibility and Sustainability, The University of Edinburgh



# Our approach to reporting

The University continues to improve and develop our approach to reporting.

In the production of the 2020/21 Annual Report and Accounts the University has once again used Integrated Reporting as a reporting framework, bringing together the diverse but interconnected strands of reporting to demonstrate how we create value for our stakeholders.

By following this framework we report a broader and more meaningful explanation of our performance, offering transparency on our use of, and dependence on different resources. It also helps us to make better short- and long-term decisions on how we create value now and in the future.

Our value model highlights our access to multiple resources, the value we create from these and the resulting positive impact for the University, its stakeholders, our environment and wider society.

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 reflects the strategic performance framework of Strategy 2030.

The value of the University is influenced by these different types of resource:

- People
- Knowledge
- Networks and Relationships
- Natural Resources

Each resource creating value that is underpinned by:

- Finance
- Physical Estate
- Virtual Infrastructure

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

In our future reporting, we will continue to advance the principles of integrated thinking and reporting as developed by the International Integrated Reporting Council (IIRC).

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

**“Together, with our many partners across the world, The University of Edinburgh will continue to address tomorrow's greatest challenges through our world-leading research and teaching. ”**

**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.

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Material issues have been identified as follows: issues 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

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Our response to the pandemic over the last year has been guided by 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 December 2020 the University Executive approved a recommendation to stand down the Adaptation and Renewal Team (ART) in order to revert key decision making to existing established mechanisms. The development of our operational planning assumptions and the implementation for this academic year included modelling around physical distancing requirements and the impact this will have on our learning and teaching, timetabling, and social and study spaces.

We will continue to engage, as a sector, with the Scottish Government and are also consulting with Russell Group partners on their planned approaches.

This is covered in our Risk Register from page 17, in the Operational Review from page 22 and in the Director of Finance's foreword on pages 35 and 36.

## The student experience

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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 71 per cent (2019/20: 78 per cent) is an ongoing area of focus for improvement. We remain committed to making the improvements that will create positive change for our students.

A new, medium-term student experience plan will be developed in 21/22, which will identify short and medium term structural, system, policy and process enhancements that will support an enhanced student experience.

This is covered in the Principal's Welcome on page 4, included in the Strategic Plan performance framework on page 13, the Risk Register on page 18 and pages 27 and 28 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)

# Material issues (continued)

## Pensions

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The Higher Education sector continues to face challenges around the Universities Superannuation Scheme (USS) with the conclusion of the 2020 valuation showing that the scheme deficit had increased. Several consultations took place throughout the year to establish a way forward and secure the future of the scheme on a sustainable and long-lasting basis.

At the time of writing, the Joint Negotiating Committee (JNC) have proposed a way forward, which has been accepted by the Trustee but remains to be formally consulted on with the scheme members. The JNC agreement was however, not passed unanimously and it is expected that there will be continued difference in approach which could lead to disruption as the valuation process reaches its formal conclusion.

This is covered in note 33 of the Financial Statements on pages 94 to 102 and the Financial Review on page 42.

## Political uncertainty

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A combination of multiple external factors could present materially adverse consequences for the University, particularly recruitment and the movement of staff and students between countries. i.e. Covid-19, Brexit and immigration changes.

This is covered in our Risk Register on page 18 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

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Despite construction across our campuses being heavily impacted by Covid-19 over the last year, the implementation of the University's Estates Capital Plan continues to progress, with spend projected to exceed £300m over the next five years. Work was able to resume from July 2020 with all sites adhering to Scottish Government guidelines.

This is covered in our Risk Register on page 20.

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

# Strategy & value model



# Our strategy

Strategy 2030 is led by a distinctive and realistic set of guiding principles and goals, and our focus is on making the greatest impact in whatever we do.

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Our strong vision and values, coupled with our four key focus areas (People, Research, Teaching and Learning and Social and Civic Responsibility), help us in our mission to deliver excellence to 2030 and beyond. You can find our Strategy 2030 vision, purpose and values here: <https://www.ed.ac.uk/about/strategy-2030>

To assess how well we are performing, our developing Strategic Performance Framework (SPF) sets out the milestones which we aim to reach to allow us to achieve our goals over the next decade. Our SPF builds on the performance framework for our 2016 Strategic Plan, but which takes into account internal and external factors which influence or affect our work.

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 and the University's Social and Civic Responsibility Plan, providing consistent reporting and narrative.



# Our strategy (continued)

## Performance framework

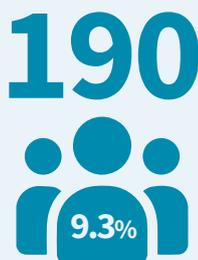
In Strategy 2030 we highlight that our vision to continue delivering excellence to 2030 and beyond is rooted in our values, with a focus on four key areas: people, research, teaching and learning, and social and civic responsibility. We have structured the Court measures around these four key areas.

To reflect the University's ambitions outlined in Strategy 2030 and to demonstrate how well we are performing against them, this section shows our new set of performance indicators. These are baseline figures for 2020/21 which show our first year of data for the new Strategic Performance Framework.

### Strategy 2030 Focus Area: People

Our students, staff, alumni and friends are our lifeblood.

**1. Widening participation:** Number (and proportion) of undergraduate entrants from an SIMD0-20 area



**2. International student diversity:** Ratio of largest overseas market to 5th and 10th largest overseas markets

Ratio to 5th: **20:1**

Ratio to 10th: **37:1**

**3. Staff equality, diversity and inclusion:** Gender, ethnicity and disability pay gaps

Average gender pay gap: **16.2%**

Average ethnicity pay gap: **7.1%**

Average disability pay gap: **0.97%**

*In development: 4. Efficient systems\* and 5. Staff engagement\**

#### SUSTAINABLE DEVELOPMENT GOALS



### Strategy 2030 Focus Area: Research

Our ethos of working without boundaries will deliver a step change in innovation and research.

**6. Research quality/competitiveness:** REF performance, supported by a between-REFs proxy including share of UKRI income



**7. Research activity:** Total research income



**8. Research activity with industry:** Total value of industrial and translational research awards



**9. Innovation & collaboration:** Research and entrepreneurship related City Region Deal TRADE targets



#### SUSTAINABLE DEVELOPMENT GOALS



# Our strategy (continued)

\* The Strategic Performance Framework will also feature measures designed to monitor our progress against objectives in relation to efficient systems, staff engagement, curriculum transformation, innovation and collaboration relating to City Region Deal, and social impact. These will be subject to further work in the course of the next 12 months.

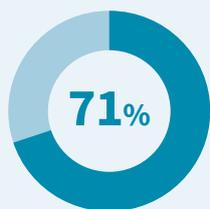
## Strategy 2030 Focus Area: Teaching and Learning

Our teaching will match the excellence of our research. We will improve and sustain student satisfaction and wellbeing.

**11. Talent – data skills:** 83,000 people gaining qualifications via certified data skills courses and MOOCs

**12,284**

**12. Student experience:** Student satisfaction as reported in the NSS and other national student surveys



**13. Graduate outcomes:** Graduates entering graduate level employment or further study

**86%**

8th in Russell Group (2018-19 graduates)  
Students are surveyed 15 months after they finish their studies, so this figure shows the most recent set of data we have for our 2018-19 graduates.

*In development: 10. Curriculum transformation\**

### SUSTAINABLE DEVELOPMENT GOALS



## Strategy 2030 Focus Area: 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.

**15. Innovation:** Number of start-up companies



**16. Net Zero:** Absolute (and relative to £M turnover) carbon emissions (tCO2)

Absolute carbon emissions (CO2):  
**65,754 tCO2**

Relative carbon emissions:  
**55.4 tCO2/£M turnover**

*In development: 14. Social Impact\**

### SUSTAINABLE DEVELOPMENT GOALS



# 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 (VCM) is a fundamental part of our Integrated Annual Report. The 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 VCM 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 VCM can align and report to the United Nations Sustainable Development Goals.

## How we create value

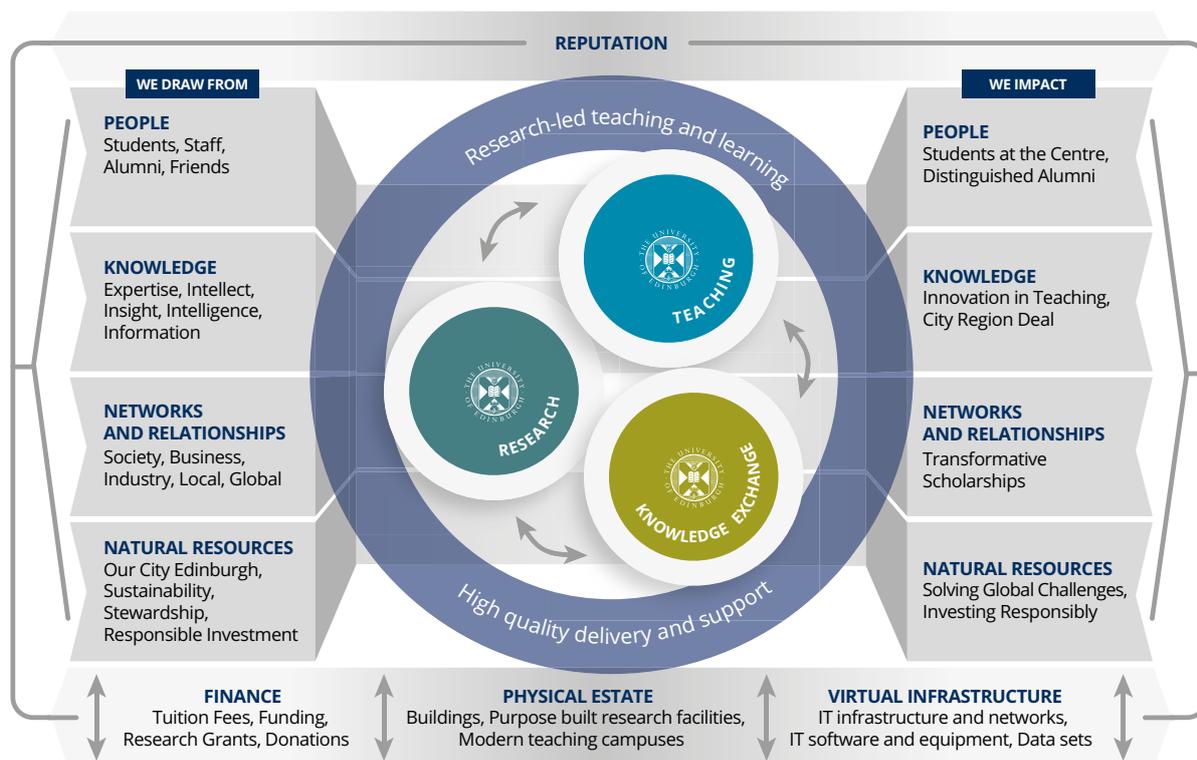
We deliver impact for society. As a truly global university, rooted in Scotland's capital city, we make a significant, sustainable and socially responsible contribution to the world. Our mission to discover, develop and share knowledge is at the heart of everything we do.

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.



## 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 46](#)  
[Financial Review, page 38](#)  
[Independent Auditors' report to Court, page 57](#)

# Understanding our risks

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

It is inherent in all activity and a dynamic enterprise like ours will inevitably take on new risks in pursuit of our evolving objectives. Effective risk management is about ensuring we understand and address all relevant risks as part of normal management practices to increase the probability of successful outcomes, while protecting the values, 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 and Support Group risk registers ensure key operational risks are identified and managed by the appropriate organisation within the University. 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 is explained in detail in the [Risk Management Policy and Risk Appetite Statement](#). 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 2020/21, the University began to extend our formal risk management processes down to the School and Department levels, and work continues to further integrate formal risk management processes into planning and decision-making across our subsidiary companies and major programs and initiatives.

Initial implementation of the University's new risk management system is substantively complete, following successful pilot projects in selected departments. Work continues to fully embed the system at school/department and programme levels.



### The Risk Management Committee

<https://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/court-committees/risk-management-committee>

### University Executive

<https://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/othercommitteesandgroups/university-executive>

### University Court's Audit and Risk Committee

<https://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/court-committees/audit-and-risk-committee>

### Internal Audit

<https://www.ed.ac.uk/internal-audit>

### Risk Management Policy and Risk Appetite

[https://www.ed.ac.uk/files/atoms/files/risk\\_policy\\_and\\_appetite\\_-\\_new\\_1-25\\_appetite\\_scale.docx](https://www.ed.ac.uk/files/atoms/files/risk_policy_and_appetite_-_new_1-25_appetite_scale.docx)

# Understanding our risks (continued)



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 current risk management cycle began as part of the 2021-2022 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, identified against the University's four Key Focus Areas, and Core University Functions. The list is not comprehensive as, in an organisation as large and complex as ours, there are many events that could trigger additional actions.

## Our Risks

The emergence of Covid-19 last reporting year resulted in exceptional complexity and severity of risk, and had a major impact on our teaching, research, finances, staff and student welfare and engagement, and operations. Those challenges continued to dominate our risk management efforts this year. Major income and spending adjustments have helped keep us in a solid financial position, and this has positioned us to continue work towards our focus areas and objectives of Strategy 2030. Numerous changes made to accommodate remote learning, and adjustments in the conduct of research have resulted in innovation and opportunities to improve how we teach and create knowledge, and will inform our approach 'post-Covid'. More on this can be found in the Operational Review on pages 26 and 27. Our strategy remains relevant, with some adjustments to interim milestones and timelines required. Our post-Covid renewal will continue to 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 as 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, adjusted to the impacts of Covid-19, will ensure the University maintains the financial headroom required to invest in these major opportunities.

Notwithstanding the events of the last year, The University of Edinburgh rose four positions to 16th in the 2022 QS World University rankings.



### Strategy 2030

<https://www.ed.ac.uk/about/strategy-2030>

### Edinburgh and South East Scotland City Region Deal

<https://www.ed.ac.uk/local/city-region-deal>

### Edinburgh BioQuarter

<https://edinburghbioquarter.com>

### Data-Driven Innovation

<https://ddi.ac.uk>

### European leader in data science expertise

<https://www.ed.ac.uk/bayes>

“...a reflection of our diligent planning, innovation and dedication of our staff.”

# Understanding our risks (continued)

## Strategy 2030 Focus Areas & Core Functions: Teaching and Learning

### Risk Description: Student Experience

Failure to provide a high quality student experience may negatively impact our reputation, recruitment and retention.

### Risk Management:

Covid-19 has necessitated dramatic changes in our students' learning, research and social experience, and we have worked diligently to minimise disruption and deliver innovative alternatives, while ensuring we keep the health and safety of our students, staff and larger community as our first priority. Although enrolment numbers remained buoyant, challenges meeting students' expectations in lockdown – in common with the rest of the sector - risked damage to our reputation including National Student Survey results. National Student Survey results can be found on page 13.

The [Student Experience Action Plan](#) was cut back as a result of the pandemic and will wind down at the end of 21/22 with residual funds used to further support enhancements in student wellbeing and mental health. A medium-term student experience plan will be developed in 21/22, which will identify structural, system, policy and process enhancements that will support an enhanced student experience. Recognising the link between staff and student engagement, we will continue to enhance staff experience as well.

## Strategy 2030 Focus Areas & Core Functions: Research

### Risk Description: Research Quality & Funding

Increasing competition for UKRI funding, and potentially reduced access to EU funding due to Brexit.

### Risk Management:

With regard to funding, recent cuts to GCRF (up to 60%) have been particularly difficult for the University as we were one of the most successful UK institutions for this funding scheme. Charity funding is expected to decrease in 2021/22 as a result of fewer donations during the pandemic. UKRI has a 'flat cash' budget and ongoing contributions for EU association may come from UKRI thus decreasing their overall pot for competitive awards. We have scope, via confirmed access to EU funding, to increase awards EU and ERC. We will continue to work on UKRI opportunities and will explore new options such as Wellcome Leap and other new schemes. There remains significant opportunity to grow industry income.

## Strategy 2030 Focus Areas & Core Functions: People

### Risk Description: People

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.

### Risk Management:

Multiple external factors have combined to challenge our recruiting efforts: Covid-19; Brexit/immigration changes; low unemployment and an inflated local labour market have decreased availability of low to medium graded professional services staff; and affordability of staff, especially senior Professional Services roles. The realities of Covid-19 have led to reports of increased staff pressures due to increased work demands, need to adapt to online teaching, etc. Hiring restrictions designed to reduce costs in the face of Covid-19 financial pressures achieved desired savings but contributed to this risk.

We plan to loosen hiring restrictions as soon as our financial situation allows. Recognising the strong link between a motivated and engaged staff, and student satisfaction with teaching and research, we will focus mitigation on:

- Delivery of Strategy 2030, the Vision and Values and associated Staff Experience initiatives designed to reinforce the University as a great place to work.
- The work of the various strategic change programmes including curriculum development and student support strands, which have as one aim to reduce pressures on staff having to administer complex systems, by simplifying and streamlining in key areas.

## Strategy 2030 Focus Areas & Core Functions: Social and Civic Responsibility

### Risk Description: Contributing Locally and Globally

Changes to the social and economic fabric of Scotland, such as increased 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.

### Risk Management:

We are advancing partnerships with government and industry such as [Data-Driven Innovation \(DDI\)](#), [Edinburgh BioQuarter](#) and [Edinburgh and South East Scotland City Region Deal](#) to accelerate inclusive growth and make a strong contribution to regional economic development and social regeneration. [Data-Driven Innovation Skills Gateway](#) of the City Region Deal will improve skills across the region through work with schools, colleges, employers, training providers and partners. Our [Community Plan 2020-25](#) will help us support and nurture opportunities, engagement and communications with the city. The long-term aim of the BioQuarter partners is to be a global destination for pioneering health and care innovation and enterprise, with the objectives of advancing healthcare discoveries, improving people's lives and enhancing health and wellbeing. As part of our Community Plan in action, an additional £25k of rapid-response grant funding was provided to local community organisations involved with the Covid-19 emergency response.

In addition, we are broadening our efforts to recruit from and support a broader cross-section of society through programmes such as the UK and Scottish Government's Widening Participation Strategy, and our own Equality and Diversity Strategy, Outcomes and Action Plan. Through the UN Sustainable Development Goals, the University reaffirms its commitment to make a significant, sustainable and socially responsible contribution to Scotland, the UK and the world.

# Understanding our risks (continued)

## Strategy 2030 Focus Areas & Core Functions: Social and Civic Responsibility

### Risk Description: Responsibility and Sustainability

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.

### Risk Management:

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 continue to embed climate change in our procurement, investments, teaching and research.

The University has reaffirmed its commitment to the new zero by 2040 climate goal, but risks of operationally achieving these targets remain, and pose serious financial and practical challenges. Estates requirements to deliver the Capital Plan from a carbon neutral perspective are challenged by buildings not designed with a carbon neutral agenda, and affordability of carbon reduction initiatives is challenged by competing priorities from the Capital Plan. The potential impact of not meeting targets has increased due to higher public and student expectations, and increased carbon costs from major capital projects (e.g. High Performance Computing facility at Easter Bush).

As a result of the pressures of Covid-19, action on climate change has moved at a slower pace than anticipated due to competing pressures and lack of access to buildings. Our 1.5 MW solar farm was completed in spring 2021 and we have continued to progress a wide range of technical work to inform plans to decarbonise the Estate. We made significant progress on an SFC funded project looking at the design process for climate change, and smart energy analytics. Further development of the Energy Masterplan to meet the 'Zero by 2040' goal is underway, and joint working between Estates and Social Responsibility and Sustainability (SRS) department seeks to ensure environmental priorities are embedded in estates planning. Funding has been allocated to improve metering and usage control of energy and improve the performance of our laboratories and science activities. We have engaged in discussions with government partners in relation to external funding opportunities, and development of the Energy Masterplan continues.

## Strategy 2030 Focus Areas & Core Functions: Core Functions

### Risk Description: Strategic Partnerships

Failure to maintain a common vision across partners and jurisdictions could hamper achieving significant opportunities.

### Risk Management:

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 closely to manage and grow these opportunities.

## Strategy 2030 Focus Areas & Core Functions: Core Functions

### Risk Description: Core IT infrastructure

Disruption to basic network services.

### Risk Management:

Information Services Group capital programme is funding the rolling replacement of core IT infrastructures. The Network Replacement Project is ongoing, though the change in working arrangements, a small number of technical issues, and restrictions to building access as a result of Covid-19 required a revision of the deployment schedule for key elements. In addition, the programme was refocussed to accelerate deployment of new Wi-Fi into student halls to support online learning and teaching. The University's increased reliance on the network to support hybrid teaching increased the potential impact (though not likelihood) of network failure, but system improvements and improved security training have helped keep this risk manageable.

## Strategy 2030 Focus Areas & Core Functions: Core Functions

### Risk Description: Info security / data breach

Compromise of University information.

### Risk Management:

Reporting by UK and US authorities' confirms HE institutions are specific targets for cyber criminals which increases the risk to our services, systems and data. Compromise of any of these impacts our ability to deliver teaching, research and general working arrangements, both on-campus or remotely. Our Information Security Strategy and Policy governance framework is in place and work continues to ensure effective controls are embedded into normal business activity across all areas of the University. Given the constantly changing threat environment, this risk will remain for the foreseeable future.

# Understanding our risks (continued)

## Strategy 2030 Focus Areas & Core Functions: Core Functions

### Risk Description: Concentration Risk

Over-reliance on sources of international student income, research funding, and partnerships may threaten the overall reputational and financial health of the institution, impacting our ability to pursue our objectives.

### Risk Management:

Concentration of reliance on particular sources of revenue was identified as a potential source of risk. This concentration fell into the categories of:

- Enrolment income from particular domiciles
- Research funding balance between from different funder source categories
- Partnerships with entities from particular states, and resulting security and geopolitical considerations.

Our professional services work together to scope the level of dependence on particular sources of income, and, using that composite information, Risk Management Committee is actively engaging with University Executive to support its management of concentration risk.

## Strategy 2030 Focus Areas & Core Functions: Core Functions

### Risk Description: Finance

Failure to maintain financial headroom required to pursue strategic priorities and ensure financial sustainability in the face of increasing financial pressures.

### Risk Management:

The financial impact of Covid-19 has been significant. A reduction in certain revenue streams and increased costs placed further stress on the University's financial situation which has already been challenged by possible non-Covid-19-related future increases in costs such as increased employer contributions for the Universities Superannuation Scheme (USS), over which the University has little control.

The University manages its financial risk by not breaching the Group risk appetite as described in its financial metrics. A key metric is that our unrestricted surplus should be at least 2% of total income (the current Finance Strategy provides a target surplus range of 3% - 5% to remain sustainable). Due to robust financial stewardship, the University has met these criteria this financial year. The University will continue to ensure that its key financial metrics are monitored, through robust scenario planning, and will implement any necessary corrective measures to support the long term stewardship of our institution. We continue to work on further detailed scenario modelling which will form part of our medium and long-term plans for sustainable financial savings. Although we recognise that University finances are not the only driver, it is possible that the objectives of Strategy 2030 might be met on a timeline that differs from that set out pre-Covid.

\*underlying surplus/deficit = operating surplus/deficit less in-year restricted donations and City Region Deal capital funding.

## Strategy 2030 Focus Areas & Core Functions: Core Functions

### Risk Description: Estate

The Estate fails to meet the needs of the University (volume, condition, and accessibility).

### Risk Management:

In response to the Covid-19 emergency, a number of capital projects were deferred and there is now a need to develop a revised long-term strategic plan for the Estate. Due to the Covid-19 emergency, a portion of the Small Works Programme was also deferred and all non-essential works paused on campus in line with government guidance. Planning is concentrating on investment post-Covid to ensure the Estate is able to support the long-term aspirations of the University.

Covid-19 introduced exceptional challenges, requiring the closure, and the safe reopening of buildings under social distancing and Covid-19 hygiene restrictions. Estates colleagues have continued to deliver essential services on site during the lockdown restrictions including cleaning, security and essential maintenance, with all appropriate additional health and safety measures in place.

The University is also working to further strengthen the University response to the climate emergency with a focus on de-carbonisation. This area will continue to require significant focus by the University.

# Operational review



# Operational review

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

## People

Everyone deserves an equal opportunity to study at The University of Edinburgh. Higher education and a student experience at the University has the power to transform lives, not just of those who come to study with us, but their families and communities.

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 are ambitious in our plans for widening participation and demonstrate that within our Strategy 2030, where we state our intention to be leading on Scotland's commitment to widening participation.

This year has seen the development of our YourEd schools programme both in scope and numbers of pupils. YourEd is a long term programme of information, advice and guidance spanning the whole high school journey (S1-S6). From 2021 we have been expanding to 14 schools across seven different local authorities in the south east of Scotland. Schools have been targeted based on overall academic attainment and a range of metrics such as the high proportion of pupils from areas of deprivation as defined by the Scottish Index of Multiple Deprivation (SIMD20), high numbers of pupils registered for free school meals and high percentages of students from ethnic minority backgrounds.

During the pandemic, we have worked hard to move our various widening participation activities into an accessible online format. Our annual Sutton Trust Summer School - usually a week long residential experience - took place online. Although moving to online provision can never fully replicate the experience of being on campus, it meant we were able to increase the number of young people taking part in the programme and offer extra support to students facing isolation or social anxiety. Many participants commented that the digital format was a preferable experience, allowing individuals to work at their own pace and manage their own personal circumstances more easily, and our learnings from the past year will help shape our work going forward.

In addition to updating existing activity, new initiatives have been created specifically tailored to work online, such as the TutorEd programme, which offers small group tuition in literacy, numeracy and the sciences. TutorEd has worked with 14 schools and has helped to bridge the gap in pupils' learning during the extended lockdown, whilst also offering development and employment opportunities to our own students who worked as the tutors for this programme.

Our support for some of the most vulnerable groups - such as those with Care-Experience - has increased with our Edinburgh Cares service and the introduction of our new Access Edinburgh Scholarship for Care-Experienced students. Applications from confirmed Care-Experienced applicants who were academically qualified for entry more than doubled from 2020 to 2021.

Widening participation and inclusion can, and should be, the lens to everything we do. We can be both a world-leading centre of academic excellence and a place of opportunity for a diverse group of students, including those from some of the most deprived communities and under-represented groups in Scotland.

### Our response to Covid-19

Support for new widening participation students joining us for the first time during lockdown has been of particular importance. For many years we have been supporting new students through our Peer Mentoring programme. Peer Mentoring has had a positive impact on our participating students (mentors and mentees) during the pandemic, with none of the first year students withdrawing, and 70% feeling encouraged to engage in activities outside of their studies. The benefits also extended to our existing students acting as mentors, expressing that the mentoring role had given 'a heightened sense of appreciation for the University community' and an opportunity to develop useful transferable skills.

### Our response to Covid-19

We have worked hard to protect opportunities to study abroad for students hit by travel bans and lockdown, and developed alternatives wherever possible, including virtual exchange programmes. One example is The eTandem Global programme launched in 2020 to offer students a practical language exchange in the wake of restrictions introduced during the Covid-19 pandemic.

## Operational review (continued)

As well as widening participation, we continue to work with our staff and students to deepen our commitment to equality, diversity and inclusion across all areas of the University. In April 2021, we published new Equality Outcomes along with a [Mainstreaming Progress Report](#).

Many people across the University are involved in promoting equity and social justice through a range of activities which serve to raise awareness, challenge structural barriers and prevent discrimination and harassment. Their expertise, energy and commitment reflect our underlying values and motivation towards positive change.

The Equality, Diversity and Inclusion (EDI) Committee brings student representatives, convenors of College and Professional Service Group EDI committees, and convenors of staff networks together with other stakeholders to develop strategy, approve and monitor action plans and identify priorities. In the last year, two sub-committees have been set up – ‘Race Equality and Anti-Racism’ and ‘Gender Equality’ – and their action plans guide much activity. The University has used the Genuine Occupational Requirement to recruit Black, Asian and Minority Ethnic counsellors to reflect student need.

Many Schools are now developing approaches to decolonise the curriculum and the University has started a process of engagement and review of its historical links to the Atlantic slave trade, colonialism and their racial legacies today, with the steering group chaired by Sir Geoff Palmer. We always strive to improve overall EDI literacy through the development of [training and resources for staff and students](#). GenderED and RACE.ED are vibrant hubs for teaching, research and knowledge exchange with excellent events for the University and wider community.

Our internal processes are crucial to making sure we achieve excellence in all that we do. The HR and Finance Transformation supports our University’s Strategy 2030 by delivering more user-friendly processes and efficient systems to support our work and our staff. Colleagues have been working hard to transform our HR and Finance services with new teams, services and ways of working. In November 2020, we launched our new HR processes, underpinned and enabled by the People and Money system. Developments to our payroll and finance functions will follow in 2022.

The Procurement Reform (Scotland) Act 2014 (PRA) requires any publicly funded organisation which has an estimated annual regulated spend of £5 million 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.



### Mainstreaming Progress Report

[www.ed.ac.uk/equality-diversity/about/outcomes](http://www.ed.ac.uk/equality-diversity/about/outcomes)

### Training and resources for staff and students

<https://www.ed.ac.uk/equality-diversity/students>



IntoUniversity Craigmillar, 2021

## Operational review (continued)

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. As it is a statutory report, it is also made available to the public by the Scottish Government.

At The University of Edinburgh, 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.

In March 2021, the University was recognised for its work in supporting persecuted scholars and defending academic freedom as a Sustaining Member of the Scholars at Risk (SAR) network. A network of over 530 higher education institutions – including The University of Edinburgh – in 42 countries and assisting hundreds of scholars each year, SAR works to protect scholars whose lives, liberty and well-being are threatened across the globe. As a Sustaining Member of the network, we are at the forefront of a dynamic global movement rooted in a vision of a world in which everyone enjoys the freedom to think, question, and share ideas.

Edinburgh is proud to be part of an internationally collaborative programme, Foundations for All, which provides insights on how to effectively facilitate access to, and future success in, higher education for displaced and refugee young people in resource-poor environments through contextualised blended bridging programmes. This action-based project will research and evaluate the implementation of a blended-learning 'Foundations for All' degree for refugee scholars. The one-year programme will be offered online, equipping refugee scholars who have had their education disrupted or are unable to provide documentation of their academic record, with skills and a qualification that will allow them to begin an undergraduate degree.

Our work with the Mastercard Foundation Scholars programme continues to provide full scholarships to the best students from across the African continent. Through 2020 our partnership with the University of Witwatersrand (Wits) in South Africa has been taking shape and generating a growing number of institution wide research links, as University staff work closely with the group Africa Fellows to further develop our joint learning and teaching links.

Our work to increase scholarship provision in South Asia has generated success this year. In order to increase diversity as well as grow the funding allocation, we have been developing relations with external partners such as the UK Government and British Council on campaigns such as GREAT to co-fund 25 new scholarships. A new STEM scholarship for women is being offered at Edinburgh to students from South Asia. It is part of a wider programme by the British Council to increase opportunities in STEM for women.

To ensure that Edinburgh student mobility and student exchange continues post-Brexit and after our exit from Erasmus, we submitted a bid to the Turing Scheme in March 2021 for a funding allocation to support our students for mobility and placements. The first Turing-funded placements will begin in September 2021.

## Research

Across five areas of excellence our researchers are tackling big questions, adding to our collective understanding and forging **bold new paths through innovation**. These are: Culture and Creativity; This Digital Life; One Health; The Future of Health and Care; and Futureproofing Societies and the Planet.

With more than 7,900 academics and 5,800 postgraduate research students across the life and physical sciences, social sciences and humanities, The University of Edinburgh is a world-leading institution (QS Rankings 2021, 16th) and one of the leading UK universities for its research quality and output. We are ranked as Scotland's top research institution and fourth in the UK according to the most recent Research Excellence Framework (REF 2014) (the system for assessing the quality of research in UK Higher Education institutions) (Times Higher Education, Overall Ranking of Institutions). Our submission to the REF 2021 assessment comprised over 2,500 researchers across 28 units of assessment.

In 2020/21, the University was awarded, but has not yet recognised, a total of £359 million in research awards. In a difficult year for Higher Education, this was a strong performance from our researchers. Funders include URKI, the Scottish Funding Council and the European Commission.



### Equality data

[www.ed.ac.uk/equality-diversity/about/reports](http://www.ed.ac.uk/equality-diversity/about/reports)

### New paths through innovation

<https://www.ed.ac.uk/impact/research>

### Our response to Covid-19

Throughout the Covid-19 pandemic, we have considered the differential impact on equality groups and sought to embed EDI throughout the process of adaptation and renewal. Over 400 Equality Impact Assessments were conducted to ensure the consideration of EDI in safe working practices during the pandemic. The Chancellor's Fellowship Scheme in 2020 offered 30 tenure-track posts to internal candidates with fixed-term contracts, to support job security for our talented researchers.

Recognising the unequal impacts of Covid-19, we set ambitious gender and ethnicity targets for recruitment (50 per cent women and 20 per cent Black, Asian and Minority Ethnic fellows). Recruitment panels were supported by comprehensive equality guidance, and our targets were met. We continue to publish our [Equality data](#) and utilise such evidence to assess progress and identify areas for action.

## Research

Prestigious European funding awards to advance the work of world-leading researchers have been made to two Edinburgh academics.

Professors Loeske Kruuk and Alice Turk have both been awarded European Research Council (ERC) Advanced Grants, which are made to researchers with a track record of excellence in their field.

The University has secured €5 million in funding from the scheme, which supports academics whose achievements mark them out as exceptional leaders in terms of the originality and significance of their research.

The grant awardees from Edinburgh, who each received €2.5M of funding, seek to address complex scientific questions.

With mounting evidence that climate change is having major impacts on natural populations, Professor Loeske Kruuk's EVOWILD project will seek to shed light on how environmental variation shapes evolutionary and ecological processes.

Find out more: <https://edin.ac/3GltBI1>



“For this last ERC call under Horizon 2020, over 200 researchers will be funded to follow their scientific instinct and dreams. Still, the great increase in demand led to a very fierce competition: only 8% of candidates were successful. We look forward to seeing what major insights and breakthroughs will spring from this investment and trust. We are pleased with the continued positive trend for women researchers showing that ERC’s sustained efforts on this matter pay off. ”

**Professor Jean-Pierre Bourguignon**  
ERC President



## Operational review (continued)

Despite the UK's departure from the European Union, we continue to win European Commission Funding, with £23.99m awarded this year. Industry funding totalled £28.86 million this year, our highest value recorded to date. Funding from charities has been affected by the pandemic, but we continue to secure notable awards from Wellcome Trust, The Leverhulme Trust, Cancer Research UK, the British Heart Foundation, and other organisations.

Funding highlights this year include participation in the MRC/NIHR funded 'Post-hospitalisation Covid-19 study' consortium to understand and improve long-term health outcomes for patients who have been in hospital with confirmed or suspected Covid-19. Our staff and students will be the testers in the UKRI funded 'TestEd: Developing and evaluating an affordable whole-system approach for early detection of viral infections in workplaces and communities'. We were awarded Wellcome Trust funding to host two PhD studentship programmes in Biological Sciences.

The quality of our research influences our ability to secure research grants and deliver local, national and international impact. Our overall research award activity (by count and value) rose again this year, despite the challenges of a full academic year operating in a global pandemic. The overall award total for the year 2020/21 is £359 million, up £27 million on 2019/20. The total value of applications was £1.24 billion in 2020/21. The University's research continues to drive public policy changes, global and economic developments and lay the foundations for a more prosperous world for future generations.

The University's world-leading research continues to be critical in the global emergency response and recovery from the Covid-19 pandemic. Our academics play many roles: advising Government on public health responses, unravelling genetic responses to Covid-19, trialling new treatments, tracking, analysing critical infection data. Our research support professional services colleagues do an excellent job supporting our researchers to win funding and manage projects.

Our University estate and its development is critical in enabling much of this research to take place. This year, works continued on our BioQuarter campus at the Institute for Regeneration and Repair (IRR) building, which will sit adjacent to the Centre for Regenerative Medicine (CRM) building and form the University's new Institute for Regeneration and Repair (IRR). The IRR Building will provide purpose built laboratory facilities, state-of-the-art research space will be provided for circa 500 researchers and is on track for completion by the end of 2022.

Also located at BioQuarter, works on the Usher Institute are set to commence in summer 2021. The new building will provide a base for members of the Usher Institute including the Edinburgh Clinical Trials Unit, as well as partners and start-up companies working in the field of data-driven innovation in health and social care. The 12,500s square metre facility will house a population of around 950 people.

As well as the research and innovation taking place on campus, The University of Edinburgh has developed a series of European bilateral partnerships in the post-Brexit era. We are focused on deepening our existing relationships and diversifying our engagement as we remain committed to playing a strong role in European, education research and innovation collaborations.

This commitment is clear in the University's membership of Una Europa, a group of eight leading European research universities committed to long-term cooperation and integration between members. The alliance is focused on innovative research, teaching and boosting international study and research opportunities for its students and staff. Many of the lessons we are learning from our partnership with Una Europa can be applied to our European strategic partners, providing significant overlap for future joint projects.

In 2021/22, we look forward to another exciting year. We will be active participants in COP26 in Glasgow and await the outcome of the latest REF assessment. We will continue to pursue our research ambitions, aligning with new Government initiatives including ARIA, and growing a strong research culture to support our researchers.

### Research highlights

**One health:** How smartphones are fighting rabies in Africa: One Health explores the interrelated nature of life on earth and how sickness in animals can have a devastating effect on the human world. An app developed by researchers at the Royal (Dick) School of Veterinary Studies and Mission Rabies is helping to turn the tide on rabies in Malawi. As a result, it now only takes 11 days each year to administer vaccines to 70 per cent of dogs in Blantyre. In 2015, it was 20 days. Mission Rabies has now rolled out its campaign into neighbouring Zomba city. The team also believe that the approach can be adapted to other health care initiatives, in both humans and animals.

### Our response to Covid-19

Three Edinburgh staff involved in an Una Europa project, Una Resin, won the Principal's Gold Medal for their exceptional contribution to the University's partnership with Europe in supporting and serving the University community and mission, and their consistent demonstration of the University's values, particularly during the Covid-19 pandemic. Congratulations Helen McMillian, Regional Director, Europe, Edinburgh Global, Isabell Majewsky-Anderson, Head of Service, Study and Work Away (SWAY), and Áine Ryan, Research Funding Manager, Edinburgh Research Office.

### Our response to Covid-19

The University of Edinburgh continues to contribute across a number of different research areas to the fight against Covid-19. Since the start of the pandemic, UoE researchers have submitted 250 applications (£81.5M) and been awarded £24m in research funding. Projects include a study of the effectiveness of the Scottish vaccine rollout and the identification of potential treatments after the discovery of five genes associated with the most severe form of the disease. The findings suggest that people who wear a face mask significantly lower the risk of spreading Covid-19 to others through speaking and coughing.



#### One health

<https://www.ed.ac.uk/impact/research/one-health>

#### Fighting rabies in Africa

<https://www.ed.ac.uk/impact/research/one-health/smartphones-fighting-rabies-in-africa>

## Operational review (continued)

**Culture and creativity:** *Revived with the sound of music:* The University is active in vibrant areas of the creative economies such as gaming, music, the visual arts, film, and graphic design. Its research also enriches topics including tourism, festivals, and the rich cultural heritage of Scotland and other countries. Scholars from Edinburgh College of Art and the universities of Birmingham and Melbourne have collaborated with Historic Environment Scotland to reconstruct lost performances at Linlithgow Palace – once a majestic royal residence and the birthplace of Mary Queen of Scots. As well as boosting Edinburgh College of Art's research endeavours, the techniques are also providing a contemporary teaching experience. Early Music History students are engaging with the virtual reality to help them understand acoustics and performances in sacred spaces. Researchers say the techniques help them to transport students back in time to reveal historic interiors and how these influenced how music was performed and sounded.

**The politics of a pandemic:** *From advising the Scottish Government to writing opinion pieces for the media,* Professor of Global Public Health in the University's Usher Institute, Devi Sridhar is using her expertise to help guide the country through the coronavirus health crisis. While her research and advisory work is largely undertaken behind closed doors, Professor Sridhar has become a familiar face in UK households thanks to her regular media appearances. Incisive, expert commentary on BBC Breakfast, Channel 4 News and Good Morning Britain has led to some hailing her as the UK's 'go-to expert' on Covid-19. "Scientists have a duty to try and explain to people what's happening, take away some of the anxiety and uncertainty and provide a reassuring voice," she says. "It's important to show there's a way through this and this is how we're going to do it. Communication is absolutely essential during times like this and it's important it comes from trusted sources."

## Teaching

Our aim continues to be 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. Against a challenging backdrop of a full academic year of lockdown or partial lockdown, the University faced an unprecedented set of challenges, the greatest of which was how we might maintain a sense of attachment and community within our student body and between our students, staff and the overall learning experience.

With the focus on teaching delivery based around the principle that our Schools must drive the activity, we worked institutionally to facilitate as much learning activity on campus as possible, against a backdrop of capacity reductions in our estate of up to 90% in some teaching facilities.

Entry to academic year	2020/21	2019/20	2018/19
<b>Undergraduate enrolments</b>			
Total applications	<b>65,263</b>	63,855	61,844
Total offers	<b>32,108</b>	28,640	26,250
Total enrolments	<b>7,320</b>	6,534	6,349
Applications to enrolments ratio	<b>8.9</b>	9.8	9.7
Matriculate rate (enrolments / offers)	<b>22.8%</b>	22.8%	24.2%
<b>Postgraduate home and EU</b>			
Total applications	<b>11,039</b>	10,170	10,743
Total offers	<b>5,904</b>	5,655	6,192
Total enrolments	<b>2,942</b>	2,996	3,287
Applications to enrolments ratio	<b>3.8</b>	3.4	3.3
<b>Postgraduate overseas</b>			
Total applications	<b>82,299</b>	59,647	49,307
Total offers	<b>25,405</b>	21,820	18,926
Total enrolments	<b>6,853</b>	6,089	5,140
Applications to enrolments ratio	<b>12.0</b>	9.8	9.6

### Student recruitment and admissions



#### Culture and creativity

<https://www.ed.ac.uk/impact/research/culture-creativity>

#### Revived with the sound of music

<https://www.ed.ac.uk/impact/research/culture-creativity/revived-with-the-sound-of-music>

#### The politics of a pandemic

<https://www.ed.ac.uk/impact/people/the-politics-of-a-pandemic>

#### Notes to table

The data in this table highlights an overall increase in applications, offers and enrolments for 2020/21 entry compared with previous years. In the context of the Covid-19 pandemic and restrictions on travel, in particular, it had been feared that student recruitment would be negatively impacted worldwide. We were pleased that actions taken by the University mitigated this risk, and secured a healthy intake in 2020/21.

## Operational review (continued)

Schools worked to deliver as much ‘synchronous’ activity as possible – lectures delivered in person on campus or in ‘live-streamed’ format over digital platforms – in response to feedback from the early part of the academic year that students wanted this interaction, even where circumstances meant it was online.

The University progressed its work to enhance the student experience, committing funding to 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. We recruited our first Sexual Violence Liaison Officer, and work continues to upgrade access to counselling through our own recruitment and through stronger collaboration with the NHS.

Support for digital poverty was put in place with a very significant increase in our investment in laptop loans, data packages for students, and ongoing upgrades of access to network facilities in our Halls of Residence. Study space was a particular challenge but tremendous work by a team led by our Information Services Group swiftly identified the capacity challenges and moved to secure space across the University campuses to house student study facilities.

The Institute for Academic Development (IAD) continued to provide free study skills workshops and online resources to support students throughout their studies, develop their skills and gain confidence in their academic practice. The University’s Careers Service team also continued their fantastic work, even in a virtual world, ensuring that we continued to give the strongest advice possible to students.

Despite the background challenges, in April 2021 we launched our Curriculum Transformation Programme, which starts the delivery of one of the main platforms of our University Strategy. This is a programme of work which places the Edinburgh graduate and their success at the heart of our reassessment of what we do well, what we should do more of, and what to stop. Over an 18 month period, this programme of work will deliver a revitalised plan for the University curriculum that will be presented for broader discussion and decision by the University community.

Our deep commitment to the student learning experience was demonstrated most effectively by the extraordinary efforts to move to online teaching, learning, and working. We remained responsive and reactive to the rapidly changing environment where teaching delivery plans had to be shaped and reshaped multiple times. The University demonstrated our leadership in this space by becoming a lead partner in [TH Campus](#), a major new initiative to bring excellence and leadership in teaching to a global audience.

Just like our teaching, many other aspects of University activity was disrupted throughout the last year. However, despite construction across our campuses being heavily impacted by Covid-19, the implementation of the University’s Estates Capital Plan continues to progress, with spend projected to exceed £300m over the next five years. Work was able to recommence from July 2020 with all sites adhering to Scottish Government guidelines.

In the heart of our King’s Buildings campus, works continue on the Nucleus, a new learning and teaching facility. The four storey Nucleus building will create a vibrant, purpose-built hub with space for teaching, learning, studying and social activity. Internal works have commenced and completion is expected to be the end of 2022.

Ongoing work continues to transform the much-loved historic surgical building into its new role as the Edinburgh Futures Institute. The careful renovation, extension and upgrades to the building to form a major interdisciplinary institute is the largest of its kind in the UK.

## Social and Civic Responsibility

Social and Civic Responsibility is one of the four areas of focus in Strategy 2030. In April 2020 the University Executive approved a new [Social and Civic Responsibility Plan](#), setting out how the University will work towards Strategy 2030’s vision to make the world a better place, and ensure that its actions and activities deliver positive change locally, regionally and globally.



### TH Campus

<https://www.timeshighereducation.com/campus>

### Social and Civic Responsibility Plan

[https://www.ed.ac.uk/files/atoms/files/social\\_civic\\_responsibility\\_delivery\\_plan\\_2020\\_to\\_2030.pdf](https://www.ed.ac.uk/files/atoms/files/social_civic_responsibility_delivery_plan_2020_to_2030.pdf)

### Our response to Covid-19

The University Estates Department was instrumental in preparing buildings to safely reopen as and when government guidelines permitted. Regular building checks were conducted, the reopening of research labs was prioritised and re-occupation certificates were prepared, allowing for 92% of the estate to re-open in time for Semester 1 in 2020. Student Villages and recording studios to enable hybrid teaching were created across campus, and comprehensive signage, queuing systems and Covid-19 testing centres were designed and installed to keep our students as safe as possible at all times when on campus.

## Operational review (continued)

### We will become a zero carbon and zero waste university

At the start of 2021, the University completed its divestment from fossil fuels, marking a significant milestone in its journey to become carbon neutral by 2040. Divestment sees the University remove direct and pooled investments in companies involved in the extraction and production of fossil fuels such as coal, tar sands, oil and gas from its portfolio. The University has now invested more than £170 million in low carbon technology, climate-related research and businesses that directly benefit the environment since 2010.

A new Sustainable Travel Policy was approved in March 2021, supporting the University's Climate Conscious Travel approach which looks to reduce our overall travel, ensuring the safety of our staff and students, reducing our environmental impact and better managing the University's finances. The policy outlines that air travel will not be permissible for travel within Great Britain except for a limited number of exceptions. The new policy will be implemented later this year.

The PC Reuse Project at the University has been repurposing computers and IT equipment since 2015. More than 2,100 computers have been donated to charities and community groups in Edinburgh and the wider area. Over the last year, the University has worked with Midlothian Council and the Edinburgh Remakery to donate computers and laptops to local schools and community groups, who then distribute to local families.

Projects to increase biodiversity and improve adaptation to climate change resulted in the University winning a 'Campus of the Future' Award at the annual Green Gown Awards. The University has been implementing innovative projects such as green infrastructure mapping of University campuses and city parks, and in February 2021, the University was awarded silver accreditation as a Hedgehog Friendly Campus.

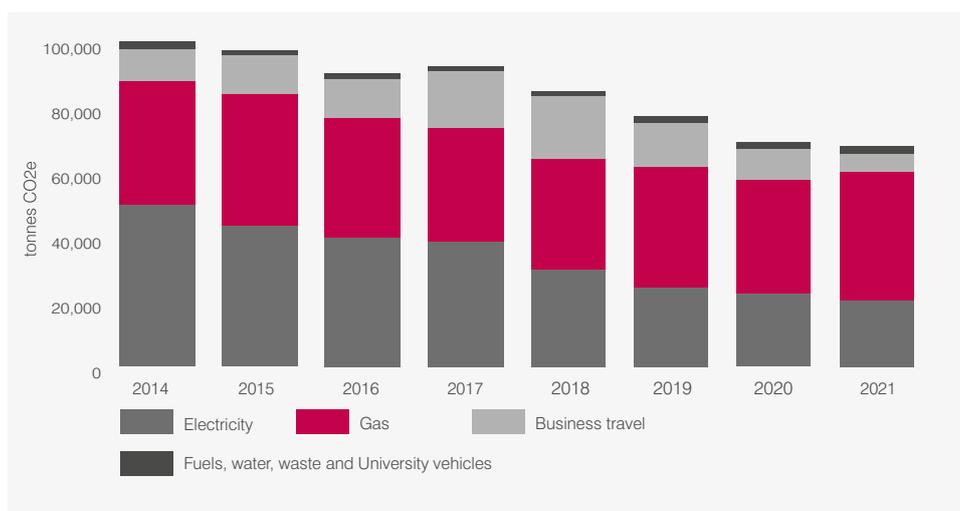
In September 2020, almost 5,000 ground-mounted photovoltaic (PV) panels were installed as part of a new solar farm at the Easter Bush campus. The solar farm – which is the size of five football pitches – will help the University become carbon neutral by 2040.

**“As a leading member of the network, Edinburgh is responsible for these accomplishments and should be celebrated. We are deeply grateful for Mr. MacKay's dedication to this work and leadership role. In honour of this commitment, SAR would like to recognise Mr. MacKay and Edinburgh as leaders in promoting academic freedom.”**

#### Robert Quinn

Executive Director of Scholars At Risk

### Absolute carbon emissions



#### Notes to table

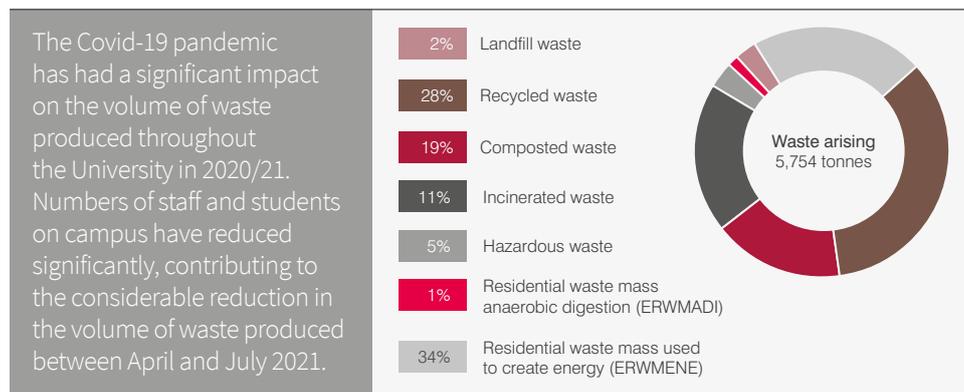
Absolute carbon emissions have reduced by approximately eleven per cent compared to last year, with a significant reduction in carbon emissions associated with business travel due to international travel restrictions. Electricity and gas consumption increased from last year due to Covid-19 safety measures, with additional ventilation and heating. Many buildings remained operational during the last year.

# Operational review (continued)

## Key performance indicators

	2014	2015	2016	2017	2018	2019	2020	2021
Income (tonnes CO <sub>2</sub> e / £m)	128	116	100	100	89.4	72.2	65.2	<b>55.4</b>
Staff (tonnes CO <sub>2</sub> e / staff FTE)	11.5	10.6	9.7	9.3	8.4	7.3	6.4	<b>5.9</b>
Students (tonnes CO <sub>2</sub> e / student headcount)	3.3	2.8	2.4	2.3	2.1	1.8	1.7	<b>1.4</b>

## University waste breakdown 2020/21



## We will widen participation in higher education and support inclusion

The University is working with the University of Glasgow on a ground-breaking new collaboration with education charity IntoUniversity to address the needs of some of the poorest young people in Scotland. Over the past year, two local education centres in Craigmillar and Govan have been launched, offering community-based support to local young people.

Five online Masters degree programmes will be offering scholarships for 40 students starting in the 2021 academic year, thanks to newly secured funding via the Commonwealth Scholarship Commission, focussing on delivering high-quality teaching to citizens of lower-middle income Commonwealth countries. The degree programmes include carbon management, health and medicine.

As of 2021, the University has committed to invest £8 million in social investments for the benefit of society. A total of £5.8 million has been committed to date of which £1.2 million has been drawn down with a further £2.1 million investments in the process of being made.

Nineteen social enterprises in Scotland received investment, support and mentorship from Power up Scotland programme, a socially responsible lending scheme co-funded by The University of Edinburgh. The social ventures were able to respond to the Covid-19 crisis by providing meals to high-risk individuals, supporting disabled beneficiaries, helping those experiencing homelessness into accommodation and providing online counselling.

## We will work together with local communities

In November 2020, a new Community Plan for 2020-2025 was launched by the University, setting out 32 practical commitments it is making to local communities over the next five years. The plan sets out a 'whole institution' approach to working with our local communities to deliver positive change.

The University's Community Grants is a scheme that supports the development of community-based projects, activities and sustainable local action. Since 2017, 84 community projects have been supported through the fund and a further 44 projects have been supported through the University's community micro-grant scheme. The University has provided more than £370,000 to community projects across the Edinburgh City Region to date, supporting organisations deliver positive impact in their local communities.

## Our response to Covid-19

Edinburgh Innovations conducted the Rapid Response initiative, a fast-track funding route supporting Edinburgh researchers to partner with organisations and tackle challenges triggered by the Covid-19 outbreak. The lighter funding criteria, in combination with a swift application review process, meant that viable projects could start immediately on award of funding. A project that developed a rechargeable, portable handwash station using heat storage technology, to facilitate a safe return to public spaces and workplaces that cannot otherwise provide handwashing facilities, is just one example.

## Operational review (continued)



Over the last year, the Grant Scheme adapted to provide quick-release funds for projects supporting those most severely affected by the Covid-19 pandemic in Edinburgh and the surrounding areas. Funding was provided to projects that delivered thousands of free meals, provided music therapy workshops for unpaid carers, delivered computers to vulnerable families, and provided isolation and mental health support networks across the city region.

The University has contributed £1 million into a £5 million investment to Simon Community Scotland, an award-winning charity that helps people experiencing homelessness or at risk of homelessness in Edinburgh, Glasgow and Central Scotland. The investment will support the charity expand its services and buy properties that will become permanent homes for up to 30 tenants in Edinburgh, helping them transition from homelessness towards employment and a new life.

### Contributing to the United Nations' Sustainable Development Goals

The University was ranked 36th in the world in the Times Higher Education Impact Rankings, which assess universities contributions to the United Nations' Sustainable Development Goals. The University's research, stewardship, outreach and teaching were assessed, with the University scoring highly on Goals associated with No Poverty; Industry, Innovation and Infrastructure; and Responsible Consumption and Production.

Three student-led social enterprises and start-ups were chosen as part of the Universitas 21 RISE Showcase. The RISE Showcase is a global exposure initiative, which highlights student-led projects across the globe in the areas of sustainable development, social enterprise and non-profit innovation. One of those selected, was the Linda Initiative, student-led social enterprise which aims to protect young people in Kenya from early teenage pregnancies and other related sexual and reproductive health issues due to lack of information.

In last year's report, the [Data-Driven Innovation \(DDI\)](#) programme reported that it had drawn down almost £90 million in Government funding via the Edinburgh and South East Scotland City Region Deal, as investment for the creation of the Data-Driven Innovation hubs – the Bayes Centre, Edinburgh Futures Institute, Usher Institute, Easter Bush, and National Robotarium – co-delivered with Heriot-Watt University. This year, total drawdown in the local authority financial year to 31 March 2021 was £51.9 million.

Despite the considerable challenges of Covid-19, delivery against targets continues at pace. During the first three years, DDI talent programmes and courses have over 40,000 enrolments and more than 100 entrepreneurial companies have been supported or created. In DDI-related research income, over £500m has been recognised and nearly £100m has been committed in DDI industry partnerships.



### Data-Driven Innovation (DDI)

[www.ddi.ac.uk](http://www.ddi.ac.uk)

### Our response to Covid-19

One of the main highlights of the year was the co-ordination by the DDI programme office of £4m of Covid-19 recovery funding from the Scottish Funding Council. The funding was split into three strands and delivered in coordination between the DDI hubs, Edinburgh Innovations and the DDI programme office. As part of this, DDI issued an 'open call' and awarded funding to 21 research projects to apply data-driven innovation for economic and social recovery in the Edinburgh and South East Scotland Region. These included projects to tackle homelessness, promote tourism recovery, and job retention in the football industry.

## Operational review (continued)

In March 2021, £74 million of City Region Deal funding was approved for a new AgriTech hub at the Easter Bush campus. This was the last of five DDI business cases to be approved by the City Region Deal's joint committee, and represented a major milestone for the DDI team. This investment will support the combining of research and technology to improve the efficiency and output of agriculture, and enhance worldwide food security.

Also in March, the Usher Institute led the first national study to confirm that vaccination was linked to a substantial reduction in the risk of Covid-19 admissions to Scotland's hospitals. The research, led by Professor Aziz Sheikh, showed that by the fourth week after receiving the initial dose the Pfizer and Oxford-AstraZeneca vaccines, risk of hospitalisation was reduced by up to 85 per cent and 94 per cent, respectively.

Ground-breaking research like this is supported by vital data infrastructure, which the DDI programme is also helping to create in Edinburgh. In autumn 2020, the 'DataLoch' repository was created in collaboration with NHS Lothian, to bring together health and social care data for the first time, driving forward data-driven approaches to improving care. DataLoch will enable researchers to engage with private, public and third sector health and social care organisations, using data from across the Edinburgh and South East Scotland region. This was followed in February 2021 with the purchase of the world's fastest AI computer, the Cerebras CS-1, for the Edinburgh International Data Facility. EPCC, the University's super-computing service, will use Cerebras CS-1 for unprecedented AI scalability and massive data handling capability, ultimately providing a fantastic facility for DDI activity and research.

In the public affairs sphere, the DDI initiative has led The University of Edinburgh's responses to both the UK Government's Data Strategy and the Scottish Government's Logan Review of Scotland's tech ecosystem. Find out more at [www.ddi.ac.uk](http://www.ddi.ac.uk)

We aim to benefit society and the economy by helping researchers, students and industry drive innovation. We seek opportunities and build partnerships to turn ideas into successful projects and thriving businesses. In 2020/21, Edinburgh Innovations - which manages the University's commercialisation activities - marked its fourth consecutive year of record results across several measures. EI helped to launch a record 114 companies founded by staff and students, the first time the total has passed 100 and the highest number of any Russell Group university. The year included a powerful collection of therapeutics spin-out companies launched from the College of Medicine and Veterinary Medicine, including Resolution Therapeutics, targeting new liver repair treatments, and BioCaptiva, which is developing a device to diagnose cancers from blood biopsies.

Our investments in spinout companies reached another new record, totalling £48 million, as did income from industrial awards and translational awards – many of which involve collaboration with external organisations – which reached £79 million. Some successes include helping to secure the launch by Evotec and Bristol Myers Squibb of BeLAB1407, with funding of \$20 million, to advance drug discovery opportunities and encourage new spinouts from the universities of Edinburgh, Birmingham, Dundee and Nottingham.

Edinburgh Innovations also helped a collaboration led by Blackwood Homes and Care involving a cross-University team win a major funding award from UK Research and Innovation as part of the ISCF Healthy Ageing Challenge, for a £12.5 million project to help older people live at home for longer and with greater independence.

**“At a time where physical mobility has become a challenge due to the Covid-19 health crisis, students signing up for eTandem Global are matched with a language partner, allowing them to improve their skills in a fun, informal environment, while learning about another culture first-hand. ”**

**Adele David**

European Programmes Advisor,  
SWAY

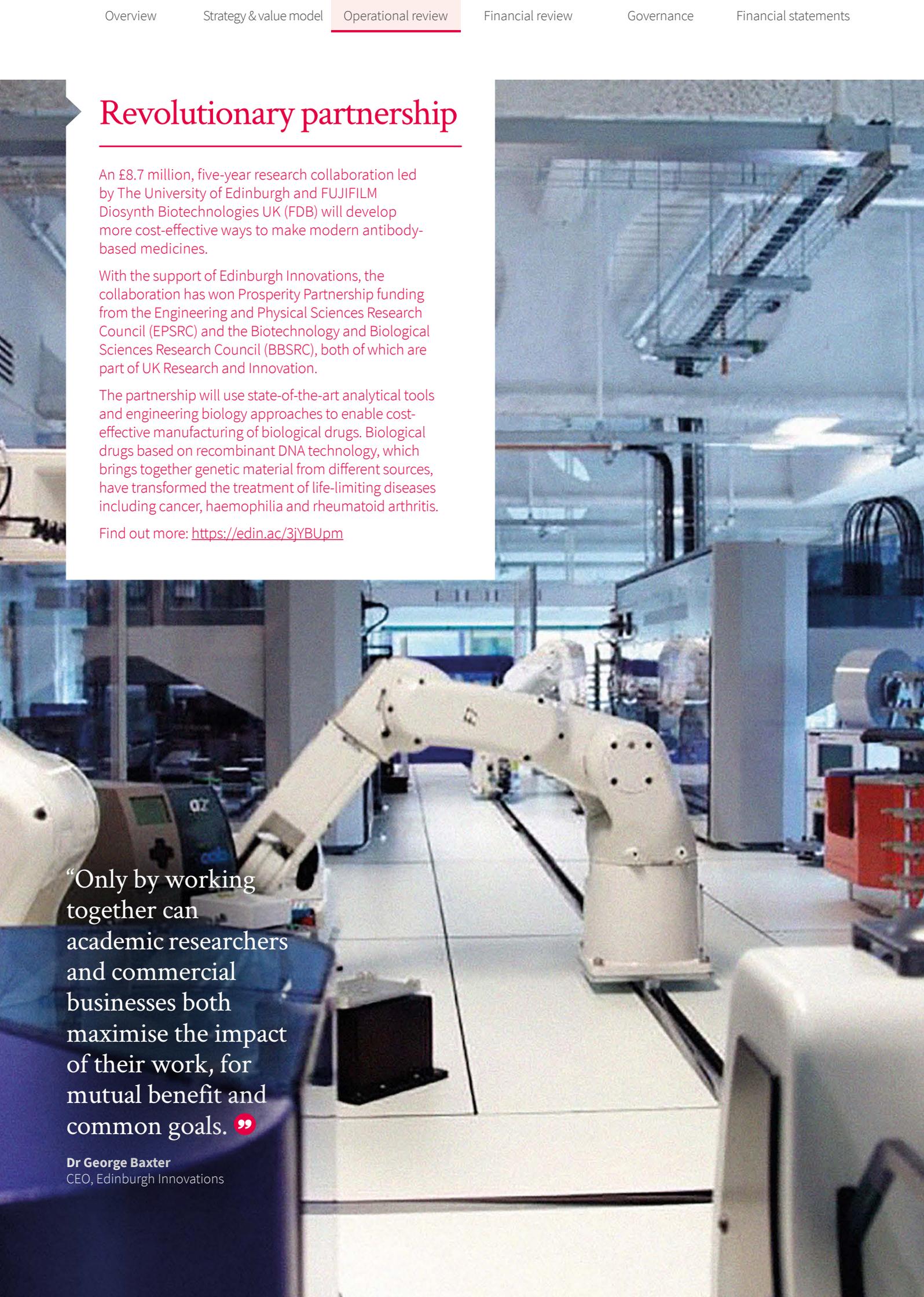
## Revolutionary partnership

An £8.7 million, five-year research collaboration led by The University of Edinburgh and FUJIFILM Diosynth Biotechnologies UK (FDB) will develop more cost-effective ways to make modern antibody-based medicines.

With the support of Edinburgh Innovations, the collaboration has won Prosperity Partnership funding from the Engineering and Physical Sciences Research Council (EPSRC) and the Biotechnology and Biological Sciences Research Council (BBSRC), both of which are part of UK Research and Innovation.

The partnership will use state-of-the-art analytical tools and engineering biology approaches to enable cost-effective manufacturing of biological drugs. Biological drugs based on recombinant DNA technology, which brings together genetic material from different sources, have transformed the treatment of life-limiting diseases including cancer, haemophilia and rheumatoid arthritis.

Find out more: <https://edin.ac/3jYBUpm>



“Only by working together can academic researchers and commercial businesses both maximise the impact of their work, for mutual benefit and common goals.”

**Dr George Baxter**  
CEO, Edinburgh Innovations

# Financial review



## Director of Finance's foreword



**Lee Hamill**

Director of Finance

At the end of what has been another challenging and uncertain financial year, we can all be proud of the resilience that The University of Edinburgh continues to show as we report a positive and encouraging financial position.

For the second year in a row we saw the Covid-19 pandemic increase costs and reduce revenues across much of our sector and the economy as a whole. A number of our key income streams were adversely affected by the Covid-19 pandemic, in particular the income from our residences, catering and events was reduced by £34 million compared to pre-pandemic levels (2018/19). That said, income from both tuition fees and research held up, reflecting demand for places to study at Edinburgh and underscoring our reputation as a world-leading research-intensive university.

During the year, we continued to focus on controlling expenditure to help offset the downward pressure on income and give us some headroom for investment in strategic projects and initiatives. In-year actions included a temporary reduction in recruitment activity and the completion of a limited voluntary severance scheme. We also saw cost savings from our revised ways of working including reduced travel expenditure.

The University also received £3.9m 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 salary and employer pension contributions, topping up the funds received from the Government scheme.

### Headline figures for the year

Our headline financial performance in 2020/21 was positive. The University's total income grew to £1.18 billion and our Operating Surplus for reinvestment was £113million. In calculating our Operating Surplus figure, we have excluded non-cash accounting adjustments relating to provisions held on our largest pension scheme.

These figures do however include £52 million of restricted capital grant funding from the Edinburgh and South East Scotland City Region Deal. This money can only be spent on specific City Region Deal projects and as such our adjusted Operating Surplus for reinvestment was £61 million or 5.4% of total income (2020: £9m, 0.8% of total income). This is a more robust way to assess our ability to meet the £90 million per month that it costs to run the University as well as our ability to generate additional cash from core operations to reinvest back into University activities. We have achieved all of this despite unprecedented external stresses and challenges, demonstrating our financial resilience and overall financial sustainability.

This sort of financial result does not happen by chance, rather it is down to clarity of purpose, deliberate actions and the hard work and fortitude of a great many colleagues and stakeholders. We should all be proud of our University's finances and what we have collectively achieved over the course of the past year.

Our full financial results for 2020/21 are reviewed in more detail from page 61, expanding on the table below.

### Notes to table

1. Excludes £14.5 million decrease in USS provision in 2020/21 and £144 million decrease in USS provision in 2019/20 (both are non-cash movements).

	2021 £m	2020 £m
Income	1,187	1,125
Expenditure (1)	(1,074)	(1,077)
<b>Operating surplus</b>	<b>113</b>	48
Restricted City Region Deal Capital Grant	(52)	(39)
<b>Operating surplus (adjusted for City Region Deal)</b>	<b>61</b>	9

## Director of Finance's foreword (continued)

“...our financial and strategic decision-making will always be guided by our purpose and values as we step up to current and future challenges.”

### Pensions & Investments

We provide a more detailed account of the main developments on University pensions in the Financial Review. Our largest pension scheme, the Universities Superannuation Scheme (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. Consultations have taken place over the last year, with the University emphasising the importance of a robust scheme and affordability for both members and employers. Recent agreement has resulted in a new schedule of Contributions effective from October 2021, however there remains the possibility that final agreement is not reached following consultation with scheme members. We also reported a non-cash actuarial surplus of £22 million this year, largely relating to our second biggest pension scheme, the Edinburgh University Staff Benefits Scheme (EUSBS) as a result of updated actuarial assumptions. Large movements for USS and EUSBS are non-cash in nature and are no reflection of the University's operational financial performance. Note 30 Events After the Reporting Period provides an update on the very latest position on the USS.

Our endowment fund performed remarkably well during the year achieving capital growth of £81 million in strained market conditions with a total fund valued at £565 million at year-end. Like the annual movements we see on pensions, the growth achieved in the value of our endowment is not realisable and does not represent free cash flow for the University to spend on business as usual. Rather, the financial benefit returns to the endowment to support the long-term disbursement of restricted funds for a variety of University purposes in line with the wishes of the individual donors. These include scholarships across our colleges for students, funding for researchers or to develop our facilities, and much more.

### Capital investment

At the start of the pandemic we made the prudent decision to pause discretionary capital investment in order to preserve cash, build financial resilience and provide the University with a better range of financial choices in the short to medium term. Even so, our actual capital spend in the past year has remained significant with £131 million being spent on contractually committed projects, compliance, maintenance, minor works projects and equipment.

During the past year our committed construction projects on-site have been able to progress with physical distancing measures and other protective measures in place. Significant multi-year projects that continued throughout 2020/21 included the £140 million Edinburgh Futures Institute, the £49 million Nucleus project at Kings Buildings and the £95 million Institute for Regeneration and Repair. We forecast that all of these major projects will be completed within the next 18 months. In addition, the £20 million Advanced Computer Facility extension at Easter Bush was completed this year with a new high voltage connection to the facility progressing on site to provide future resilience and expansion capability.

We have also used the time wisely to re-prioritise our capital plan that will see us invest an additional £300 million over the next five-year budgetary horizon on new major projects including new student facilities as well as a significant investment into student accommodation. The University still retains a large cash balance from debt raised in recent years that we will use towards funding our capital plan.

### Conclusion

The University of Edinburgh will continue to address tomorrow's greatest challenges through our world-leading research and teaching. Some adjustments are inevitable in the face of a pandemic, but our financial and strategic decision-making will always be guided by our purpose and values as we step up to current and future challenges.



## Supporting our Community

Education charity IntoUniversity, The University of Edinburgh and the University of Glasgow have launched local education centres in Craigmillar and Govan, offering ground-breaking support to local young people.

The collaboration is motivated by a shared concern for children growing up experiencing poverty and a belief in the power of education to transform young people's lives. The initiative has remained on track and has opened two centres in Govan and Craigmillar in April 2021 and a third (in Maryhill) will open in Autumn 2021.

The centres are connecting young people who may never have dreamed of going to university with two of the world's leading Higher Education Institutions, who share the belief that no young person should be held back by their circumstances or miss out on the choices and opportunities they deserve.

Find out more: <https://edin.ac/340oxMF>

# Financial review

## University delivered an underlying operating surplus of 5.4% this year

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Excluding non-cash staff costs relating to pensions, financial performance during the year shows an operating surplus of £113 million. This is £65 million up on the surplus reported last year (2020: £48 million) – largely driven by increased capital grant funding received for the South East Scotland City Region Deal and managed reductions in expenditure. After deducting City Region Deal capital grant funding (£52 million) the underlying operating surplus for the year is £61 million, which equates to 5.4 per cent of total income. The balance sheet remains strong with total net assets amounting to £2.4 billion (2020: £2.2 billion) and a cash and cash equivalents balance of £499 million (2020: £492 million).

In line with government guidelines in response to the Covid-19 pandemic, many of the University's core activities were delivered online from March 2020 and this continued into the 2020/21 academic and financial years. This year has been one of great unpredictability and the positive financial performance outlined in this Annual Report and Accounts is a reflection of the hard work, diligence and financial control seen right across the University.

Our income and expenditure has once again been put under pressure but we have continued to support our students and staff through this unprecedented year. We have retained the flexibility in our approach to student accommodation that was implemented last year and continued to pay staff 100% of their salaries during periods of furlough.

### 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), the Scottish Funding Council's 2020/21 accounts direction and with Financial Reporting Standard (FRS) 102.

### Financial Performance

Commentary on financial performance in 2020/21 excludes the impact of a non-cash credit to staff costs of £14.5 million relating to movement on the USS pension provision in the year (in 2019/20 this was a non-cash credit of £144 million). 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 increased to £113 million (2020: £48 million).

FRS 102 requires that unrealised gains and losses are reported as part of the Statement 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 £236 million.

### Income

Total income in 2020/21 was £1,187 million (2020: £1,125 million). This represents an increase of 5.5 per cent from last year. Tuition fees income grew strongly in the year to £435 million (2020: £391 million), representing an increase of £44 million (11.3 per cent). This year shows a 2.5 per cent growth in student number headcount to 45,615 (2020: 44,510). Driving the fees income increase was growth in fee paying Rest-of-UK students and price increases on Non-EU student fees.

# Financial review (continued)

Summary I&E	2020/21 £m	2019/20 £m
Total income	1,187	1,125
Total expenditure (1)	(1,074)	(1,077)
<b>Operating surplus</b>	<b>113</b>	<b>48</b>
Exceptional USS provision movement (non-cash)	14	144
<b>Surplus before other gains and losses</b>	<b>127</b>	<b>192</b>
Gain on disposal of fixed assets	7	1
Gain on investments (non-cash) (2)	81	12
Taxation (3)	(1)	(1)
<b>Surplus for the year</b>	<b>214</b>	<b>204</b>
Unrealised surplus on revaluation of heritage assets (non-cash)	0	(1)
Actuarial gain/(loss) in respect of pension schemes (non-cash) (4)	22	(53)
<b>Total comprehensive income for the year</b>	<b>236</b>	<b>150</b>

## Notes to table

1. Expenditure and operating surplus 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.

The funding mix for the University is similar to last year, with tuition fees accounting for 37 per cent (2020: 35 per cent) of the University's total income. The proportional increase is due to other income streams being affected by the Covid-19 pandemic, such as our accommodation and catering business.

Funding body grants increased by 23.8 per cent in 2020/21 to £236 million (2020: £191 million). This was driven by ring-fenced grants provided by Scottish Funding Council to support research and mitigate other pressures across the higher education sector.

Research income grew by 9.5 per cent on the previous year to £324 million (2020: £296 million). UK based charities now account for 20 per cent (2020: 21 per cent) of total research funding, and income from other overseas sponsors has increased to £24 million this year (2020: £21 million). In difficult circumstances the University reported a record year for new research awards in 2020/21 and these will filter through as research income throughout the awards' lifetime.

Outwith teaching and research, the University's other income has fallen in 2020/21 by 15.1 per cent to £163 million (2020: £192 million). This is largely due to the reduction in our accommodation and catering business which, impacted by Covid-19, has seen income fall to £45 million in 2020/21 (2020: £68 million). Income from other services, like consultancy, recovered from a fall last year to £36 million in 2020/21 (2020: £28 million). The university received £3.9 million from the UK Government's Coronavirus Job Retention Scheme.

Capital funding for the Edinburgh and South East Scotland City Region Deal was £52m in the year, split across research income (£34 million) and other income (£18 million).

## Expenditure

Total expenditure in 2020/21 was £1,075m (2020: £1,078m), a small decrease on last year. This excludes the impact of non-cash staff costs relating to movement on the USS pension provision. Staff costs represented 58.8 per cent of the total expenditure (2020: 56.8 per cent), although this percentage increase is driven at least in part due to some reductions to our other operating expenses.

Other operating expenses included expenditure on student accommodation, scholarships and bursaries, library services, utilities and premises maintenance costs, and administration costs. Other operating expenses for the year were £356 million (2020: £363 million), a two per cent decrease on last year. The fall in operating expenses for the second year in a row is driven by the revised ways of working implemented by the University, in line with Scottish Government guidelines, in response to the Covid-19 pandemic.

## Financial review (continued)

The University offers generous assistance to students studying at Edinburgh. In 2020/21 we provided £15.5 million in centrally administered financial support to students (including scholarships and assistance with fees) a decrease of £0.5 million from the £16.0 million provided in 2019/20.

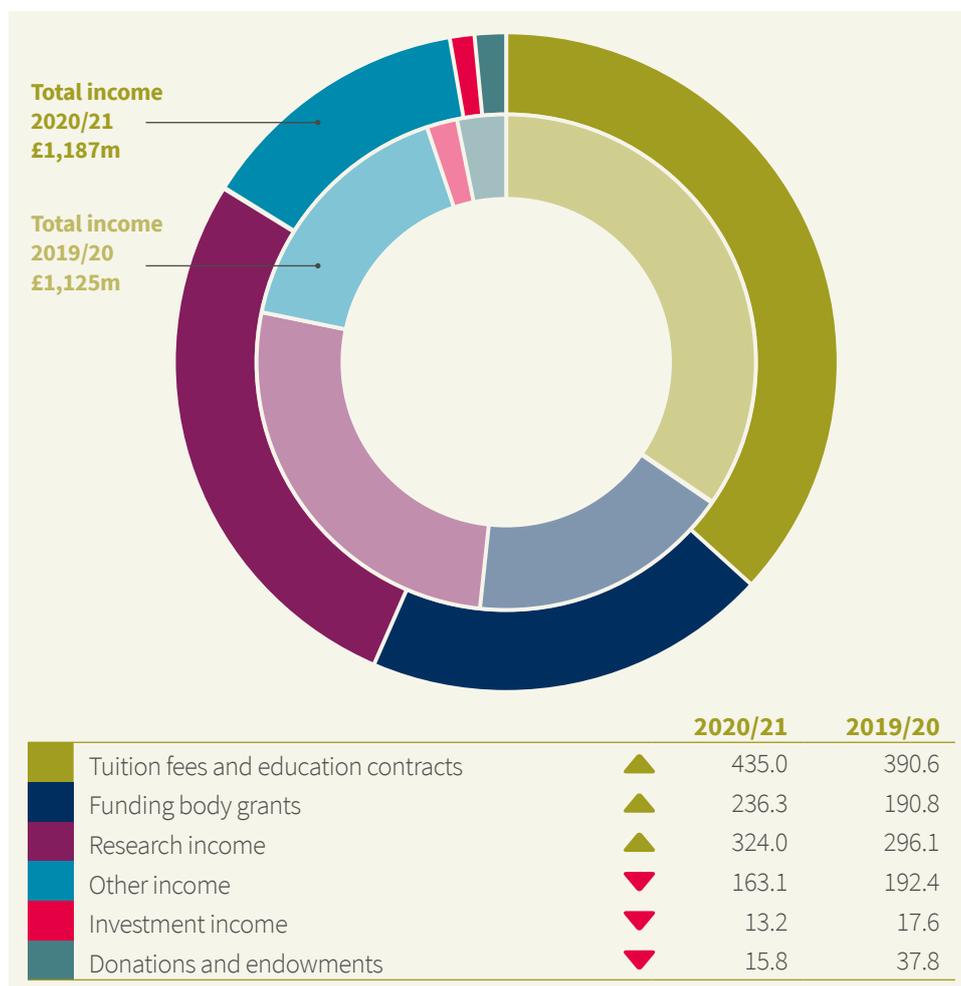
The University's depreciation charge increased by three per cent to £63 million (2020: £61 million), as capital works started back up again after a slow down towards the end of last year. In addition to our depreciation charges for the year we also impaired £4.2 million of fixed assets in 2020/21 (2020: £18 million), reflecting the review of our capital works expectations in light of our developing capital plans.

### Impact of pension deficit

The University has recorded an actuarial gain on its funded pension schemes of £22 million in the year, a positive movement of £75 million from the previous year when we recorded an actuarial loss of £53 million. The actuarial gain is a non-cash movement and is not a measure of the University's operational financial performance or surplus generation. It is simply the annual difference in the estimated value of the assets and liabilities in the University's own defined benefit pension scheme.

FRS 102 impacts certain disclosures and the 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 2020/21



### Notes to table

Notes to Financial Statements 3 to 8 provide further detail on sources of income.

## Financial review (continued)

The actuarial gain of £22 million 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 Gain/Loss per pension scheme:

### Actuarial Gain/(Loss)

	£m
EUSBS	20
Lothian Pension Fund	3
Strathclyde Pension Fund	(1)
	<b>22</b>

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 gain 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	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Actuarial Gain/(Loss)	95	(63)	(51)	20

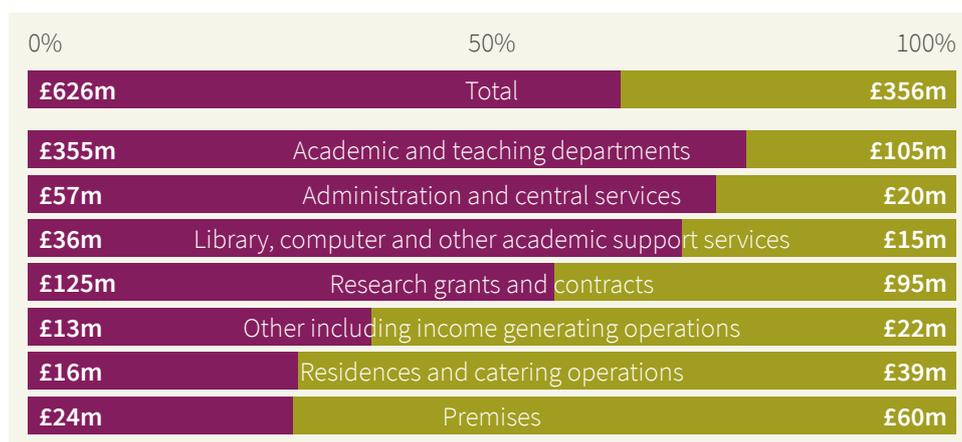
The actuarial gain or loss can vary greatly from year to year depending on the re-measurements which have taken place. The EUSBS is in deficit – the present value of the scheme liabilities is greater than the market value of the scheme assets. The net liability of the EUSBS as at 31 July 2021 was £165 million, having decreased from a £177 million deficit as at 31 July 2020. The deficit on the EUSBS is reported on the balance sheet under Pension provisions.

Breakdown of EUSBS actuarial gain:

### EUSBS Actuarial Gain

	£m
Demographic assumptions gain	4
Financial assumptions loss	(56)
Member experience loss	(4)
Asset return gain	76
<b>Total gain</b>	<b>20</b>

### How we allocate our resources 2020/21



#### Notes to table

- Staff costs
- Other operating expenditure

# Financial review (continued)

## Update on USS (2020/21)

The year ending 31 July 2021 has been another testing one for the Universities Superannuation Scheme. The 2020 triennial valuation, struck as markets dipped significantly in response to the coronavirus pandemic, was not concluded according to statutory timelines. At the time of writing, the Joint Negotiating Committee (JNC) have proposed a way forward, which has been accepted by the Trustee but remains to be formally consulted on with the scheme members.

The conclusion of the 2020 valuation showed that the scheme deficit had increased, in addition the USS Trustee indicated that without further support measures in place that the employer covenant (a crucial consideration in determining the level of risk to be accepted) would be downgraded from 'strong' to 'tending to strong'. In all presented scenarios where this is the case the increase in contributions for both members and employers, to maintain the current benefit structure, would be unaffordable.

Several consultations took place throughout the year to establish a way forward and secure the future of the scheme on a sustainable and long-lasting basis. The University responded on all occasions to confirm the importance of a robust and highly valued scheme for staff, but emphasised the importance of affordability (for both members and employers) and consideration of scheme design to secure a stable and resilient offering which presented options to members.

The USS Trustee emphasised the importance of strong covenant support and the JNC decision does provide new measures such as the introduction of debt monitoring arrangements, *pari passu* (equal standing with new secured lenders to the sector) and an agreement that no employers would seek to leave the scheme for a defined period of time. These measures have allowed the Trustee to confirm a 'strong' covenant and with some scheme design changes (a downward revision to the DC threshold and a reduction in the future service accrual rate) the valuation appears likely to be concluded.

The timing of this agreement has allowed the final phase of the 2018 valuation contribution increases to be halted with marginal increases (up 0.2% to 9.8% for members; up 0.3% to 21.4% for employers) replacing the significant jumps previously expected in October 2021. The new Schedule of Contributions, effective from October 2021, does however, provide for the possibility that a final agreement is not reached – this would result in an alternative suite of significant contribution rate rises which would pass the levels of affordability very quickly.

The JNC agreement was not passed unanimously. The University and College Union (UCU), as member representative, opposed the UUK proposal but did not formally present an alternative. It is expected that there will be continued difference in approach which could lead to disruption as the valuation process reaches its formal conclusion. Note 30 Events After the Reporting Period provides an update on the very latest position on the USS.

## Cashflow and Financing

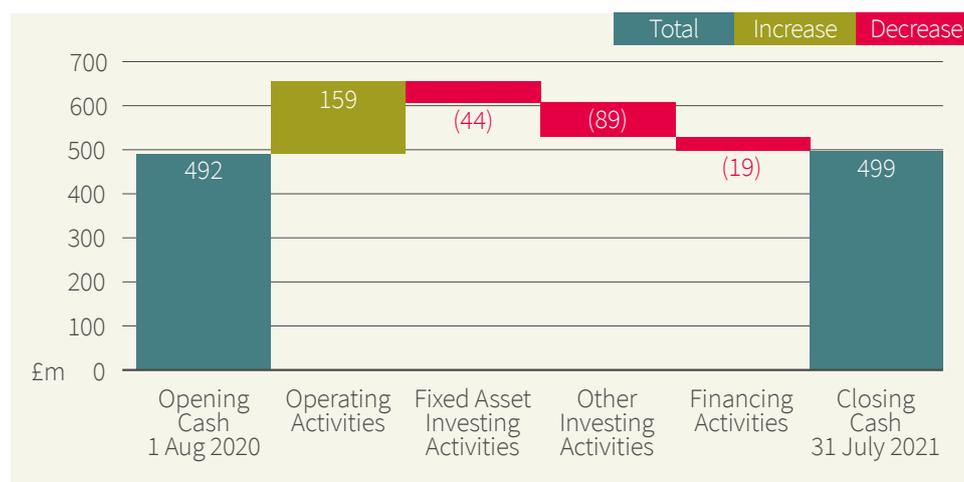
The University cash and cash equivalents balance at 31 July 2021 was £499 million (2020: £492 million). The University is careful to manage its cash balances to ensure adequate resources are available to fund our ongoing obligations and our Estates Capital Plan. It should be noted that a substantial amount of our cash and cash equivalents are ring fenced and must be used under the terms in which we received it. For example, research purposes or donations with specific requirements. The University has two £50m revolving credit facilities with the Royal Bank of Scotland and the Bank of Scotland, setup in March 2021. These facilities have not had to be used.

## Net Assets

Total Net Assets £2.4 billion (2020: £2.2 billion) have increased by ten per cent, driven by a £150 million increase in the value of our long term investments. The net book value of fixed assets increased by £64m to £1.90 billion (2020: £1.84 billion). This is a reflection of the University's programme of estates development and equipment procurement.

# Financial review (continued)

## Cashflow statement 2020/21



### Notes to table

1. Inflow on operating activities reflects operating surplus generated in the year.
2. Other investing activities outflow is due to investment acquisitions and disposals.
3. Outflow on financing activities is largely interest payments and term loan repayments made on debt.
4. Fixed asset investing activities is payments made to acquire fixed assets, net of capital grant receipts and disposals.

### Endowments

In the year to 31 July 2021, the Endowment and Investment fund unit price rose to £54.07, (31 July 2020: £46.54) representing an increase of 18 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 <https://www.ed.ac.uk/sustainability/what-we-do/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. We continue to work 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 in 2019 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 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 risks and opportunities of both the longer term impacts of Covid-19 and leaving the EU continue to evolve, 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.

### Janet Legrand

Senior Lay Member of Court  
15 December 2021

## People

A renowned astrophysicist and investigator into one of science's great unsolved mysteries has become the first woman to be appointed as Astronomer Royal for Scotland.

Professor Catherine Heymans, a world-leading expert on the physics of the so-called dark universe, has been awarded the prestigious title, which dates back almost 200 years.

Heymans was recommended to the Queen for the role by an international panel, convened by the Royal Society of Edinburgh. She is Professor of Astrophysics at The University of Edinburgh and Director of the German Centre for Cosmological Lensing at Ruhr-University Bochum.

Her research seeks to shed light on the mysteries of dark energy and dark matter – elusive entities that together account for more than 95 per cent of the Universe.

Find out more: <https://edin.ac/3GMdw3L>

“The Astronomer Royal for Scotland has always been a distinguished and respected astronomer, and Professor Heymans is exactly that. She will also always be distinguished as the first female to hold the position.”

**Professor Dame Jocelyn Bell Burnell**

President (interim) of the Royal Society of Edinburgh

Professor Catherine Heymans at the Royal Observatory, Edinburgh (credit: Maverick Photo Agency)

# Governance

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# Corporate governance statement

The University has continued to navigate the challenges of the Covid-19 pandemic to ensure that it achieves its aim of being a strong, sustainable organisation committed to its vision to deliver excellence.

In the opinion of Court, the University complied with all the principles and provisions of the [Scottish Code of Good Higher Education Governance \(2017 edition\)](#) throughout 2020/21 and has been in full compliance with the Higher Education Governance (Scotland) Act 2016. The University has also taken account of other good practice guidance including the UK Committee of University Chairs Higher Education Audit Committees Code of Practice.

## 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 2020/21, the University Court had 23 members. The Rector, who is elected by staff and students of the University, presides over meetings of Court. The Senior Lay Member 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, followed by an election with two candidates and an electorate of all staff, students and Court members. The Principal is an ex-officio member and acts as the Chief Executive Officer of the University and its Accountable Officer. The remaining members are: 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 is not to be a member of staff or student of the University; one member nominated by the Chancellor of the University; three members appointed by the University Court who are members of the General Council; and seven members appointed by the University Court. [www.ed.ac.uk/strategic-planning/governance/university-court/membership-of-court](http://www.ed.ac.uk/strategic-planning/governance/university-court/membership-of-court)

The term of office for the Rector ceased at the end of February 2021 and Debora Kayembe was nominated by the electorate and elected unopposed in February 2021 and took office as Rector on 1 March 2021. The terms of office of the two student representatives ceased at the end of the academic year 2020/21 and one member was re-elected and one was succeeded by a new member. The terms of office of two co-opted Court members ceased at the end of July 2021 and successors were 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. One further co-opted Court member voluntarily concluded their term of office early, at the end of July 2021, in order to pursue another opportunity and the vacancy will be advertised shortly. The term of office of one General Council member ceased at the end of July 2021 and their successor was appointed following an open advertisement and recruitment process overseen by a joint Court-General Council Selection Panel. 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).

Court has an Equality and Diversity Policy and a plan to improve the diversity of its membership. Court vacancies are widely advertised, including through the Women on Boards and Changing the Chemistry platforms; unconscious bias training has been provided to Court members involved in recruiting new members; Court members submit equality monitoring information and a skills and experience self-assessment and this is used to inform the recruitment of new members; and, all advertisements for new members include an equality and diversity statement, encouraging a diversity of applications and an offer to meet all reasonable expenses, including childcare costs.



### Scottish Code of Good Higher Education Governance (2017 edition)

<http://www.scottishuniversitygovernance.ac.uk/wp-content/uploads/2016/08/Scot-Code-Good-HE-Governance-A4.pdf>

### University Court

<https://www.ed.ac.uk/strategic-planning/governance/university-court/membership-of-court>

### Skills Register

<http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/SkillsRegister.pdf>

## Corporate governance statement (continued)

This is reported in the publicly available [Equality Outcomes and Mainstreaming Progress Report 2017-2021](#), which also includes reporting on the Gender Representation on Public Boards (Scotland) Act 2018. The gender diversity of Court stood at 35% male, 65% female in April 2021 compared with 59% male, 41% female in April 2017.

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 nine 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/about/sustainability/about/programmes/fairness-trade-sustainable-procurement/modern-slavery/statement](http://www.ed.ac.uk/about/sustainability/about/programmes/fairness-trade-sustainable-procurement/modern-slavery/statement).

Court met by videocall on five occasions during 2020/21 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 2020 and in February and July 2021 on:

- Members' learning and development
- Internationalisation
- The student experience and curriculum transformation
- The City Region Deal Data-Driven Innovation Programme
- Promoting an anti-racist culture and our Race Equality and Anti-Racism action plan

Members were kept informed by electronic means of any significant issues affecting the University, with regular updates on the University's response to the Covid-19 pandemic.

In June 2021, Court held a virtual annual Court update event, open to all staff and students. The Principal, Senior Lay Member, Rector and University Secretary provided an overview of the work of Court followed by a question and answer session. This was recorded and made available on the University website.

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. In June 2019, 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). In November 2020, Court approved the inclusion of a new section and accompanying guidance in Court and committee paper templates to integrate consideration of the Climate Emergency, United Nations Sustainable Development Goals and the Strategy 2030 outcomes.

During 2020/21, as well as the more routine items, Court considered the following:

- An ambitious curriculum transformation programme to drive the future shape of teaching and learning across the University
- Updates on the work of the Adaptation and Renewal Team, which was formed to shape the University's response to the Covid-19 pandemic and the transition back to a planning and operational group to consider Scottish Government guidance and how this impacts on planning for the 2021/22 academic year, students, staff and the estate



### Equality Outcomes and Mainstreaming Progress Report 2017-2021

[https://www.ed.ac.uk/files/atoms/files/equality\\_outcomes\\_and\\_mainstreaming\\_progress\\_report\\_2017-2021.pdf](https://www.ed.ac.uk/files/atoms/files/equality_outcomes_and_mainstreaming_progress_report_2017-2021.pdf)

### Register of Interests

<http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/RegisterofInterests.pdf>

### Modern Slavery Act 2015

<http://www.ed.ac.uk/about/sustainability/about/programmes/fairness-trade-sustainable-procurement/modern-slavery/statement>

### Strategy 2030

<https://www.ed.ac.uk/about/strategy-2030>

...on joining Court, members are required to sign a statement confirming that they will comply with the University's Code of Conduct...

# Corporate governance statement (continued)

- The University's participation as a launch partner in the Perrett Laver Governance Apprenticeship Programme to improve the diversity of university governing bodies
- The University's approach to internationalisation and strategic priorities, places and partnerships, including approval for a strategic partnership between the University and the Government of Gujarat for the development of the Gujarat Biotechnology University and an overview of collaborations in China.
- Regular updates on the student experience and consideration of additional support for vulnerable students.

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 and also now receives a separate report from the President of the Sports Union.

## Performance evaluation

There was an external review of Court's effectiveness in 2018/19 facilitated by David Newall, former Secretary to Court and 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. At its June 2021 meeting, Court considered an internal review of Court's effectiveness for the 2019/20 academic year and agreed the process for an internal review of 2020/21. The internal review considered compliance with the Higher Education Governance (Scotland) Act 2016 and the Scottish Code of Good Higher Education Governance (2017 edition) and the outcome of a full series of individual review meetings with all Court members between September 2019 and January 2020 and individual introductory meetings with the Senior Lay Member with continuing members in post in July 2020, which fed into a seminar discussion on 28 September 2020. For the 2020/21 Internal Review, individual member review meetings have been arranged throughout summer and autumn 2021.

## 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. Senate is chaired by the Principal and Vice-Chancellor and meets three times per year. At each meeting, Senate hosts a presentation and discussion session which is open to all members of staff. Further information on Senate can be found at: <http://www.ed.ac.uk/academic-services/committees/senate>

## Senate's effectiveness

Senate reviewed a report on its effectiveness in 2019/20 at its meeting on 7 October 2020 and this was circulated to all Court members along with all Senate papers and subsequently noted by Court. Plans for reviewing Senate's effectiveness in 2020/21 were considered at the Senate meeting of 2 June 2021 and similarly circulated to all Court members.

## General Council

The General Council consists mainly of graduates 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 wellbeing and prosperity of the University and to be consulted on Ordinances and Resolutions. The aim is to ensure that graduates of the 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: <https://www.ed.ac.uk/general-council>



### University Senate

<http://www.ed.ac.uk/academic-services/committees/senate>

### General Council

<https://www.ed.ac.uk/general-council>



## Learning and Teaching

Created by The University of Edinburgh Careers Service and hosted within the Data-Driven Innovation Programme of the Edinburgh and South East Scotland City Region Deal, Students as Change Agents (SACHA) is a co-curricular experiential idea lab that brings students from different academic disciplines and levels together to tackle real-world complex challenges linked to the UN Sustainability Goals.

SaChA enhances participating students' learning and teaching experience at Edinburgh through the chance to develop skills such as complex problem-solving, leadership, social influence and reasoning. By linking challenges to the SDGs, students learn they can have a positive social impact now and the future.

This year, using online training tools and platforms, SACHA has moved at scale with over 250 student completions across three programmes with 11 different challenge partners, with groups ideating on subjects such as fashion overconsumption, fuel poverty, sustainable tourism, youth homelessness, and building a more welcoming Scotland for refugees and asylum seekers.

Find out more: <https://edin.ac/3mcJJb2>

# Corporate governance statement (continued)

Committee structure	Standing committees	
<p><b>University Court</b> 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.</p> <p style="text-align: center;">↓</p>	<p><b>Audit and Risk Committee</b> <b>Convener:</b> Caroline Gardner, Lay Member of Court (to 31 July 2021), David Law, Lay Member of Court (from 1 August 2021) 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.</p>	
	<p><b>Exception Committee</b> <b>Convener:</b> Janet Legrand, Senior Lay Member 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.</p>	
	<p><b>Nominations Committee</b> <b>Convener:</b> Alan Johnston, Lay Member of Court (to 31 July 2021), Janet Legrand, Senior Lay Member (from 1 August 2021) 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.</p>	
	<p><b>Policy and Resources Committee</b> <b>Convener:</b> Alan Johnston, Lay Member of Court (to 31 July 2021), Janet Legrand, Senior Lay Member (from 1 August 2021) 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.</p>	
	<p><b>Remuneration Committee</b> <b>Convener:</b> Caroline Gardner, Lay Member of Court (to 31 July 2021), Hugh Mitchell, Lay Member of Court (from 1 August 2021) 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: <a href="https://www.ed.ac.uk/files/atoms/files/20181203-remuneration_committee_framework.pdf">https://www.ed.ac.uk/files/atoms/files/20181203-remuneration_committee_framework.pdf</a></p>	
	<p style="text-align: center;">↑</p>	<p><b>Knowledge Strategy Committee</b> <b>Convener:</b> Doreen Davidson, Lay Member of Court (to 31 July 2021), Interim Convener: Vice-Principal Students Professor Colm Harmon (from 1 August 2021) 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.</p>
		<p><b>Education Committee</b> <b>Convener:</b> 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.</p> <p><b>Academic Policy and Regulations Committee</b> <b>Convener:</b> Assistant Principal Professor Alan Murray (to 31 July 2021), Dr Paul Norris, Dean of Quality Assurance and Curriculum Approval (from 1 August 2021) 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.</p> <p><b>Quality Assurance Committee</b> <b>Convener:</b> 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.</p>
<p><b>The Senate</b> 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.</p>		

# Corporate governance statement (continued)

Standing Committees	Thematic committees
Audit and Risk Committee	<b>Risk Management Committee</b> <b>Convener:</b> Catherine Martin, Vice-Principal 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.
	<b>Estates Committee</b> <b>Convener:</b> 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.
Policy and Resources Committee	<b>Investment Committee</b> <b>Convener:</b> 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 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, 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. In 2020, the Principal convened an Adaptation and Renewal Team, reporting to the Executive, to co-ordinate activity to ensure the University emerged from the Covid-19 pandemic as a strong, renewed organisation. Early in 2021, the decision was made to stand down this team and revert key decision making to existing established mechanisms. A planning and operational group has been established to consider the anticipated changes in Scottish Government guidance and in particular how this impacts on our planning for the 2021/22 academic year, students, staff and the estate, reporting to the Executive.

## 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.

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

...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)

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. In February 2021 there was a joint workshop for members of the Audit and Risk Committee and Risk Management Committee to enable Audit and Risk Committee to review the Strategic Risk report jointly with the Risk Management Committee, and provide a strategic, top-down perspective. 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 29 November 2021 meeting, Court had received the Audit and Risk Committee Report for the year ended 31 July 2021 and information from the Risk Management Committee; it also had taken account of relevant events since 31 July 2021. During 2020/21 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 a risk management process compliant with the guidance provided by the Scottish Code of Good Higher Education Governance has been in place throughout the year ended 31 July 2021. Specific guidance includes:

- The Court is involved in the development of and monitoring performance against the strategic plan and objectives including approval of an annual plan covering the aspects being implemented in the year in question.
- The Court must ensure the University has appropriate procedures to identify and actively manage risk and determines the nature and extent of risks it is willing to take. The University should maintain a risk register and make a risk management disclosure in annual financial statements.
- The Court should also receive reports on the University's risk management arrangements. These may be the responsibility of the Audit Committee or of a separate Risk Committee (or equivalent).

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

- The Internal Audit Service's annual report for 2020/21 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 2020/21 presented to the Audit and Risk Committee regarding its operation
- Comments made by the External Auditors in their Report to the Audit and Risk Committee and other reports
- The work of managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by any relevant comments made by other external agencies (e.g. the Quality Assurance Agency for Higher Education, Scottish Funding Council)



## Risk Management

<http://www.ed.ac.uk/corporate-services/risk-management/risk-management-information>

# Corporate governance statement (continued)

## Charitable status

The University had charitable status (No. SC005336) under the legislative framework operative throughout the 2020/21 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 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 2021, 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 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: <http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/CourtsResponsibilities.pdf>. This was in operation throughout 2020/21.



### Statement of Primary Responsibilities

<http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/CourtsResponsibilities.pdf>

# Corporate governance statement (continued)

## 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
- Financial statements are prepared on the going concern basis

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



# Corporate governance statement (continued)

Membership of the University Court 2020/21		Court meetings attended	Committee memberships 2020/21	Committee memberships 2021/22
Rector	Ann Henderson (to 28 February 2021)	3/3		
	Debora Kayembe (from 1 March 2021)	2/2		
Principal and Vice-Chancellor	Professor Peter Mathieson	5/5	PRC EXC NC	PRC EXC NC
Senior Lay Member	Janet Legrand	5/5	EXC NC RC	PRC EXC NC RC
<b>Chancellor's Assessor</b>				
Nominated by Chancellor	Sheriff Principal Alastair Dunlop QC	5/5		ARC
<b>General Council Assessors</b>				
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	Doreen Davidson	5/5	PRC EXC NC RC KSC IC	
	Jock Millican	5/5	PRC	PRC IC
	Sarah Wolffe	5/5	ARC	NC
<b>Senatus Academicus Assessors</b>				
Two Assessors elected by the Senate for terms of office of four years	Professor Sarah Cooper	5/5	PRC EXC	PRC EXC
	Dr Claire Phillips	4/5	NC RC KSC	NC RC KSC
Academic Staff Member	Professor Fiona Mackay	5/5		
Elected by academic staff for a period of four years				
Professional Services Staff Member	Sarah McAllister	5/5	KSC	KSC
Elected by professional services staff for a period of four years				
Trades Union Members	Joyce Anderson	5/5		
One academic and one professional services staff member nominated by a trade union for a period of four years	Dr Kathryn Nash	5/5		KSC
<b>City of Edinburgh Council Assessor</b>				
One Assessor nominated by City of Edinburgh Council	The Rt Hon Frank Ross	4/5		
<b>Co-Opted Members</b>				
Seven members appointed by Court for a term of office of four years	Dr Frank Armstrong	5/5	PRC IC EC	PRC RC EC
	Perdita Fraser	5/5	ARC	ARC
	Caroline Gardner	5/5	ARC EXC NC RC	
	Alan Johnston	5/5	PRC EXC NC RC	
	David Law	5/5	PRC	ARC EXC NC RC
	Clare Reid	5/5	ARC EC	
	Hugh Mitchell	5/5	PRC	PRC EXC NC RC
<b>Student Members</b>				
Annually nominated by the Students' Association from among sabbatical officers	Ellen MacRae (from June 2020)	5/5	PRC EXC NC RC	PRC EXC NC RC
	Rachel Irwin (to June 2021)	4/4		
	Réka Siró (from June 2021)	1/1		

Further information and biographies of Members of the University Court 2021/22 can be found at: <http://www.ed.ac.uk/strategic-planning/governance/university-court/membership-of-court>

Audit and Risk Committee

ARC

Estates Committee

EC

Exception Committee

EXC

Investment Committee

IC

Knowledge Strategy Committee

KSC

Nominations Committee

NC

Policy and Resources Committee

PRC

Remuneration Committee

RC

# Corporate governance statement (continued)

## Attendance at Standing Committees 2020/21

Audit and Risk Committee		Meetings attended
Lay Members of Court	Caroline Gardner (Convener)	4/4
	Perdita Fraser	4/4
	Clare Reid	4/4
	Sarah Wolffe	2/4
External Members		
Appointed through an open advertisement and interview process	Bindesh Savjani (to 31 December 2020)	2/2
	Ross Millar (from 1 January 2021)	2/2
	Grant Macrae	4/4

Nominations Committee		Meetings attended
<i>Ex-officio</i> Members		
The Principal	Peter Mathieson	3/3
Senior Lay Member	Janet Legrand	3/3
University Secretary	Sarah Smith	3/3
Senate Assessor	Dr Claire Phillips	3/3
General Council Assessor	Doreen Davidson	3/3
Lay Members of Court	Caroline Gardner	3/3
	Alan Johnston (Convener)	
Student Member of Court	Ellen MacRae	2/3

Policy and Resources Committee		Meetings attended
<i>Ex-officio</i> Members		
The Principal	Professor Peter Mathieson	5/5
University Secretary	Sarah Smith	5/5
Staff Assessor	Professor Sarah Cooper	4/5
Senior Vice-Principal	Professor Jonathan Seckl	5/5
General Council Assessors	Doreen Davidson	5/5
	Jock Millican	5/5
Lay Members of Court	Alan Johnston (Convener)	5/5
	Dr Frank Armstrong	5/5
	David Law	5/5
	Hugh Mitchell	5/5
Student Member of Court	Ellen MacRae	5/5

Knowledge Strategy Committee		Meetings attended
<i>Ex-officio</i> Members		
Chief Information Officer	Gavin McLachlan	4/4
Students' Association Representative	Fizzy Aboah Jawad	4/4
Members of Court	Doreen Davidson (Convener)	4/4
	Sarah McAllister	3/4
	Dr Claire Phillips	3/4
Members of Senate	Professor Colm Harmon	2/4
	Professor Tina Harrison	4/4
	Professor Alan Murray	2/4
	Professor Siân Bayne	2/4
	Melissa Highton	3/4
External Member	Sue Currie	3/4

Remuneration Committee		Meetings attended
<i>Ex-officio</i> Members		
Senior Lay Member	Janet Legrand	3/3
Lay Members of Court	Caroline Gardner (Convener)	3/3
	Doreen Davidson	3/3
	Alan Johnston	3/3
Students' Association Representative	Ellen MacRae	2/3
Senate Assessor	Dr Claire Phillips	3/3

Exception Committee		Meets by email circulation
<i>Ex-officio</i> Members		
The Principal	Professor Peter Mathieson	
University Secretary	Sarah Smith	
Senior Lay Member	Janet Legrand	
Convener of Audit and Risk Committee and Remuneration Committee	Caroline Gardner	
Convener of Knowledge Strategy Committee	Doreen Davidson	
Staff Assessor	Professor Sarah Cooper	
Student Member of Court	Ellen MacRae	

Full details of terms of reference and Committee membership are published on the University's website at: <https://www.ed.ac.uk/governance-strategic-planning/governance/university-committees/court-committees>

# 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 2021 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 (the "Annual Report"), which comprise the Consolidated and Institution statement of financial position as at 31 July 2021; 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

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

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

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

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The 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.

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

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 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 53, 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.

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

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

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

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

Based on our understanding of the group and sector, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risk was related to understatement of the surplus.

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

Audit procedures performed included:

- Testing of journal entries with particular focus on unusual account combinations within income and expenditure;
- Challenging assumptions and judgements made by management in determining significant accounting estimates;
- Evaluation of the business rationale for significant transactions;
- Inquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Review of minutes of key meetings.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

## Other required reporting

### **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*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
15 December 2021

# Financial statements

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# Consolidated and Institution statement of comprehensive income and expenditure

For the year ended 31 July 2021

	Note	2021		2020	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Income</b>					
Tuition fees and education contracts	3	<b>435.0</b>	<b>435.0</b>	390.6	390.6
Funding body grants	4	<b>236.3</b>	<b>236.3</b>	190.8	190.8
Research income	5	<b>324.0</b>	<b>324.0</b>	296.1	296.1
Other income	6	<b>163.1</b>	<b>150.9</b>	192.4	174.2
Investment income	7	<b>13.2</b>	<b>13.3</b>	17.6	17.5
Donations and endowments	8	<b>15.8</b>	<b>16.1</b>	37.8	43.3
<b>Total income</b>		<b>1,187.4</b>	<b>1,175.6</b>	1,125.3	1,112.5
<b>Expenditure</b>					
Staff costs excl USS movement in provision	9	<b>631.8</b>	<b>614.6</b>	613.0	594.2
Exceptional item:USS change in provision <b>(1)</b>		<b>(14.5)</b>	<b>(14.5)</b>	(144.0)	(144.0)
Other operating expenses	10	<b>356.1</b>	<b>359.7</b>	362.6	361.0
Depreciation and amortisation	13,14	<b>63.0</b>	<b>62.2</b>	60.9	60.0
Impairment of fixed assets	14	<b>4.2</b>	<b>4.2</b>	17.8	17.8
Interest and other finance costs	11	<b>19.4</b>	<b>19.4</b>	23.4	23.4
<b>Total expenditure</b>		<b>1,060.0</b>	<b>1,045.6</b>	933.7	912.4
<b>Surplus before other gains and losses</b>					
		<b>127.4</b>	<b>130.0</b>	191.6	200.1
Gain/(loss) on disposal of fixed assets		<b>7.0</b>	<b>7.0</b>	0.5	(0.2)
Gain on investments	16	<b>80.6</b>	<b>79.4</b>	11.5	11.3
<b>Surplus before tax</b>		<b>215.0</b>	<b>216.4</b>	203.6	211.2
Taxation	12	<b>(0.5)</b>	-	(0.4)	-
<b>Surplus for the year</b>		<b>214.5</b>	<b>216.4</b>	203.2	211.2
Unrealised surplus/(deficit) on revaluation of heritage assets	14	<b>0.2</b>	<b>0.2</b>	(0.4)	(0.4)
Actuarial gain/(loss) in respect of pension schemes <b>(2)</b>	21	<b>21.6</b>	<b>21.6</b>	(53.1)	(53.1)
<b>Total comprehensive income for the year</b>		<b>236.3</b>	<b>238.2</b>	149.7	157.7
<b>Represented by:</b>					
Unrestricted comprehensive income for the year		<b>163.3</b>	<b>164.8</b>	113.0	116.5
Endowment comprehensive income for the year	22	<b>77.5</b>	<b>77.5</b>	27.8	27.8
Restricted comprehensive (expenditure)/income for the year	23	<b>(4.7)</b>	<b>(4.3)</b>	9.3	13.8
Revaluation reserve comprehensive income/(expenditure) for the year	24	<b>0.2</b>	<b>0.2</b>	(0.4)	(0.4)
		<b>236.3</b>	<b>238.2</b>	149.7	157.7

## Notes to table

1. The decrease 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. These movements are not a measure of the University's operational financial performance or surplus generation.

2. The actuarial gain/(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 2021

## Consolidated

	Income and expenditure account			Revaluation reserve £m	Total £m
	Endowment £m	Restricted £m	Unrestricted £m		
<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)</b>	27.8	9.3	113.0	(0.4)	<b>149.7</b>
<b>Balance at 1 August 2020</b>	487.7	54.8	1,453.6	208.2	<b>2,204.3</b>
Surplus from the income and expenditure statement	77.5	4.9	132.1	-	<b>214.5</b>
Other comprehensive income	-	-	21.6	0.2	<b>21.8</b>
Release of restricted capital funds spent in year	-	(8.5)	8.5	-	-
Transfers	-	(1.1)	1.1	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	77.5	(4.7)	163.3	0.2	<b>236.3</b>
<b>Balance at 31 July 2021</b>	565.2	50.1	1,616.9	208.4	<b>2,440.6</b>

## Institution

	Income and expenditure account			Revaluation reserve £m	Total £m
	Endowment £m	Restricted £m	Unrestricted £m		
<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 1 August 2020</b>	487.7	33.7	1,438.4	208.2	<b>2,168.0</b>
Surplus from the income and expenditure statement	77.5	5.3	133.6	-	<b>216.4</b>
Other comprehensive income	-	-	21.6	0.2	<b>21.8</b>
Release of restricted capital funds spent in year	-	(8.5)	8.5	-	-
Transfers	-	(1.1)	1.1	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	77.5	(4.3)	164.8	0.2	<b>238.2</b>
<b>Balance at 31 July 2021</b>	565.2	29.4	1,603.2	208.4	<b>2,406.2</b>

# Consolidated and Institution statement of financial position

As at 31 July 2021

	Note	2021		2020	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Non-current assets</b>					
Intangible assets	13	17.5	17.5	9.3	9.3
Tangible assets	14	1,903.3	1,897.4	1,840.4	1,833.7
Heritage assets	14 & 15	215.3	215.3	214.7	214.7
Investments	16	716.2	716.8	565.6	567.3
		<b>2,852.3</b>	<b>2,847.0</b>	2,630.0	2,625.0
<b>Current assets</b>					
Stock		3.8	2.8	3.1	2.4
Trade and other receivables	17	154.3	160.9	178.5	187.6
Investments	18	235.8	235.8	204.5	204.1
Cash and cash equivalents	25	498.7	481.6	491.5	475.8
		<b>892.6</b>	<b>881.1</b>	877.6	869.9
Creditors: amounts falling due within one year	19	(392.3)	(409.9)	(353.6)	(377.2)
<b>Net current assets</b>		<b>500.3</b>	<b>471.2</b>	524.0	492.7
<b>Total assets less current liabilities</b>					
		<b>3,352.6</b>	<b>3,318.2</b>	3,154.0	3,117.7
Creditors: amounts falling due after more than one year	20	(589.4)	(589.4)	(598.2)	(598.2)
Pension provisions	21 & 33	(321.8)	(321.8)	(350.4)	(350.4)
Other provisions	21	(0.8)	(0.8)	(1.1)	(1.1)
<b>Total net assets</b>		<b>2,440.6</b>	<b>2,406.2</b>	2,204.3	2,168.0
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserves	22	565.2	565.2	487.7	487.7
Income and expenditure reserve - restricted reserves	23	50.1	29.4	54.8	33.7
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted reserves		1,616.9	1,603.2	1,453.6	1,438.4
Revaluation reserve	24	208.4	208.4	208.2	208.2
<b>Total reserves</b>		<b>2,440.6</b>	<b>2,406.2</b>	2,204.3	2,168.0

The financial statements on pages 61 to 110 were adopted by Court on 15 December 2021 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 2021

	Note	2021 £m	2021 £m	2020 £m
<b>Cash flow from operating activities</b>				
Surplus for the year before tax			<b>215.0</b>	203.6
<b>Adjustments for non-cash items</b>				
Depreciation	14	<b>62.7</b>		60.7
Amortisation of intangibles	13	<b>0.3</b>		0.2
Gain on investments	16	<b>(81.5)</b>		(11.5)
Donated assets	15	<b>-</b>		(0.2)
Impairment	14	<b>4.2</b>		17.8
Decrease in pension and other provisions	21	<b>(9.9)</b>		(140.8)
(Increase)/decrease in stock		<b>(0.7)</b>		0.1
Decrease/(increase) in debtors	17	<b>29.0</b>		(8.9)
Increase in creditors and accruals	19 & 20	<b>39.9</b>		5.7
			<b>44.0</b>	(76.9)
<b>Adjustments for investing or financing activities</b>				
Investment income	7	<b>(13.2)</b>		(17.6)
Interest payable	11	<b>19.4</b>		23.4
New endowments received	22	<b>(1.5)</b>		(18.1)
Gain on the sale of fixed assets		<b>(7.0)</b>		(0.5)
Capital grant income		<b>(97.2)</b>		(72.4)
			<b>(99.5)</b>	(85.2)
<b>Cash flows from operating activities</b>				
Taxation			<b>(0.5)</b>	(0.4)
<b>Net cash inflow from operating activities</b>				
			<b>159.0</b>	41.1
<b>Cash flows from investing activities</b>				
Proceeds from sales of tangible assets		<b>4.4</b>		1.1
Capital grant receipts		<b>97.2</b>		72.4
Non-current investment disposal	16	<b>64.0</b>		266.5
Increase in debtor - non current investment sale proceeds	17	<b>-</b>		(30.0)
Investment income	7	<b>12.3</b>		16.7
Payments made to acquire intangible assets	13	<b>(8.5)</b>		(9.2)
Payments made to acquire tangible assets		<b>(136.8)</b>		(101.6)
Non-current investment acquisitions	16	<b>(133.1)</b>		(2.9)
Increase in cash on deposit	18	<b>(31.3)</b>		2.9
Lump sum pension contribution to EUSBS	21	<b>(1.1)</b>		(1.1)
<b>Net cash (outflow)/inflow from investing activities</b>				
			<b>(132.9)</b>	214.8
<b>Cash flows from financing activities</b>				
Interest paid	11	<b>(15.7)</b>		(16.1)
Interest element of finance lease payments	11	<b>-</b>		(0.1)
New endowment cash received		<b>1.5</b>		18.1
Repayments of amounts borrowed	20	<b>(4.5)</b>		(4.5)
Capital element of finance lease payments		<b>(0.2)</b>		(0.3)
<b>Net cash outflow from financing activities</b>				
			<b>(18.9)</b>	(2.9)
<b>Increase in cash and cash equivalents in the year</b>				
			<b>7.2</b>	253.0
Cash and cash equivalents at beginning of the year	25		<b>491.5</b>	238.5
Cash and cash equivalents at end of the year	25		<b>498.7</b>	491.5

# 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 with Financial Reporting Standard (FRS) 102. 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 2021. 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.

# Notes to the financial statements (continued)

## 1. Statement Of Principal Accounting Policies (continued)

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.

### 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 a credit or expense is recognised each year to reflect any changes to the Recovery Plan.

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.

# Notes to the financial statements (continued)

## 1. Statement Of Principal Accounting Policies (continued)

### 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.

### 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. 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.

# Notes to the financial statements (continued)

## 1. Statement Of Principal Accounting Policies (continued)

### Equipment (continued)

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. Heritage assets are initially capitalised at cost or valuation but can be subject to impairment or revaluation at a later date.

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 consolidated 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 and are held at fair value on the balance sheet.

Non-current investments are initially 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.

### 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 <https://www.ed.ac.uk/procurement/supplying/terms-and-conditions-of-purchase>. 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/>.

### 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 consolidated statement of comprehensive income and expenditure, as are subsequent recoveries of previous impairments.

### 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 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.

# Notes to the financial statements (continued)

## 1. Statement Of Principal Accounting Policies (continued)

### 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 balance sheet 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-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

# Notes to the financial statements (continued)

## 2. Estimates and Judgements (continued)

### Multi-employer pension schemes (continued)

(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 2018 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 2018 valuation was the fifth 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 2021.

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 2021. 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	
	2021 £m	2020 £m
Scotland home domicile fees	39.3	40.8
Rest of UK domicile fees	78.0	64.9
EU domicile fees	17.8	18.0
Non-EU fees	272.5	244.8
Research training support grants	22.0	16.2
Short course and other fees and support grants (non-credit bearing)	5.4	5.9
	<b>435.0</b>	390.6

## 4. Funding Body Grants

	Consolidated and Institution	
	2021 £m	2020 £m
Recurrent grants		
Teaching	68.5	66.4
Research and knowledge exchange	89.7	87.8
Specific grants		
Strategic funding: including UK Research Partnership Investment Fund (UKRPIF)	47.3	12.3
Capital grants received in the year	19.7	15.1
Capital maintenance grants	1.7	1.7
Other grants	9.4	7.5
	<b>236.3</b>	190.8

## 5. Research Income

	Consolidated and Institution			2020 Total £m
	2021		Total £m	
	Capital £m	Revenue £m	Total £m	
<b>Research grants and contracts</b>				
Research councils	15.4	109.0	124.4	113.2
UK based charities	2.4	63.7	66.1	62.6
UK central government bodies, local and health authorities	34.6	29.8	64.4	52.0
UK industry, commerce and public corporations	-	7.6	7.6	6.9
EU government bodies	0.1	31.2	31.3	35.0
EU other	0.1	3.8	3.9	3.8
Other overseas	-	23.7	23.7	20.8
Other sources	1.6	1.0	2.6	1.8
	54.2	269.8	324.0	296.1

### Tuition fees and education contracts

Undergraduate (UG) numbers increased by 0.2 per cent. UG fee income rose £20 million, driving up the average fee for UG students by 9.5 per cent. Postgraduate Taught (PGT) numbers increased by 7.9 per cent. PGT fee income rose by £16 million, driving up the average PGT fee by 3 per cent.

Non-EU students are our greatest source of fee income. Student numbers grew by 1% in the year to 16,550 but fee income growth was greater due to price increases.

### Funding body grants

An increase in the Teaching and Research Excellence Grants by overall £4 million is due to additional upskilling funding and additional medical student support. Strategic funding increased overall by £34.9 million and Capital grants increased by £4 million due to the additional funds awarded in response to Covid-19 support. 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 £2.6 million. SUERC is a jointly controlled entity with the University of Glasgow. £33.6 million of research capital funding relates to the City Region Deal.

# Notes to the financial statements (continued)

## 6. Other Income

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Residences and catering	44.7	42.8	68.2	57.0
Other revenue grants	36.0	36.0	43.3	43.3
Other services	35.9	29.0	28.1	24.2
Health authorities	14.8	14.8	15.5	15.5
Other income	31.7	28.3	37.3	34.2
	<b>163.1</b>	<b>150.9</b>	192.4	174.2

### Residences and catering income

Income in the year was impacted by Covid-19. 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). £18.1 million relates to City Region Deal and £3.9 million is furlough income.

### 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.

## 7. Investment Income

	Note	2021		2020	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
Investment income on endowments	22	9.8	9.8	9.3	9.3
Investment income on restricted reserves		-	-	0.3	0.3
Other investment income		-	-	1.9	1.9
Other interest receivable		3.4	3.5	6.1	6.0
		<b>13.2</b>	<b>13.3</b>	17.6	17.5

### Investment income

Income from the Endowment and Investment Fund (EIF) was £9.8 million; a return of 1.93 per cent. However, including the 16.18 per cent increase in market value, the overall return on the EIF was 18.11 per cent. Bank and other interest received was £3.4 million.

## 8. Donations and Endowments

	Note	2021		2020	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
New endowments	22	1.5	1.5	18.1	18.1
Donations with restrictions		12.7	12.7	17.6	23.1
Unrestricted donations		1.6	1.9	2.1	2.1
		<b>15.8</b>	<b>16.1</b>	37.8	43.3

### Donations and endowments

Most donations are restricted and are mainly for scholarships.

New endowments of £1.5 million include £855,000 for the John McIntyre Scholarship fund.

Income in the prior year included a £15.3 million endowment from JK Rowling for the Anne Rowling Regenerative Neurology Clinic.

# Notes to the financial statements (continued)

## 9. Staff Costs

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Salaries	451.0	437.1	434.1	419.0
Social security costs	46.4	45.1	45.3	43.9
Pension costs (note 33)	133.6	131.6	126.9	124.6
Other unfunded pension costs	0.1	0.1	0.1	0.1
Severance costs	0.7	0.7	6.6	6.6
<b>Staff costs excl USS increase in provision</b>	<b>631.8</b>	<b>614.6</b>	613.0	594.2
Exceptional item: Movement on USS pension provision	(14.5)	(14.5)	(144.0)	(144.0)
	<b>617.3</b>	<b>600.1</b>	469.0	450.2
<b>Analysis of the above costs by activity:</b>				
Academic / teaching departments	355.4	355.4	334.4	334.4
Research grants and contracts	125.0	125.0	125.0	125.0
Library, computer and other academic support services	36.0	36.0	35.3	35.3
Administration and central services	57.1	57.1	55.6	55.6
Premises	23.8	23.8	24.4	24.4
Other including income- generating operations	12.1	-	10.4	-
Residences and catering operations	16.1	11.0	17.9	9.5
Unfunded pensions	0.1	0.1	0.1	0.1
Severance costs	0.7	0.7	6.6	6.6
Pension service costs in excess of scheme contributions payable and USS provision movement (note 33)	(9.0)	(9.0)	(140.7)	(140.7)
	<b>617.3</b>	<b>600.1</b>	469.0	450.2

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

	2021		2020	
	Consolidated Number	Institution Number	Consolidated Number	Institution Number
Academic / teaching departments	5,570	5,570	5,571	5,571
Research grants and contracts	2,245	2,245	2,270	2,270
Library, computer and other academic support services	754	754	787	787
Administration and central services	1,172	1,172	1,213	1,213
Premises	721	721	759	759
Other including income- generating operations	262	-	238	-
Residences and catering operations	488	488	608	608
	<b>11,212</b>	<b>10,950</b>	11,446	11,208
Staff on open-ended contracts	8,247	7,999	8,189	7,960
Staff on fixed-term contracts	2,843	2,829	2,854	2,846
Staff on guaranteed hours contracts	122	122	403	402
	<b>11,212</b>	<b>10,950</b>	11,446	11,208

### Staff costs

Staff costs<sup>1</sup> grew by 3 per cent. While staff numbers fell by 2 per cent during the year, this was offset by a 5 per cent increase in price. Although there was no pay award increase for the year, the 5 per cent reflects increased pension costs, progression through pay spinal points 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 & 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:

	2021		2020	
	Consolidated Number	Institution Number	Consolidated Number	Institution Number
Staff on open-ended contracts	<b>9,325</b>	<b>9,066</b>	9,244	9,021
Staff on fixed-term contracts	<b>3,323</b>	<b>3,309</b>	3,306	3,299
Staff on guaranteed hours contracts	<b>3,548</b>	<b>3,547</b>	3,548	3,547
	<b>16,196</b>	<b>15,922</b>	16,098	15,867
Percentage of staff on fixed-term contracts	<b>20.52%</b>	<b>20.78%</b>	20.54%	20.79%

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

	2021 £'000	2020 £'000
Remuneration	<b>308</b>	342
Lump sum award	-	-
Payment in lieu of employer's pension contribution	<b>45</b>	50
Sub-total excluding pension contributions and life cover	<b>353</b>	392
Employer's life cover	<b>7</b>	7
Employer's Pension Contribution	-	-
Benefits in kind	<b>3</b>	8
	<b>363</b>	407

### Median Pay

	2021 £	2020 £
Principal's remuneration	<b>353,549</b>	392,053
Median total remuneration	<b>37,072</b>	36,914
Ratio	<b>9.54</b>	10.62

### Emoluments of the Principal

Emoluments have fallen in the year as a result of the Principal taking a pay cut of 20% for six months of the year.

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 remuneration of the Principal.

# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

### Key management personnel

	<b>2021</b>	2020
	<b>£m</b>	£m
Key management personnel compensation	<b>2.2</b>	2.3

	<b>2021</b>	2020
	<b>Number</b>	Number
Number of posts (expressed as full time equivalents during the year) included in key management personnel	<b>10.0</b>	10.0

### Senior post holders

	<b>2021</b>			2020
	Clinical number	Non-clinical number	<b>Total</b>	
£100,000–£109,999	16	45	<b>61</b>	58
£110,000–£119,999	15	27	<b>42</b>	48
£120,000–£129,999	14	25	<b>39</b>	41
£130,000–£139,999	16	16	<b>32</b>	30
£140,000–£149,999	8	14	<b>22</b>	20
£150,000–£159,999	18	13	<b>31</b>	23
£160,000–£169,999	8	6	<b>14</b>	17
£170,000–£179,999	5	10	<b>15</b>	14
£180,000–£189,999	7	3	<b>10</b>	9
£190,000–£199,999	7	3	<b>10</b>	11
£200,000–£209,999	5	3	<b>8</b>	10
£210,000–£219,999	1	1	<b>2</b>	4
£220,000–£229,999	3	-	<b>3</b>	1
£230,000–£239,999	3	-	<b>3</b>	2
£240,000–£249,999	3	-	<b>3</b>	4
£250,000–£259,999	2	-	<b>2</b>	1
£260,000–£269,999	1	-	<b>1</b>	1
£270,000–£279,999	1	-	<b>1</b>	1
£280,000–£289,999	-	1	<b>1</b>	-
£290,000–£299,999	1	-	<b>1</b>	1
£300,000–£309,999	-	-	-	-
£310,000–£319,999	-	-	-	-
£320,000–£329,999	-	-	-	1
£330,000–£339,999	-	-	-	-
£340,000–£349,999	1	-	<b>1</b>	1
£350,000–£359,999	-	1	<b>1</b>	-
£360,000–£369,999	-	-	-	-
£370,000–£379,999	-	-	-	-
£380,000–£389,999	1	-	<b>1</b>	-
£390,000–£399,999	-	-	-	1
	136	168	<b>304</b>	299

### 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
- 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: <https://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.

45 per cent (2020: 43 per cent) of senior post holders are clinical academics.

# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

### Compensation for loss of office

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Compensation payable to senior post holders	<b>491</b>	39
Other compensation paid in excess of £100,000	-	-
	<b>491</b>	39

## 10. Other Operating Expenses

	<b>2021</b>		2020	
	<b>Consolidated</b>	<b>Institution</b>	Consolidated	Institution
	<b>£m</b>	<b>£m</b>	£m	£m
Academic and related expenditure	<b>61.0</b>	<b>61.0</b>	73.4	73.4
Scholarships and stipends	<b>44.2</b>	<b>44.2</b>	41.8	41.8
Research grants and contracts	<b>94.8</b>	<b>94.8</b>	97.6	97.6
Library, computer and other academic support services	<b>14.7</b>	<b>14.7</b>	14.3	14.3
Administration and central services	<b>20.1</b>	<b>28.1</b>	23.7	29.6
Refurbishment and maintenance	<b>21.5</b>	<b>21.1</b>	28.2	28.0
Utilities costs	<b>17.2</b>	<b>20.5</b>	17.6	20.2
Other premises costs	<b>21.3</b>	<b>21.3</b>	13.9	13.9
Other including income generating operations	<b>22.6</b>	<b>16.6</b>	11.5	5.9
Residences and catering operations	<b>38.7</b>	<b>37.4</b>	40.6	36.3
	<b>356.1</b>	<b>359.7</b>	362.6	361.0
<b>Other operating expenses include:</b>				
Agency staff costs	<b>7.6</b>	<b>7.5</b>	7.4	7.1
Operating lease rentals:				
Land and buildings	<b>27.6</b>	<b>29.4</b>	28.4	30.1
Other	<b>1.0</b>	<b>0.9</b>	1.0	1.0
Fees charged by external auditors:				
In respect of audit services	<b>0.3</b>	<b>0.2</b>	0.3	0.2
In respect of non-audit services**	-	-	-	-
Fees charged by internal auditors:*				
In respect of audit services	<b>0.1</b>	<b>0.1</b>	0.3	0.3
In respect of non-audit services	<b>0.1</b>	<b>0.1</b>	0.4	0.4

\*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 the UK GAAP audit in 2020/21 are £297,794 (incl. VAT) (2020: £250,674) and the consolidated audit fees for the US GAAP audit in 2020/21 are £39,126 (incl. VAT) (2020: £37,986). The non-audit services fees are £11,822 (incl. VAT) (2020: £30,140) which is in line with our non-audit services policy.

### 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 (2020: nil).

There was £491k compensation paid to senior post holders during the year (2020: £39k).

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.

# Notes to the financial statements (continued)

## 11. Interest and Other Finance Costs

Note	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Loan interest	15.7	15.7	16.0	16.0
Finance lease interest	-	-	0.1	0.1
Net charge on pension scheme	33	3.7	7.3	7.3
	19.4	19.4	23.4	23.4

## 12. Taxation

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Recognised in the consolidated statement of comprehensive income and expenditure</b>				
<b>Current tax:</b>				
UK Corporation tax charge on subsidiaries' profits	0.5	-	0.4	-
	0.5	-	0.4	-

## 13. Intangible Assets

Software	2021	
	Consolidated £m	Institution £m
<b>Cost or valuation</b>		
As at 1 August 2020	12.9	12.9
Additions in the year	8.5	8.5
Disposals in year	(0.1)	(0.1)
As at 31 July 2021	21.3	21.3
<b>Accumulated amortisation</b>		
As at 1 August 2020	3.6	3.6
Charge for the year	0.3	0.3
Amortisation on disposal	(0.1)	(0.1)
As at 31 July 2021	3.8	3.8
<b>Net book value</b>		
As at 31 July 2021	17.5	17.5
As at 31 July 2020	9.3	9.3

## Interest and other finance costs

Interest costs have decreased to £15.7 million (2020: £16.0 million). The decrease can be attributed to the ongoing repayment of loans held with the Royal Bank of Scotland and the European Investment Bank, a further loan tranche held with the European Investment Bank entering repayment in April 2021 and the low Bank of England bank rate (0.1 per cent since 19th March 2020) and resulting decreased interest payments on the loan held with the Royal Bank of Scotland.

## 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 (2020: 19 per cent)

## Intangible assets

Consolidated

At 31 July 2021, intangible assets included £14.9 million (2020: £9.2 million) in respect of assets under construction.

Intangible assets under construction represent costs incurred in relation to the new Oracle system, which will provide core Finance, HR, Payroll, and Research Grant Management processes through a cloud-based service. No amortisation has been charged in the year on elements of the project still 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 2020	2,004.2	229.2	<b>2,233.4</b>	214.7	<b>2,448.1</b>
Additions	90.5	40.3	<b>130.8</b>	0.4	<b>131.2</b>
Impairment	(4.2)	-	<b>(4.2)</b>	-	<b>(4.2)</b>
Revaluation	-	-	-	0.2	<b>0.2</b>
Disposals	(18.6)	(6.3)	<b>(24.9)</b>	-	<b>(24.9)</b>
As at 31 July 2021	2,071.9	263.2	<b>2,335.1</b>	215.3	<b>2,550.4</b>
<b>Accumulated depreciation</b>					
As at 1 August 2020	207.6	185.4	<b>393.0</b>	-	<b>393.0</b>
Charge for the year	37.1	25.6	<b>62.7</b>	-	<b>62.7</b>
Disposals	(17.7)	(6.2)	<b>(23.9)</b>	-	<b>(23.9)</b>
As at 31 July 2021	227.0	204.8	<b>431.8</b>	-	<b>431.8</b>
<b>Net book value</b>					
As at 31 July 2021	1844.9	58.4	<b>1,903.3</b>	215.3	<b>2,118.6</b>
As at 31 July 2020	1,796.6	43.8	<b>1,840.4</b>	214.7	<b>2,055.1</b>

## 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 2020	1,995.4	215.0	<b>2,210.4</b>	214.7	<b>2,425.1</b>
Additions	90.5	40.3	<b>130.8</b>	0.4	<b>131.2</b>
Impairment	(4.2)	-	<b>(4.2)</b>	-	<b>(4.2)</b>
Revaluation	-	-	-	0.2	<b>0.2</b>
Disposals	(18.6)	(6.3)	<b>(24.9)</b>	-	<b>(24.9)</b>
As at 31 July 2021	2,063.1	249.0	<b>2,312.1</b>	215.3	<b>2,527.4</b>
<b>Accumulated depreciation</b>					
As at 1 August 2020	204.1	172.6	<b>376.7</b>	-	<b>376.7</b>
Charge for the year	36.5	25.4	<b>61.9</b>	-	<b>61.9</b>
Disposals	(17.7)	(6.2)	<b>(23.9)</b>	-	<b>(23.9)</b>
As at 31 July 2021	222.9	191.8	<b>414.7</b>	-	<b>414.7</b>
<b>Net book value</b>					
As at 31 July 2021	1,840.2	57.2	<b>1,897.4</b>	215.3	<b>2,112.7</b>
As at 31 July 2020	1,791.3	42.4	<b>1,833.7</b>	214.7	<b>2,048.4</b>

## Tangible Assets

### Consolidated

At 31 July 2021, freehold land and buildings included £105.4 million (2020: £108.0 million) in respect of freehold land that 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 £7.0 million (2020: £0.5 million).

Certain land and buildings have been partly financed from Exchequer funds. Funding body grants of £17.7 million (2020: £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.

## Tangible Assets

### Institution

At 31 July 2021, freehold land and buildings included £105.2 million (2020: £107.8 million) in respect of freehold land that is not depreciated.

At 31 July 2021, land and buildings included £185.9 million (2020: £153.9 million) in respect of buildings under construction.

The net book value of tangible fixed assets includes an amount of £3.1 million (2020: £2.6 million) of buildings, fixtures and equipment held under finance leases. The depreciation charge on these assets for the year was £161k (2020: £131k).

Impairment of land and building fixed assets amounted to £4.2 million (2020: £17.8 million). The impairment charge resulted from re-planning the Building a New Biology project; the development of the Hive, a new building to provide place for study, academic interaction and public engagement, was removed from the project along with the associated project costs incurred to date.

# 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	<a href="http://www.quaritch.com">www.quaritch.com</a>
		McNaughtan's	<a href="http://www.mcnaughtans.co.uk">www.mcnaughtans.co.uk</a>
Musical Instrument Museums Edinburgh	External	Sothebys	<a href="http://www.sothebys.com">www.sothebys.com</a>
Art Collection	External	Sothebys and Paolozzi Foundation	<a href="http://www.sothebys.com">www.sothebys.com</a> and <a href="http://www.paolozzifoundation.org">www.paolozzifoundation.org</a>
Museum Heritage Collection	Internal	Dr John Scally	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries">www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries</a>
Cockburn Museum of Geology	Internal	Dr John Scally	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries">www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries</a>
Natural History Collections	Internal	Prof Mark Blaxter & Prof Graham Stone	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries">www.ed.ac.uk/information-services/library-museum-gallery/cultural-heritage-collections/museums-and-galleries</a>
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:

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Acquisitions purchased with specific donations	0.4	1.0	0.1	0.2	-
Acquisitions purchased with University funds	-	0.2	0.2	0.4	0.1
Total cost of acquisitions purchased	0.4	1.2	0.3	0.6	0.1
Value of acquisitions by donation*	-	-	-	-	-
Total acquisitions capitalised	0.4	1.2	0.3	0.6	0.1

\*The value of heritage assets acquired by donation at 31 July 2021 was £12k (2020: nil)

### 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 2019/20 as a result of water ingress. The items were externally valued prior to the commencement of restoration works. A further impact on the value of the items have been recognised in the financial statements to 31 July 2021.

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	<b>Total £m</b>
<b>As at 1 August 2020</b>	465.8	99.8	<b>565.6</b>
Additions	10.4	122.7	<b>133.1</b>
Disposals	(4.0)	(60.0)	<b>(64.0)</b>
Loans repaid	-	-	<b>-</b>
Appreciation	75.7	5.8	<b>81.5</b>
<b>As at 31 July 2021</b>	547.9	168.3	<b>716.2</b>
<b>Non-current investments consist of:</b>			
The University of Edinburgh Endowment and Investment fund	547.9	-	<b>547.9</b>
Other	-	160.1	<b>160.1</b>
Edinburgh University Press Ltd (intellectual property)	-	0.2	<b>0.2</b>
Unlisted investments	-	8.0	<b>8.0</b>
	547.9	168.3	<b>716.2</b>

### Institution

	Subsidiary companies £m	Institution of Edinburgh Endowment and Investment fund £m	Other fixed asset investments £m	<b>Total £m</b>
<b>As at 1 August 2020</b>	8.8	465.8	92.7	<b>567.3</b>
Additions	-	10.4	122.7	<b>133.1</b>
Disposals	-	(4.0)	(60.0)	<b>(64.0)</b>
Loans advanced	(0.1)	-	-	<b>(0.1)</b>
Appreciation	-	75.7	4.8	<b>80.5</b>
<b>As at 31 July 2021</b>	8.7	547.9	160.2	<b>716.8</b>

### Non-current investments

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.

The Endowment and Investment Fund investment is 100 per cent Endowment funds.

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

The unit price has increased 16.18 per cent from £46.54 to £54.07 giving appreciation of £76 million.

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	<b>Total £m</b>
<b>Non-current investments consist of:</b>				
<b>The University of Edinburgh Endowment and Investment fund</b>				
Equities	-	353.8	-	<b>353.8</b>
Fixed interest stocks	-	24.4	-	<b>24.4</b>
Property	-	54.2	-	<b>54.2</b>
Multi asset type	-	99.0	-	<b>99.0</b>
Venture capital	-	12.7	-	<b>12.7</b>
Debtor	-	(0.1)	-	<b>(0.1)</b>
Bank deposits held at fund managers	-	2.4	-	<b>2.4</b>
Bank deposits held by the Institution	-	1.5	-	<b>1.5</b>
<b>Other investments</b>				
<b>Treasury investments</b>				
Aegon Asset Management	-	-	76.0	<b>76.0</b>
MI TwentyFour Asset Management	-	-	74.0	<b>74.0</b>
<b>Social investments</b>				
BlackRock	-	-	2.0	<b>2.0</b>
Big Issue	-	-	0.9	<b>0.9</b>
Prosper Social Investment	-	-	-	<b>-</b>
Social Investment Scotland	-	-	0.2	<b>0.2</b>
Social and Sustainable Housing LP	-	-	0.3	<b>0.3</b>
Fair by Design Ventures LLP	-	-	0.2	<b>0.2</b>
<b>Spin out companies</b>				
pure LiFi	-	-	0.9	<b>0.9</b>
ActInogen Medical Ltd	-	-	0.9	<b>0.9</b>
Biocaptiva Ltd	-	-	0.6	<b>0.6</b>
Resolution Therapeutics Ltd	-	-	0.6	<b>0.6</b>
Wobble Company Ltd	-	-	0.6	<b>0.6</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 Estates Services Company Limited	4.4	-	-	<b>4.4</b>
Old College Capital LLP	4.0	-	-	<b>4.0</b>
	<b>8.7</b>	<b>547.9</b>	<b>160.2</b>	<b>716.8</b>

# Notes to the financial statements (continued)

## 17. Trade And Other Receivables

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Amounts falling due within one year:</b>				
Research grants receivables	98.8	98.8	94.3	94.3
Other trade receivables	28.7	14.6	34.9	15.7
Prepayments and accrued income	26.3	25.6	18.8	18.2
Amounts due from subsidiary companies	-	3.9	-	9.5
	<b>153.8</b>	<b>142.9</b>	148.0	137.7
<b>Investing Activity</b>				
Non-current investment debtor	-	-	30.0	30.0
	<b>153.8</b>	<b>142.9</b>	178.0	167.7
<b>Amounts falling due after one year:</b>				
Amounts held by lawyer for SEPA	0.5	0.5	0.5	0.5
Endowments receivable	-	17.5	-	19.4
	<b>0.5</b>	<b>18.0</b>	0.5	19.9
<b>Total receivables</b>	<b>154.3</b>	<b>160.9</b>	178.5	187.6

## 18. Current Investments

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Short-term deposits	235.8	235.8	204.5	204.1

### Trade and other receivables

Research grants receivables are shown net of allowance for doubtful debts of £5.1 million (2020: £6.0 million).

Other trade receivables are shown net of allowance for doubtful debts of £4.0 million (2020: £3.4 million).

### 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 2021 the short-term deposits had interest rates ranging from 0.1 per cent to 0.68 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 2021.

# Notes to the financial statements (continued)

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

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Unsecured loans	7.2	7.2	4.5	4.5
Obligations under finance leases	0.1	0.1	0.4	0.4
Trade payables	27.9	22.9	22.6	18.6
Social security and other taxation payable	14.0	12.8	13.2	13.2
Other creditors	10.8	10.8	10.7	10.7
Concessionary loans	1.7	1.7	1.7	1.7
Accruals and deferred income (see below)	329.1	325.2	300.4	296.0
Agency Funds	1.5	1.5	0.1	0.1
Amounts due to subsidiary companies	-	27.7	-	32.0
	<b>392.3</b>	<b>409.9</b>	353.6	377.2

## Accruals and deferred income

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Accruals	66.9	66.9	63.6	63.6
Donations and other restricted income deferred	38.7	38.7	32.9	32.8
Research grants received on account	185.0	185.0	166.2	166.2
Estates capital grants deferred	-	-	3.6	3.6
Other income deferred	38.5	34.6	34.1	29.8
	<b>329.1</b>	<b>325.2</b>	300.4	296.0

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

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Obligations under finance leases	0.4	0.4	0.3	0.3
Unsecured loans	579.5	579.5	586.8	586.8
Concessionary loans	9.4	9.4	11.0	11.0
Other creditors	0.1	0.1	0.1	0.1
	<b>589.4</b>	<b>589.4</b>	598.2	598.2

### Trade payables

The ratio of trade payables to operational expenses is 7.8 per cent (2020: 6.2 per cent), an increase of 1.6 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.

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

Portions of loans totalling £1.1 million due to the Massachusetts Mutual Life Insurance Company have been sold, assigned and transferred to Great-West Life and Annuity Insurance Company. There is no change to the interest payment and capital repayment terms of these loans.

# Notes to the financial statements (continued)

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

### Borrowings

	Note	2021		2020	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Obligations under finance leases are due as follows:</b>					
Due within one year	19	0.1	0.1	0.4	0.4
Due between two and five years		0.3	0.3	0.3	0.3
Due in five years or more		0.1	0.1	-	-
		<b>0.5</b>	<b>0.5</b>	0.7	0.7

	Note	2021		2020	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Unsecured bank loans are repayable as follows:</b>					
Due within one year	19	7.2	7.2	4.5	4.5
Due between two and five years		42.5	42.5	39.4	39.4
Due in five years or more		537.0	537.0	547.4	547.4
		<b>586.7</b>	<b>586.7</b>	591.3	591.3

### Unsecured loans outstanding at 31 July 2021 were as follows:

	Interest rate%	Repayable	Borrower	Amount £m
European Investment Bank	4.11	2015-2037	University	17.7
European Investment Bank	4.09	2015-2037	University	17.7
European Investment Bank	2.20	2021-2046	University	65.6
European Investment Bank	2.19	2022-2047	University	67.0
European Investment Bank	2.27	2023-2048	University	66.0
The Northwestern Mutual Life Insurance Company	3.20	2036	University	40.0
The Northwestern Mutual Life Insurance Company	3.38	2041	University	15.0
Massachusetts Mutual Life Insurance Company	3.38	2041	University	22.0
Great-West Life & Annuity Insurance Company	3.38	2041	University	1.0
C.M. Life Insurance Company	3.38	2041	University	2.0
C.M. Life Insurance Company	3.46	2046	University	0.2
The Northwestern Mutual Life Insurance Company	3.46	2046	University	10.0
Massachusetts Mutual Life Insurance Company	3.46	2046	University	9.7
Great-West Life & Annuity Insurance Company	3.46	2046	University	0.1
The Northwestern Mutual Life Insurance Company	2.62	2038	University	110.0
The Northwestern Mutual Life Insurance Company	2.68	2043	University	75.0
The Northwestern Mutual Life Insurance Company	2.69	2048	University	65.0
The Royal Bank of Scotland plc	0.2% above base	2005-2025	University	3.3
FRS 102 amortisation adjustment				(0.6)
				<b>586.7</b>

### 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.

### Revolving Credit Facilities

The University has two £50m revolving credit facilities with the Royal Bank of Scotland and the Bank of Scotland, setup in March 2021. These facilities have not had to be used.

# 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 2020</b>	162.3	5.1	0.8	182.2	<b>350.4</b>
Utilised in year	(7.0)	(0.5)	(0.1)	(12.8)	<b>(20.4)</b>
(Reductions)/additions in year	(7.5)	-	-	18.3	<b>10.8</b>
Additional contributions paid by the Institution	-	-	-	(1.1)	<b>(1.1)</b>
Interest in year	1.2	0.1	-	2.4	<b>3.7</b>
Actuarial loss/(gain) in respect of pension schemes	-	0.1	-	(21.7)	<b>(21.6)</b>
<b>As at 31 July 2021</b>	149.0	4.8	0.7	167.3	<b>321.8</b>

### Other Provisions

	Decommissioning provision £m	Lease dilapidation provision £m	Total £m
<b>As at 1 August 2020</b>	0.6	0.5	<b>1.1</b>
Additions in year	-	-	<b>-</b>
Utilised in year	-	(0.3)	<b>(0.3)</b>
<b>As at 31 July 2021</b>	0.6	0.2	<b>0.8</b>
<b>Total provisions</b>			<b>322.6</b>

### 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 one full repairing and insuring lease. As such we have provided for the dilapidation clause settlement. The lease ended in September 2020, with prolonged negotiation on terms. Final settlement is expected within a few months of year end.

### 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 per cent of salaries from 1 October 2019 to 30 September 2021 and then payments of 6 per cent of salaries from 1 October 2021 to 31 March 2028.

Following the completion of the 2020 actuarial valuation (completed October 2021, after the year ended 31 July 2021), a new deficit recovery plan for the USS has been agreed.

Further detail on this is provided in notes 30 and 33.

### 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.

# Notes to the financial statements (continued)

## 22. Endowment Reserves Consolidated and Institution

	Permanent unrestricted endowments £m	Permanent restricted endowments £m	Expendable restricted endowments £m	2021 Total £m	2020 Total £m
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
<b>As at 1 August</b>	7.0	150.7	330.0	<b>487.7</b>	459.9
New endowments	-	0.1	1.4	<b>1.5</b>	18.1
Investment income	0.1	2.8	6.9	<b>9.8</b>	9.3
Expenditure	-	(3.1)	(6.4)	<b>(9.5)</b>	(9.7)
Increase in market value of investments	1.1	24.2	50.4	<b>75.7</b>	15.6
	1.2	24.0	52.3	<b>77.5</b>	33.3
Transfers	-	(0.1)	0.1	-	(5.5)
<b>As at 31 July</b>	8.2	174.6	382.4	<b>565.2</b>	487.7
<b>Represented by:</b>					
Capital	8.2	157.0	324.0	<b>489.2</b>	422.9
Accumulated income	-	17.6	58.4	<b>76.0</b>	64.8
	8.2	174.6	382.4	<b>565.2</b>	487.7
<b>Analysis by type of purpose:</b>					
Chairs and lectureships	1.1	23.8	52.2	<b>77.1</b>	66.7
Prizes and scholarships	4.3	92.9	203.5	<b>300.7</b>	259.4
Other	2.8	57.9	126.7	<b>187.4</b>	161.6
	8.2	174.6	382.4	<b>565.2</b>	487.7
<b>Non-current asset investments:</b>					
Equities	4.5	97.2	203.1	<b>304.8</b>	245.8
Fixed interest stocks	0.4	7.8	16.2	<b>24.4</b>	23.0
Property	1.5	32.9	68.8	<b>103.2</b>	108.3
Multi asset	1.5	31.6	65.8	<b>98.9</b>	83.3
Venture capital	0.3	4.0	8.4	<b>12.7</b>	9.1
Debtor	-	-	-	-	(0.2)
Bank deposits held at fund managers	-	0.8	1.6	<b>2.4</b>	1.6
Bank deposits held by the Institution	-	0.5	1.0	<b>1.5</b>	(5.1)
Non-current asset investments	8.2	174.8	364.9	<b>547.9</b>	465.8
Capital debtor	-	-	17.5	<b>17.5</b>	19.4
Cash balances (owed to) / held the Institution	-	-	(1.3)	<b>(1.3)</b>	1.8
Current asset - working capital	-	(0.2)	1.3	<b>1.1</b>	0.7
Total endowment assets	8.2	174.6	382.4	<b>565.2</b>	487.7

### Endowment reserves

Consolidated and Institution.

The University's Endowment Fund is invested in The University of Edinburgh 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	2021 Total £m	2020 Total £m
<b>Balance at 1 August</b>	17.1	37.7	<b>54.8</b>	45.5
New donations and grants receivable	0.1	33.3	<b>33.4</b>	67.2
Capital grants utilised	(12.0)	-	<b>(12.0)</b>	(2.1)
Expenditure	-	(25.0)	<b>(25.0)</b>	(55.8)
<b>Total restricted comprehensive (expenditure)/income for the year</b>	(11.9)	8.3	<b>(3.6)</b>	9.3
Transfer to unrestricted reserves	-	(1.1)	<b>(1.1)</b>	-
<b>Balance at 31 July</b>	5.2	44.9	<b>50.1</b>	54.8
<b>Closing reserves comprise the following funds:</b>				
Donations			<b>27.5</b>	23.5
Capital grants			<b>5.2</b>	17.1
Other grants			<b>1.8</b>	1.8
Funds held at Institution of Edinburgh Development Trust			<b>15.6</b>	12.4
			<b>50.1</b>	54.8

### Institution

	Capital grants £m	Donations and revenue grants £m	2021 Total £m	2020 Total £m
<b>Balance at 1 August</b>	8.4	25.3	<b>33.7</b>	19.9
New donations and grants receivable	0.1	14.2	<b>14.3</b>	23.3
Capital grants utilised	(8.5)	-	<b>(8.5)</b>	(2.1)
Expenditure	-	(9.0)	<b>(9.0)</b>	(7.4)
<b>Total restricted comprehensive (expenditure)/income for the year</b>	(8.4)	5.2	<b>(3.2)</b>	13.8
Transfer to unrestricted reserves	-	(1.1)	<b>(1.1)</b>	-
<b>Balance at 31 July</b>	-	29.4	<b>29.4</b>	33.7

# Notes to the financial statements (continued)

## 24. Revaluation Reserve

Consolidated and Institution	Heritage assets £m	2021 Total £m	2020 Total £m
<b>Balance at 1 August</b>	208.2	<b>208.2</b>	208.6
Revaluation in year	0.2	<b>0.2</b>	(0.4)
<b>Total restricted comprehensive income/ (expenditure) for the year</b>	0.2	<b>0.2</b>	(0.4)
<b>Balance at 31 July</b>	208.4	<b>208.4</b>	208.2

## 25. Cash and Cash Equivalents

Consolidated	2021 £m	2020 £m
<b>Balance at 1 August</b>	<b>491.5</b>	238.5
Net change in cash and cash equivalent balances	<b>7.2</b>	253.0
<b>Balance at 31 July</b>	<b>498.7</b>	491.5
<b>Institution</b>	<b>2021 £m</b>	2020 £m
<b>Balance at 1 August</b>	<b>475.8</b>	223.0
Net change in cash and cash equivalent balances	<b>5.8</b>	252.8
<b>Balance at 31 July</b>	<b>481.6</b>	475.8

# Notes to the financial statements (continued)

## 26. Consolidated Reconciliation of Net Debt

	Net debt 1 August 2020 £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 2021 £m
Cash and cash equivalents	491.5	7.2	-	-	-	-	-	<b>498.7</b>
Unsecured loans falling due within one year	(4.5)	-	-	4.5	-	-	(7.2)	<b>(7.2)</b>
Unsecured loans falling due after more than one year	(586.7)	-	-	-	-	-	7.2	<b>(579.5)</b>
Concessionary loans falling due within one year	(1.7)	-	-	-	-	-	-	<b>(1.7)</b>
Concessionary loans falling due after more than one year	(11.0)	-	-	-	-	-	1.6	<b>(9.4)</b>
Other	(0.1)	-	-	-	-	-	-	<b>(0.1)</b>
Finance lease obligations due within one year	(0.3)	-	-	-	-	-	0.2	<b>(0.1)</b>
Finance lease obligations due after more than one year	(0.4)	-	-	-	-	-	-	<b>(0.4)</b>
	(604.7)	-	-	4.5	-	-	1.8	<b>(598.4)</b>
<b>Total</b>	(113.2)	7.2	-	4.5	-	-	1.8	<b>(99.7)</b>

## 27. Capital and Other Commitments

	2021		2020	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Commitments contracted for at 31 July	<b>104.3</b>	<b>104.3</b>	177.6	177.6

## 28. Contingent Liabilities

### Subsidiary Companies

The University has given written undertakings to support the subsidiary companies for at least twelve months from the date of approval of their financial statements: UoE Accommodation Limited; and Old College Capital LP, SI and GP.

# Notes to the financial statements (continued)

## 29. Lease Obligations

Total rentals payable under operating leases:

	2021			2020 Total £m
	Land and buildings £m	Other leases £m	Total £m	
<b>Payable during the year</b>	27.6	1.0	<b>28.6</b>	29.4
<b>Future minimum lease payments due:</b>				
Due within one year	16.6	0.1	<b>16.7</b>	16.7
Due between two and five years	54.2	0.1	<b>54.3</b>	51.0
Due in five years or more	104.2	-	<b>104.2</b>	95.3
<b>Total lease payments due</b>	175.0	0.2	<b>175.2</b>	163.0

## 30. Events After the Reporting Period

As set out in Note 33 in respect of the Universities Superannuation Scheme (USS) pension scheme, a new Schedule of Contributions based on the 2020 actuarial valuation has been agreed. Leg 1 of the Schedule of Contributions would have resulted in an increase of £304.2 million in the provision for the obligation to fund our share of the past deficit on the USS, in accordance with the deficit recovery plan (£149.0 million to £453.2 million). Any adjustment in the University's financial statements for the year ended 31 July 2022 is dependent upon the Joint Negotiating Committee (JNC) recommended deed on benefit changes being executed by 28 February 2022. Leg 2, which includes more significant increases in contribution rates from the 2018 actuarial valuation and shorter deficit recovery period becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022. Leg 2 of the Schedule of Contributions would have resulted in an increase of £557.7 million in the provision for the obligation to fund the deficit on the USS (£149.0 million to £706.7 million).

Any increase in the provision held at 31 July 2022 is uncertain and will only be confirmed when scheme changes are approved and inputs to the provision calculation are known.

# Notes to the financial statements (continued)

## 31. Subsidiary Undertakings

Subsidiary undertakings comprise companies, charities and partnerships 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.
Fintech Scotland Limited	100%	A company limited by guarantee, currently dormant. As a strategic enabler, the company establishes collaboration within the Fintech ecosystem.
The University of Edinburgh Development Trust		A charity registered in Scotland, registered charity number SC004307. The trust is classed as a "quasi-subsidiary" 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-subsidiary" 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. Shares in this subsidiary are owned by The University of Edinburgh Investment and Endowment Fund.
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 was dissolved in July 2021
Edinburgh International Investments Limited	The Shenzhen initiative is a partnership between the University and the China-based Good Fellow Healthcare Holdings Limited. The collaboration will develop medical and scientific knowledge over the next three 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 Rosalind Franklin Institute along with nine other UK universities, Diamond Light Source and the research council UKRI-STFC. The national institute, funded by the UK government through UK Research and Innovation, 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 Limited, 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 Limited 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 intellectual property 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)	21.2	20.4	(20.7)	-	<b>20.9</b>
Edinburgh University Press Limited (Scottish Charity No. SC035813)	2.0	4.0	(4.1)	-	<b>1.9</b>
The Andrew Grant Bequest (Scottish Charity No. SC001097)	5.7	0.1	0.1	0.9	<b>6.8</b>
	<b>28.9</b>	<b>24.5</b>	<b>(24.7)</b>	<b>0.9</b>	<b>29.6</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)	(0.5)	6.0	(7.1)	-	<b>(1.6)</b>
Edinburgh University Sports Union (Scottish Charity No. SC009248)	0.2	0.7	(0.6)	-	<b>0.3</b>
	<b>(0.3)</b>	<b>6.7</b>	<b>(7.7)</b>	<b>-</b>	<b>(1.3)</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 2021, 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 section 28 FRS 102, 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 2021	Employee contribution rate at 31 July 2021	Active members at 31 July 2021 Number	Pension costs year to 31 July 2021 £'000	Active members at 31 July 2020 Number	Pension costs year to 31 July 2020 £'000
<b>Defined contribution plan</b>						
USS	21.10%(1)	9.6%	9,104	110,422	9,013	105,337
STSS	23.00%	7.2% to 11.9%	53	565	60	565
MRCPS	16.90%	5.25% to 6.5%	42	350	48	371
NEST	3%	5%	1,744	2,370	1,788	2,422
GPP	14%	4.5%	4	70	7	100
Other: NHS and subsidiaries	20.90%	5.2% to 14.7%	107	1,713	114	1,952
Sub-total: members and costs			11,054	115,490	11,030	110,747
<b>Defined benefit plan</b>						
EUSBS	19.80%	9.1%	1,674	17,700	1,803	15,700
SPF	43.7%(2)	5.5% to 11.2%	20	272	22	280
LPF	41.6%(3)	5.5% to 11.2%	13	187	17	180
Sub-total: members and service cost per FRS 102 disclosures below			1,707	18,159	1,842	16,160
Total: members and cost			12,761	133,649	12,872	126,907

1. Included a deficit recovery plan contribution of 2 per cent to 30 September 2021 and 6 per cent thereafter
2. The additional SPF employer's contribution ceased from March 2021 (12 months ending 31 March 2021 £750,000)
3. An additional LPF employer's contribution of £656,000 (2021 £597,200) is payable for the 12 months ending 31 March 2022.

# 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 2021</b>							
EUSBS	1.60%	3.80%(2)	2.75%(3)	21.4	23.9	22.7	25.4
LPF	1.55%	3.30%	2.80%	20.5	23.3	21.9	25.2
SPF	1.55%	3.50%	2.80%	19.8	22.6	21.2	24.7

1. Mortality rates are based on assumed life expectancy at the retirement age
2. Salary increases are assumed to be 3.80 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 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 £110.4 million (2020: £105.3 million) as shown in the overall scheme participation and pension costs table.

Deficit recovery contributions due within one year for the institution are £18.7m (2020: £7.0m).

The latest available completed 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 institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities 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:

	2021	2020
Males currently aged 65 (years)	<b>24.6</b>	24.4
Females currently aged 65 (years)	<b>26.1</b>	25.9
Males currently aged 45 (years)	<b>26.6</b>	26.3
Females currently aged 45 (years)	<b>27.9</b>	27.7

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 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	<b>0.89%</b>	0.74%
Pensionable salary growth	<b>3.81%</b>	3.84%

Pensionable salary growth is a combination of forecast salary inflation and headcount changes.

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

The USS 2020 actuarial valuation has now been signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The 2020 actuarial valuation adopts a dual rate schedule of contributions:

- Leg 1, which includes a small increase in contribution rates from the 2018 actuarial valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the Joint Negotiating Committee (JNC), subject to member consultation;
- Leg 2, which includes more significant increases in contribution rates from the 2018 actuarial valuation and shorter deficit recovery period, which only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022.

Note that, for both legs of the 2020 actuarial valuation, the future service cost of funding the current benefits is different than it was under the 2018 actuarial valuation.

### Deficit recovery contributions

As stated above, the deficit recovery contributions (DRCs) in the dual rate Schedule of Contributions (SoC) differ in size and duration between the first and second legs.

In the first leg of the SoC:

- DRCs under the 2018 actuarial valuation (2% up to 30/9/2021) cease from 1 October 2021.
- DRCs under leg 1 of the 2020 actuarial valuation commence from 1 April 2022 and include allowance for the fact that until 1 April 2022 the contributions payable under this leg of the SoC are less than the contributions required to fund the unchanged benefits accruing in that period.
- From 1 April 2022, when the proposed benefit changes are assumed to have been implemented, the DRCs are equal to 6.3% of salaries and are payable for the length of the recovery plan until 31 March 2038.

As at 31 July 2021 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £453.2 million, an increase of £304.2 million from the current year end provision and a higher charge to USS increase in provision on the Consolidated Statement of £289.8 million.

In the second leg of the SoC, which only becomes applicable if the Joint Negotiating Committee (JNC) recommended deed on benefit changes has not been executed by 28 February 2022:

- DRCs commence from 1 October 2022 and include allowance for the fact that until 1 October 2022 the contributions payable under this leg of the SoC are less than the contributions required to fund the benefits accruing in that period.
- From 1 October 2022, DRCs commence at 3% then increase every 6 months (the difference between 37% required to fund future service cost and the total contributions being collected) until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. The higher DRCs and shorter recovery period reflect the lower level of covenant support provided under this leg.

As at 31 July 2021 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £706.7 million, an increase of £557.7 million from the current year end provision and a higher charge to USS increase in provision on the Consolidated Statement of £543.3 million.

# 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. This valuation informed an increase in the employer contribution rate from 17.2 per cent to 23 per cent of pensionable pay from September 2019 and an anticipated yield of 9.4 per cent employees' contribution.

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 2019. At the valuation date, the value of the assets of the MRCPS was £1.76 billion (2016: £1.41 billion) and the value of the scheme's technical provisions was £1.55 billion indicating a surplus of £212 million. The assets were therefore sufficient to cover 114 per cent of the benefits that accrued to members after allowing for expected future increases in earnings. As a result of the 2019 valuation, the trustees determined that the employer contribution rate from 1 April 2021 will increase to 16.9 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 (NHSS)

As a result of the merger with the Human Genetics Unit, the University gained a number of staff in the NHSS pension scheme. Under the definitions set out in FRS 102, the NHSS 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 £5.5 million (2020: £5.9 million): This comprises:

- Moray House School of Education and Edinburgh College of Art: £4.8 million (2020: £5.1 million)
- University of Edinburgh: £0.7 million (2020: £0.8 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 2021 £m	Value at 31 July 2020 £m	Value at 31 July 2019 £m
Market value of assets:			
Equities	175.2	156.4	162.1
Property	36.4	34.4	37.1
Liability driven investments	131.5	106.8	81.7
Private equity and diversified growth funds	195.1	163.8	171.2
Cash	13.5	12.2	9.3
<b>Total market value of assets</b>	<b>551.7</b>	473.6	461.4
Present value of scheme liabilities	(717.0)	(650.9)	(582.3)
<b>Deficit in the scheme - net pension liability</b>	<b>(165.3)</b>	(177.3)	(120.9)

### Lothian Pension Fund (LPF)

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

	Value at 31 July 2021 £m	Value at 31 July 2020 £m	Value at 31 July 2019 £m
Market value of assets:			
Equities	9.3	9.6	9.5
Bonds	14.4	13.9	14.6
Property	0.8	1.0	1.0
Cash	1.3	0.9	-
<b>Total market value of assets</b>	<b>25.8</b>	25.4	25.1
Present value of scheme liabilities			
Funded	(27.6)	(30.1)	(28.0)
Unfunded	(0.2)	(0.2)	(0.2)
<b>Deficit in the scheme - net pension liability</b>	<b>(2.0)</b>	(4.9)	(3.1)

### 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 2021, the value of the assets in the scheme was £551.7 million (2020: £473.6 million) and the present value of the funded and unfunded benefits accrued was £717.0 million (2020: £650.9 million), leaving a shortfall of £165.3 million (2020: £177.3 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 £0.3 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 additional £0.7 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 2020 and the results have been rolled forward as the basis for the following valuation under FRS 102. As at 31 July 2021, the value of the University's assets in the LPF scheme was £25.8 million (2020: £25.4 million) and the present value of the funded and unfunded benefits accrued was £27.8 million (2020: £30.3 million), leaving a shortfall of £2.0 million (2020: £4.9 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 2021 continues to include this estimated McCloud element in the balance sheet.

Further information on the scheme is available at: <https://spfo.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 2021 £m</b>	Value at 31 July 2020 £m	Value at 31 July 2019 £m
Market value of assets:			
Equities	<b>28.5</b>	22.8	24.3
Bonds	<b>10.4</b>	9.1	9.0
Property	<b>3.9</b>	4.0	3.7
Cash	<b>0.4</b>	0.4	0.4
Total market value of assets	<b>43.2</b>	36.3	37.4
Present value of scheme liabilities:			
Funded	<b>(33.0)</b>	(33.2)	(31.6)
Unfunded	<b>(0.4)</b>	(0.4)	(0.4)
Surplus in the scheme - net pension asset	<b>9.8</b>	2.7	5.4
Effect of asset cap on surplus	<b>(9.8)</b>	(2.7)	(5.4)
	-	-	-

### Strathclyde Pension Fund (SPF)

Former members of the Moray House School of Education are members of the SPF 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 2020 and the results have been rolled forward as the basis for the following valuation under FRS 102.

As at 31 July 2021, the value of the University's assets in the SPF scheme was £43.2 million (2020: £36.3 million) and the value of the funded and unfunded benefits accrued was £33.4 million (2020: £33.6 million), leaving a surplus of £9.8 million (2020: £2.7 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 2021 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.

	2021 £m	2020 £m
<b>Analysis of the amount shown in the balance sheet for EUSBS, LPF and SPF pensions:</b>		
Scheme assets	610.9	532.6
Scheme liabilities	778.2	714.8
Deficit in the schemes – net pension liability recorded within pension provisions (Note 21)	167.3	182.2
Unfunded <i>ex gratia</i> pension liability	5.5	5.9
<b>Total provision for net liability</b>	<b>172.8</b>	188.1
Current service cost	18.2	16.2
Past service costs	0.1	0.0
<b>Total operating charge</b>	<b>18.3</b>	16.2
<b>Analysis of the amount charged to interest payable</b>		
Interest cost	9.8	13.2
Expected return on assets	(7.4)	(10.9)
<b>Net charge to other interest and other finance costs</b>	<b>2.4</b>	2.3
<b>Analysis of other comprehensive income:</b>		
Gain on assets	(75.9)	(6.2)
Actuarial remeasurement loss due to experience	1.4	(0.4)
Actuarial remeasurement loss due to changes in assumptions	52.8	60.3
<b>Total (gain)/charge to other comprehensive income before deduction for tax</b>	<b>(21.7)</b>	53.7

### Analysis of movement in deficit

	2021 £m	2020 £m
<b>Deficit at beginning of year</b>	<b>182.2</b>	124.0
Contributions or benefits paid by the Institution	(12.8)	(12.9)
Additional contributions paid by Institution*	(1.1)	(1.1)
Current service cost	18.2	16.2
Past service cost	0.1	0.0
Other finance charge	2.4	2.3
(Gain)/loss recognised in other comprehensive income	(21.7)	53.7
<b>Deficit at end of year</b>	<b>167.3</b>	182.2

\*Actual contributions in the financial year are £12.8 million (2020: £12.9 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

	2021 £m	2020 £m
<b>Present value of liabilities at the start of the year</b>	<b>714.8</b>	642.5
Current service cost	<b>18.2</b>	16.2
Interest cost	<b>9.8</b>	13.2
Past service cost recorded within other comprehensive income	<b>0.1</b>	0.0
Actual member contributions	<b>0.4</b>	0.5
Actuarial loss	<b>54.2</b>	59.9
Actual benefit payments	<b>(19.3)</b>	(17.5)
<b>Present value of liabilities at the end of the year</b>	<b>778.2</b>	714.8

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

	2021 £m	2020 £m
<b>Fair value of assets at the start of the year</b>	<b>532.6</b>	518.5
Expected return on assets	<b>7.4</b>	10.9
Actuarial gain on assets	<b>75.9</b>	6.2
Actual scheme contributions paid by Institution*	<b>12.8</b>	12.9
Additional contributions paid by Institution**	<b>1.1</b>	1.1
Actual member contributions	<b>0.4</b>	0.5
Actual benefit payments	<b>(19.3)</b>	(17.5)
<b>Fair value of scheme assets at the end of the year</b>	<b>610.9</b>	532.6

\*Actual contributions in the financial year are £12.8 million (2020: £12.9 million) based on the same member take up in the Salary Sacrifice arrangement.

\*\*An additional £1.08 million (2020: £1.07 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

	2021 £m	2020 £m
Expected return on scheme assets	<b>7.4</b>	10.9
Asset gain	<b>75.9</b>	6.2
	<b>83.3</b>	17.1

### History of experience gains and losses

	2021	2020	2019	2018	2017
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	<b>75.9</b>	6.2	25.2	20.4	30.3
% of assets at end of year	<b>12.4%</b>	1.2%	4.9%	4.2%	6.6%
<b>Experience (losses)/gains on scheme liabilities:</b>					
Amount (£m)	<b>(54.2)</b>	(59.9)	(94.6)	79.8	(35.5)
% of liabilities at end of year	<b>(7.0%)</b>	(8.4%)	(14.7%)	14.8%	(5.8%)

# Notes to the financial statements (continued)

## 34. Financial Instruments

	Note	2021		2020	
		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>716.2</b>	<b>716.8</b>	565.6	567.3
<i>Measured at amortised cost</i>					
Trade and other receivables	17	<b>127.5</b>	<b>113.4</b>	129.2	110.0
Investments in short term deposits	18	<b>235.8</b>	<b>235.8</b>	204.5	204.1
Amounts due from subsidiary companies	17	-	<b>3.9</b>	-	9.5
		<b>1,079.5</b>	<b>1,069.9</b>	899.3	890.9
<b>Financial liabilities</b>					
<i>Measured at amortised cost</i>					
Unsecured and concessionary loans	19 & 20	<b>597.8</b>	<b>597.8</b>	604.0	604.0
Trade payables	19	<b>27.9</b>	<b>22.9</b>	22.6	18.6
Accruals	19	<b>66.9</b>	<b>66.9</b>	63.6	63.6
Other creditors	19	<b>10.8</b>	<b>10.8</b>	10.7	10.7
Other long-term creditors	20	<b>0.1</b>	<b>0.1</b>	0.1	0.1
Finance lease liabilities	19 & 20	<b>0.5</b>	<b>0.5</b>	0.7	0.7
Amounts due to subsidiary companies	19	-	<b>27.7</b>	-	32.0
		<b>704.0</b>	<b>726.7</b>	701.7	729.7

## 35. Student Support Payments

	HE childcare £'000	HE discretionary undergraduate £'000	HE discretionary postgraduate £'000	HE Covid £'000	HE other £'000	<b>2021 Total £'000</b>	2020 Total £'000
<b>Balance at 1 August</b>	-	115	-	-	-	<b>115</b>	-
Allocation received in year	258	834	200	2,070	4	<b>3,366</b>	1,509
Expenditure	(148)	(865)	(216)	(2,030)	(4)	<b>(3,263)</b>	(1,397)
Interest received	-	2	-	-	-	<b>2</b>	3
Virements	-	(16)	16	-	-	<b>-</b>	-
<b>Balance at 31 July</b>	110	70	-	40	-	<b>220</b>	115

## 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 to 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	2021 Total £'000	Balance due at 31 July 2021 £'000
ECO Animal Health	22	-	(22)	-
Edinburgh International Festival Board	-	25	25	(26)
Edinburgh University Sports Union	299	685	386	-
Edinburgh University Students' Association	228	3,320	3,092	(35)
EUSACO Limited	-	9	9	-
Fios Genomics Ltd	-	16	16	-
International Futures Forum	-	15	15	-
LINC Scotland Ventures Ltd	6	-	(6)	-
	555	4,070	3,515	(61)

### 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 (2020: nil).

The total expenses paid to or on behalf of two Court members was £3,793 (2020: £97). This represents travel and accommodation expenses incurred in attending Court and other meetings in their official capacity.

Income and expenditure in the prior year was £901,000 and £6,301,000 respectively.

# Five-year summary (unaudited)

FRS 102

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR TO 31 JULY

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	135.1	123.7	124.5	119.7	109.1
Non-EU fees	272.5	244.8	198.5	168.1	150.3
Education grants	27.4	22.1	23.8	24.2	19.1
<b>Total tuition fees</b>	<b>435.0</b>	390.6	346.8	312.0	278.5
<b>Funding body grants</b>					
Recurrent teaching grant	68.5	66.4	64.5	65.6	64.6
Recurrent research grant	89.7	87.8	90.2	85.4	89.2
Specific grants	78.1	36.6	41.1	35.7	38.1
<b>Total funding body grants</b>	<b>236.3</b>	190.8	195.8	186.7	191.9
<b>Research grants and contracts</b>					
Research councils	124.4	113.2	113.9	116.3	117.6
UK based charities	66.1	62.6	65.5	59.4	58.1
UK central government bodies, local and health authorities	64.4	52.0	30.2	30.3	26.3
UK industry, commerce and public corporations	7.6	6.9	8.8	9.6	7.8
EU government bodies	31.3	35.0	36.4	36.2	31.8
EU other	3.9	3.8	3.9	4.4	3.4
Other overseas	23.7	20.8	20.8	16.1	11.1
Other sources	2.6	1.8	6.2	7.4	9.2
<b>Total research grants and contracts (excluding RDEC)</b>	<b>324.0</b>	296.1	285.7	279.7	265.3
<b>Other income</b>					
Residences, catering and conferences	44.7	68.2	79.2	71.6	67.9
Specific grants, donations and other designated income	86.7	86.9	120.5	62.5	30.8
General income	31.7	37.3	34.4	34.3	58.2
<b>Total other income</b>	<b>163.1</b>	192.4	234.1	168.4	156.9
<b>Investment income</b>					
Endowments and other investment income	9.8	11.5	12.4	11.8	11.1
Other interest receivable	3.4	6.1	5.0	2.7	3.4
<b>Total investment income</b>	<b>13.2</b>	17.6	17.4	14.5	14.5
<b>Total income before endowments and donations</b>	<b>1,171.6</b>	1,087.5	1,079.8	961.3	907.1
<b>Donations and endowments</b>					
New endowments	1.5	18.1	8.1	1.4	1.7
Donations with restrictions	12.7	17.6	11.5	19.6	16.2
Unrestricted donations	1.6	2.1	2.2	2.1	4.0
<b>Total donations and endowments</b>	<b>15.8</b>	37.8	21.8	23.1	21.9
<b>Total income</b>	<b>1,187.4</b>	1,125.3	1,101.6	984.4	929.0

# Five-year summary (unaudited) (continued)

FRS 102

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR TO 31 JULY

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
<b>Expenditure</b>					
<b>Staff costs</b>					
Salaries	451.0	434.1	409.8	385.8	367.0
Social security costs	46.4	45.3	43.3	40.8	37.1
Pension costs	133.6	126.9	103.8	92.8	91.3
Movement on USS provision	(14.5)	(144.0)	195.2	(0.7)	(4.9)
Other unfunded pension costs	0.1	0.1	0.1	-	0.1
Severance costs	0.7	6.6	4.0	2.7	2.0
<b>Total staff costs</b>	<b>617.3</b>	469.0	756.2	521.4	492.6
<b>Other operating expenses</b>					
Academic and related expenditure	61.0	73.4	84.4	75.4	66.6
Scholarships and stipends	44.2	41.8	38.3	33.0	31.6
Research grants and contracts	94.8	97.6	107.3	104.8	96.6
Library, computer and other academic support services	14.7	14.3	14.7	16.1	15.7
Administration and central services	20.1	23.7	25.4	20.9	21.5
Refurbishment and maintenance	21.5	28.2	23.8	24.1	16.2
Utilities costs	17.2	17.6	18.1	17.2	16.9
Other premises costs	21.3	13.9	12.0	12.1	9.7
Other including income generating operations	22.6	11.5	14.2	16.1	9.9
Residences and catering operations	38.7	40.6	44.9	39.0	34.3
<b>Total other operating expenses</b>	<b>356.1</b>	362.6	383.1	358.7	319.0
Depreciation and amortisation	63.0	60.9	63.8	60.2	46.7
Impairment of fixed assets	4.2	17.8	-	-	-
Interest and other finance costs	19.4	23.4	33.0	16.8	14.5
<b>Total expenditure</b>	<b>1,060.0</b>	933.7	1,236.1	957.1	872.8
Surplus/(Deficit)/before other gains and losses	127.4	191.6	(134.5)	27.3	56.2
Exceptional items (RDEC)	-	-	-	-	-
Tax and minority interest	(0.5)	(0.4)	0.1	-	-
Gain on disposal of fixed assets	7.0	0.5	4.6	0.2	8.0
Gain on investments	80.6	11.5	36.8	42.4	66.2
<b>Surplus/(Deficit) for the year</b>	<b>214.5</b>	203.2	(93.0)	69.9	130.4
Unrealised surplus on revaluation of heritage assets	0.2	(0.4)	0.8	-	-
Actuarial loss in respect of pension schemes	21.6	(53.1)	(70.0)	101.0	(5.1)
<b>Total comprehensive income/(expenditure) for the year</b>	<b>236.3</b>	149.7	(162.2)	170.9	125.3

# Five-year summary (unaudited) (continued)

FRS 102

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Fixed assets	<b>1,920.8</b>	1,849.7	1,818.5	1,741.1	1,617.0
Heritage assets	<b>215.3</b>	214.7	213.9	212.8	212.0
	<b>2,136.1</b>	2,064.4	2,032.4	1,953.9	1,829.0
Investments	<b>716.2</b>	565.6	817.7	570.8	531.0
Current assets	<b>892.6</b>	877.6	587.8	552.3	571.0
Total assets	<b>3,744.9</b>	3,507.6	3,437.9	3,077.0	2,931.0
Less current liabilities	<b>(392.3)</b>	(353.6)	(345.3)	(310.5)	(305.0)
Total assets less current liabilities	<b>3,352.6</b>	3,154.0	3,092.6	2,766.5	2,626.0
Non-current liabilities	<b>(589.4)</b>	(598.2)	(605.0)	(386.4)	(319.0)
Pension provisions	<b>(321.8)</b>	(350.4)	(432.4)	(163.3)	(261.0)
Other provisions	<b>(0.8)</b>	(1.1)	(0.6)	-	-
<b>TOTAL NET ASSETS</b>	<b>2,440.6</b>	2,204.3	2,054.6	2,216.8	2,046.0
<b>Represented by:</b>					
Restricted reserves	<b>615.3</b>	542.5	505.4	481.0	440.0
Unrestricted reserves	<b>1,825.3</b>	1661.8	1,549.2	1,735.8	1,606.0
<b>TOTAL FUNDS</b>	<b>2,440.6</b>	2,204.3	2,054.6	2,216.8	2,046.0

## Five-year summary (unaudited) (continued)

		2021	2020	2019	2018	2017
<b>Liquidity measures</b>						
Liquidity ratio ([current assets - stock] / current liabilities)	x	<b>2.3</b>	2.5	1.7	1.8	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>269</b>	291	139	169	197
<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>7.8</b>	9.9	(3.1)	2.6	3.9
<i>Measures the ability to pay interest on outstanding debt</i>						
Interest cover (operating cash flow/ interest payable)	x	<b>8.2</b>	1.8	1.9	3.3	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>27%</b>	31%	34%	20%	18%
<i>Measures the extent to which the University is funded by long-term debt</i>						
<b>Operating performance</b>						
Surplus before other gains and losses	%	<b>10.7%</b>	17.0%	(12.2)%	2.8%	6.1%
<i>Measures the ability to deliver surpluses</i>						
ROCE (EBITDA/[total assets - pension provisions])	%	<b>3.7%</b>	3.0%	2.4%	2.5%	3.0%
<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>102</b>	77	68	60	69
<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

	2021 % total	2020 % total	2019 % total	2018 % total	2017 % total
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	11.4%	11.0%	11.3%	12.2%	11.7%
Non-EU fees	22.9%	21.9%	18.0%	17.1%	16.2%
Education grants	2.3%	1.9%	2.2%	2.5%	2.1%
<b>Tuition fees as % of total income</b>	<b>36.6%</b>	34.8%	31.5%	31.8%	30.0%
<b>Funding body grants</b>					
Recurrent teaching grant	5.8%	5.9%	5.9%	6.7%	7.0%
Recurrent research grant	7.6%	7.8%	8.2%	8.7%	9.6%
Specific grants	6.6%	3.3%	3.7%	3.6%	4.1%
<b>Funding body grants as % of total income</b>	<b>19.9%</b>	17.0%	17.8%	19.0%	20.7%
<b>Research grants and contracts</b>					
Research councils	10.5%	10.1%	10.3%	11.8%	12.7%
UK based charities	5.6%	5.6%	5.9%	6.0%	6.3%
UK central government bodies, local and health authorities	5.4%	4.6%	2.7%	3.1%	2.8%
UK industry, commerce and public corporations	0.6%	0.6%	0.8%	1.0%	0.8%
EU government bodies	2.6%	3.1%	3.3%	3.7%	3.4%
EU other	0.3%	0.3%	0.4%	0.4%	0.4%
Other overseas	2.0%	1.8%	1.9%	1.6%	1.2%
Other sources	0.2%	0.2%	0.6%	0.8%	1.0%
<b>Research grants and contracts as % of total income</b>	<b>27.3%</b>	26.3%	25.9%	28.4%	28.6%
<b>Other income</b>					
Residences, catering and conferences	3.8%	6.1%	7.2%	7.3%	7.3%
Specific grants, donations and other designated income	7.3%	7.7%	11.0%	6.3%	3.3%
General income	2.7%	3.2%	3.1%	3.5%	6.3%
<b>Other income as % of total income</b>	<b>13.7%</b>	17.0%	21.3%	17.1%	16.9%
<b>Investment income</b>					
Endowments and other investment income	0.8%	1.1%	1.2%	1.2%	1.2%
Other interest receivable	0.3%	0.5%	0.4%	0.3%	0.4%
<b>Total investment income as % of total income</b>	<b>1.1%</b>	1.6%	1.6%	1.5%	1.6%
<b>Total income before endowments and donations as % of total income</b>	<b>98.7%</b>	96.7%	98.1%	97.8%	97.8%
<b>Donations and endowments</b>					
New endowments	0.1%	1.5%	0.7%	0.1%	0.2%
Donations with restrictions	1.1%	1.6%	1.0%	1.9%	1.6%
Unrestricted donations	0.1%	0.2%	0.2%	0.2%	0.4%
<b>Total donations and endowments as % of total income</b>	<b>1.3%</b>	3.3%	1.9%	2.2%	2.2%
<b>Total income £m</b>	<b>1,187.4</b>	1,125.3	1,101.6	984.4	929.0

# Five-year summary (unaudited) (continued)

FRS 102

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR TO 31 JULY

	2021 % total	2020 % total	2019 % total	2018 % total	2017 % total
<b>Expenditure</b>					
<b>Staff costs</b>					
Salaries	<b>42.6%</b>	46.5%	33.2%	40.3%	42.0%
Social security costs	<b>4.4%</b>	4.9%	3.5%	4.3%	4.3%
Pension costs	<b>12.6%</b>	13.6%	8.4%	9.7%	10.5%
Movement on USS provision	<b>(1.4%)</b>	(15.4%)	15.8%	(0.1%)	(0.6%)
Other unfunded pension costs	-	-	-	-	-
Severance costs	<b>0.1%</b>	0.7%	0.3%	0.3%	0.2%
<b>Staff costs as % of total expenditure</b>	<b>58.2%</b>	50.3%	61.2%	54.5%	56.4%
<b>Other operating expenses</b>					
Academic and related expenditure	<b>5.7%</b>	7.9%	6.7%	7.8%	7.6%
Scholarships and stipends	<b>4.2%</b>	4.5%	3.1%	3.4%	3.6%
Research grants and contracts	<b>8.9%</b>	10.5%	8.7%	10.9%	11.1%
Library, computer and other academic support services	<b>1.4%</b>	1.5%	1.2%	1.7%	1.8%
Administration and central services	<b>1.9%</b>	2.5%	2.1%	2.2%	2.5%
Refurbishment and maintenance	<b>2.0%</b>	3.0%	1.9%	2.5%	1.9%
Utilities costs	<b>1.6%</b>	1.9%	1.5%	1.8%	1.9%
Other premises costs	<b>2.0%</b>	1.5%	1.0%	1.3%	1.1%
Other including income generating operations	<b>2.1%</b>	1.2%	1.1%	1.7%	1.1%
Residences and catering operations	<b>3.7%</b>	4.3%	3.6%	4.1%	3.9%
<b>Other operating expenses as % of total expenditure</b>	<b>33.6%</b>	38.8%	30.9%	37.4%	36.5%
Depreciation as % of total expenditure	<b>6.0%</b>	6.5%	5.2%	6.3%	5.4%
Impairment of fixed assets as % of total expenditure	<b>0.4%</b>	1.9%	-	-	-
Interest payable as % of total expenditure	<b>1.8%</b>	2.5%	2.7%	1.8%	1.7%
<b>Total expenditure £m</b>	<b>1,060.0</b>	933.7	1,236.1	957.1	872.8
<b>Expenditure as % of total income</b>	<b>89.3%</b>	83.0%	112.2%	97.2%	94.0%

# Notes

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