



THE UNIVERSITY *of* EDINBURGH

# Annual Report and Accounts for the Year to 31 July 2022

[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 2022

## Research Excellence Framework (REF) 2021

2021	4th
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→ The University of Edinburgh is fourth in the UK based on the quality and breadth of its research according to the Times Higher Education's REF **power** ratings.

## University world league table position

QS	15th
THE	29th

→ We have **moved up** one place in the QS rankings from 16th to 15th and also rose one place to 29th in THE rankings after three years placed 30th.

## Total income (£m)

2022	1,298
2021	1,187
2020	1,125

→ In 2021/22 our total income **grew by 9.3%**. Strong growth in tuition fees (increased student numbers) and other income (post Covid-19 recovery) offset a drop in funding body grants (no exceptional Covid-19 funding).

## Student numbers including Online Distance Learning

2022	49,065
2021	45,615
2020	44,510

→ Student numbers **rose by over 7%** in the last year. Although EU numbers fell, students from outside the UK grew to 49% of total (previously 47%) with their growth exceeding increases in Scottish and RUK students.

## Endowment fund value (£m)

2022	541
2021	565
2020	488

→ The endowment fund value has fallen in the year due to a **decrease in market value of investments**. 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)

2022	121
2021	159
2020	41

→ Cash inflow from operating activities has fallen in the year. Although operating surplus (after adjusting for exceptional items) was high, we have a cash outflow from a **higher working capital balance** at end of the year.

## Capital expenditure (£m)

2022	158
2021	140
2020	113

→ Capital expenditure rose once again and is **nearing a return to spend levels pre Covid-19**. Spend on land and buildings across a number of projects accounts for £114 million (72%) of total expenditure.

# Senior Lay Member of Court's foreword



**Janet Legrand**

Senior Lay Member of Court

## It gives me great pleasure to introduce this year's Annual Report and Accounts.

This document covers the many successes and accolades that our University has achieved over the past 12 months, despite a volatile and uncertain political, economic and social landscape. Unfortunately, the effects of the United Kingdom's exit from the European Union, the pandemic and now, sadly, war have had an impact on many areas of the University. However, we have proved our resilience and embraced the opportunities for change that these challenges bring. Despite all this, the University of Edinburgh remains a leading global institution as evidenced by the latest QS World Rankings, placing us at number 15, an improvement of one place from the prior year. We are still Scotland's highest ranked university with a clear focus and dedication towards our core academic mission and Strategy 2030. Thanks to close working with our students, staff and communities we have been able to adapt and improve the delivery of our world class teaching, research and knowledge exchange. Recognising the current uncertainties and sectoral headwinds before us, I am confident in our collective conviction that The University of Edinburgh can contribute to making the world a better place.

Our people are the life-blood of the University and we strive to put people at the heart of everything that we do. This approach is even more important in times of uncertainty and so during the last academic year our Employee Assistance Programme and Student Counselling Service has continued to offer free confidential advice and help that aims to support the mental health and emotional well-being of our people. Throughout this past year, we have celebrated diversity, and strived to promote gender, race, LGBT+ equality and inclusivity through our staff and student networks. As well as recognising talent and hard work through our Principal's Medals Awards, this year we increased the amount of money available to recognise high-performance through our annual salary contribution award process. In addition, and in recognition of the commitment and dedication of our people, the University made an exceptional payment of £500 to every member of staff in June 2022. Looking ahead, our investment in new student advisor roles and our commitment to curriculum transformation will further enhance the student and staff experience, and investment in our long-term capital plan will continue to deliver enhancements to our world-class physical and digital infrastructure.

**"...our people are the life-blood of the University and we strive to put people at the heart of everything that we do. 🗨️"**

**Janet Legrand**

Senior Lay Member of Court

This year our Annual Report and Accounts reflect another positive financial position for the University, which has been achieved through robust financial management and commitment to the long-term stewardship of the resources of our institution. Our continued financial stability and sustainability ensures that we can confidently choose to invest in our people, our students and our research with a clear vision for

the future despite the many challenges and uncertainties noted above. Our responsible and prudent approach to financial planning has also allowed us the flexibility to reach out beyond Edinburgh and support academic colleagues impacted by the war in Ukraine and safeguard the continuation of their important research. This is something of which we should all be proud.

The students, staff, alumni and friends of the University – found on campus, around the city, throughout the country and across the globe – have all played a vital role in the last year. As we reflect on the accomplishments in this Annual Report, I look forward to the prospect of more progress in the months ahead, facilitated by the extraordinary people that make Edinburgh an extraordinary place.



# Principal's Welcome



*P. W. Mathieson*

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

## It feels right to open this introduction to our Annual Report and Accounts by noting the sad death in September of Her Majesty The Queen.

Queen Elizabeth II was a great supporter of the University throughout her life. First visiting in 1949, when the then Princess Elizabeth received an honorary degree and most recently in July 2021 when she visited the University's newly-named Edinburgh Climate Change Institute with Her Royal Highness The Princess Royal.

Throughout her life she has led and inspired, carried out her duties with unparalleled dignity and will forever be beloved by millions across the globe. I was proud to attend the ceremonial events in Edinburgh that marked her death and also the proclamation of our new King, King Charles III.

The dedication and commitment of our University community continues to drive forward innovation, ambition and resilience in the pursuit of making the world a better place. The University of Edinburgh remains a world-leading institution, committed to delivering excellence for our people, research, teaching and learning, and social and civic responsibility, despite the challenges we face. I would like to extend my sincere gratitude to every member of the University community for the remarkable contributions made in the last year in progressing our values, principles and vision.

Over the past twelve months we have striven to provide students at Edinburgh with the best experience and support in their individual learning journeys. Our Curriculum Transformation Programme will enable our vision of an outstanding educational experience, with our degrees being a foundation for future learning, ethical global citizenship, and enhanced employability. We are continuing to develop new initiatives such as this, and understand there is still more work to do as we challenge ourselves to improve the experience of our students.

We also want the University to be accessible to the next generation of students no matter their background. That's why we have been working closely with charity IntoUniversity to establish a new learning centre in Craigmillar to support those aged seven to eighteen. This innovative centre offers free academic tuition, mentoring, workshops and work experience opportunities to those in this age group who live in an area that has been associated with social deprivation.

Whilst we are rightly proud of our achievements and how we have overcome the obstacles of the past few years, many challenges remain on the horizon for our sector, not least the issue of pensions. Although 2022 saw the conclusion of the most recent triennial valuation of the Universities Superannuation Scheme (USS), this was met with industrial action which unfortunately directly affects our students. We remain committed to working with all parties to find a long-term and sustainable way forward. At the time of writing, three days of strike action are taking place in relation to both USS and pay disputes. Action short of a strike has also started and will run until an agreement is reached or the end of the ballot mandate in April 2023. Our priority is to minimise disruption to learning, teaching and our students' experience, while maintaining academic standards, during this period.

The final stage of implementation of our People and Money system went live at the end of August 2022 with the launch of new finance services. We have been acutely aware of the disruption caused to our staff, students, suppliers and partners and have taken robust measures to address these problems. We continue to do all we can to ensure these issues will not recur in the future, and have committed to undertaking an external review to highlight what lessons we can learn and help to inform further improvements.

It has been an outstanding year for our researchers, as reflected in the Research Excellence Framework (REF) 2021. Published this year, the Times Higher Education's REF power ratings placed the University fourth in the UK based on the quality and breadth of our research – known as research power – and top in Scotland. Nearly 90 per cent of our research activity is classed as 'world leading' and 'internationally excellent', an impressive increase of 10 percentage points since the last REF in 2014.

# Principal's Welcome (continued)

We have received the financial benefit of our excellence, with the Scottish Funding Council's allocation of the Research Excellence Grant for the next few years appropriately reflecting the REF results.

Harnessing our research strengths to tackle the climate crisis is a central focus of our Strategy 2030 as we play our part in supporting the United Nations Sustainable Development Goals. This is being demonstrated by many Edinburgh academics, such as our engineering scientists who are leading the way in progressing cleaner power methods.

The world's first dedicated fatigue test facility for tidal turbine blades has been launched in a partnership between the University, engineering firm Babcock and Fife College at Rosyth Dockyard in Fife, funded by the Engineering and Physical Sciences Research Council. Known as FastBlade, the facility will make stress testing blades quicker and more cost effective for the emerging field of marine energy technologies.

In the lead up to arguably the world's highest profile climate conference, the United Nations Climate Change Conference (COP26), held in Scotland in autumn 2021, we made a multimillion-pound commitment to remove almost 1.5 million tonnes of carbon dioxide from the atmosphere over 50 years by investing in tree planting and restoring peatlands with partners across Scotland. We also launched the Edinburgh Earth Initiative on the first day of the conference, an ambitious framework to help find solutions to the impacts of climate change. Our latest initiatives are part of our package of plans to be Carbon-Zero by 2040, which also includes attention to our own Estate, removing investments in fossil fuels, reducing our domestic and international flights and investing in our own solar farm.

**“The dedication and commitment of our University community continues to drive forward innovation, ambition and resilience in the pursuit of making the world a better place. ”**

**Professor Peter Mathieson**

Principal and Vice-Chancellor,  
The University of Edinburgh

‘Big data’ and data science are proving to be keystones in addressing global challenges. Through our integral role in the Edinburgh and South East Scotland City Region Deal, we continue to push the boundaries of data-driven innovation. We are recognised as a world-class data centre and earlier in the year a delegation from the UK Government led by the then Prime Minister visited ARCHER2, the UK's newest and most powerful supercomputer, housed here at the University of Edinburgh. Capable of performing twenty million billion

calculations a second, ARCHER2 is optimising the data modelling tools needed to make breakthroughs in areas such as medicine, science and engineering.

The communities around us matter a great deal and part of our commitment to civic responsibility, we have recently launched a new Arts hub with a focus on harnessing creativity to promote a fairer society. The Binks Hub brings together academics, artists and members of local communities to jointly develop initiatives to tackle social injustice, address inequalities in health and wellbeing, and boost opportunities for young people.

In light of recent developments in Ukraine, the University has stepped up our pre-existing collaboration with the Council for At-Risk Academics to offer ten additional fully-funded fellowships, providing a safe haven for these scholars and their families for two years. We are also piloting a Sanctuary Scholarship for doctoral students in war-torn regions to enable them to study in Edinburgh or continue their research in their home country. Our connection with Ukraine has been further cemented in the signing of a Memorandum of Understanding with Taras Shevchenko National University in Kyiv, with the aim of working more closely on opportunities across teaching, learning and research.

The accomplishments outlined in this report are in direct correlation to the commitment and determination of our students, staff, alumni and friends of the University. As we look ahead, this fantastic community gives renewed optimism in our ability to make the world a better place.

# Her Majesty Queen Elizabeth II



Queen Elizabeth II was a great supporter of the University throughout her life. Her Majesty first visited the University in 1949, when the then Princess Elizabeth received an honorary degree.

She visited the University on countless occasions and provided invaluable support to students, staff and University officials alike.

Her husband, HRH The Prince Philip, Duke of Edinburgh served as University of Edinburgh Chancellor, with Her Royal Highness The Princess Royal succeeding him.

Her Majesty The Queen's last visit took place in July 2021 when she visited the University at the Edinburgh Climate Change Institute (ECCI) with Her Royal Highness The Princess Royal.

Her commitment to civic and social duties and her worldwide impact cannot be overstated. Throughout her life she has led and inspired, carried out her duties with unparalleled dignity and will forever be beloved by millions across the globe.





## Protecting our Planet

**14**LIFE BELOW  
WATER

In April 2022, the University of Edinburgh launched our first ever biodiversity plan, designed to protect and enhance green spaces on campus, and in the wider community, for all who enjoy them.

**15**LIFE  
ON LAND

We want our campus greenspaces to be biodiverse, not only for the species that call them home but also to mitigate the effects of climate change. Our owned and managed sites encompass a range of

habitats and species, with many opportunities to conserve and enhance conditions for biodiversity. We support biodiversity in our local neighbourhoods and region, to improve the health and well-being of staff, students and the wider community.



# Our approach to reporting

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

In the production of the 2021/22 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 year's 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.

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.

## Macro-economic pressures

Macro-economic pressures present the University with challenges that are closely monitored. These include inflation which is running at the highest level in the last forty years and is expected to rise further. With over 15,000 staff and a large estate, inflation at current levels has the potential to significantly impact on our cost base as we see increases in staff costs and utilities at rates greater than the recent historic trend. Supply chain challenges are also being felt due to a combination of Covid-19, Brexit and low unemployment. Together these are impacting on our ability to recruit staff and the affordability of what we need to offer in the current market.

Implementation of the University's Estates Capital Plan continues to progress. Capital expenditure on land, buildings and equipment is forecast to exceed £900 million over the next five years. The impact of inflation on our planned capital expenditure will be closely monitored and affordability assessed through the year as the economic climate changes.

This is covered in our Risk Register from page 16, in the Director of Finance's foreword on page 35 and in the Financial Review on page 43.

## Political and geopolitical uncertainty

Changes in UK Government direction and policy resulting from a change of leadership and the continuing impact of Brexit could combine to present materially adverse consequences for the University. Additionally, geopolitical tensions in Europe, not least from the war, and further afield in China have the potential to increase our cost base and crystallise a concentration risk on teaching income from international students.

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).

## Pensions

On 22 February the Joint Negotiating Committee (JNC) formally voted to implement a package of reforms to conclude the 2020 valuation of the Universities Superannuation Scheme (USS). Although this agreement effectively finalised the valuation process, the decision was opposed by the University and College Union (UCU). At the time of writing, the latest USS Monitoring Report revealed a significantly improved financial position, with a surplus of £1.8 billion as at 30 June 2022, compared to a deficit of £14.1 billion at the last valuation in March 2020. Further industrial action remains a strong possibility in light of UCU opposition to reforms and the more positive financial position of the scheme.

This is covered in note 33 of the Financial Statements on pages 93 to 100 and the Financial Review on pages 41 and 42.



# Material issues (continued)

## The student experience

Our most recent rating in the National Student Survey (NSS) of 72.8 per cent (2020/21: 71.1 per cent) highlights the improvement still needed in the student experience we offer. It is understood that Covid-19 has impacted negatively on student experience over the last two years but this is an impact experienced across the sector. We are committed to improving the satisfaction of every student who chooses to study at Edinburgh and provide an experience they deserve and that we can be proud of.

Over the course of the next year strategic programmes, aligned to Strategy 2030 objectives, covering Curriculum Transformation and a Student Support Model will enhance student experience and help improve our student satisfaction ratings as measured by the NSS, as well as PTES and PRES. The University is acutely aware of the impact that the cost of living crisis is already having on our students. We are working with the Students' Association to support our students over this challenging period.

This is covered in the Principal's Welcome on page 3, included in the Strategic Plan performance framework on page 13, the Risk Register on page 17 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).

## Digital security

The university is exposed to cyber threats presenting a risk to how we operate and perform our core activities. These threats have the potential to have significant financial consequences for us if not mitigated.

Investment in our Digital Estate is one method for reducing our digital security risks and we are committed to a long-term funding plan to refresh and enhance our critical infrastructure. Supply issues are currently impacting on availability and pricing of IT equipment but we are managing this situation over the short-term until supply problems ease.

This is covered in our Risk Register on page 18.

## Climate change

The University has committed to become net zero carbon by 2040. The size of the existing University estate, planned expansion and affordability of carbon reduction initiatives in the current economic climate are just a few of the challenges we face in achieving this objective at a time of raised stakeholder expectations.

This is covered in our Risk Register on page 17 and in the Operational review on pages 29 and 30.

## Strategy & value model

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# Our strategy

Strategy 2030 is led by a distinctive 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, values and performance data here: <https://www.ed.ac.uk/about/strategy-2030>

To assess how well we are performing, our Strategic Performance Framework (SPF) sets out how we will achieve our goals over the period of the Strategy. Our SPF takes into account internal and external factors which influence or affect our work.

Aligned to our four focus areas is our commitment to the United Nations 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.





# 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 our four key areas. We have structured our Key Performance Indicators (KPIs) around these four key areas (people, research, teaching and learning and social and civic responsibility), to reflect the University's ambitions outlined in Strategy 2030 and to demonstrate how well we are performing against them.

The information below shows our performance in each of these focus areas.

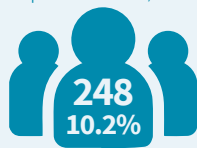
Unless indicated otherwise, data shown reflects 2021/22 performance.

### 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 SIMD20 (Scottish Index of Multiple Deprivation - most deprived 20%) area



2020/21: 190 (9.3%)

#### 2. International student diversity:

Ratio of largest international market to 5th and 10th largest overseas markets

Ratio to 5th: **32:1**

2020/21: 20:1

Ratio to 10th: **55:1**

2020/21: 37:1

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

Average gender pay gap: Reported biennially

2020/21: **16.2%**

Average ethnicity pay gap: Reported biennially

2020/21: **7.1%**

Average disability pay gap: Reported biennially

2020/21: **0.97%**

#### SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



In development: **4. Efficient systems and user-friendly processes<sup>1</sup>** and **5. Staff engagement<sup>2</sup>**

### 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

4th in the UK for REF2021 power rating

**4th**

in the UK for REF2021 power rating

2020/21: **4th in the UK for REF2014**

Times Higher Education, Overall Ranking of Institutions

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



2020/21: **£324m**

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



2020/21: **£78.6m**

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

Research award value:  
**£95.6m**

2020/21: **£173.5m**

Start-up companies:  
**35**

2020/21: **57**

#### SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



<sup>1</sup> The key performance indicator for efficient systems will focus on the intended benefits of more user-friendly processes and efficient systems to support our work.

<sup>2</sup> The key performance indicator in this area will be driven by our next full staff engagement survey in 2023.

# Our strategy (continued)

## Strategy 2030 Focus Area: Teaching and Learning

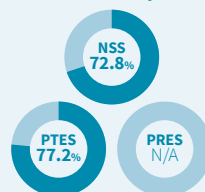
Our teaching will match the excellence of our research. We will improve and sustain student satisfaction and wellbeing.

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

**19,556**

2020/21: **12,284**

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



2020/21:  
NSS: **71.1%**  
PTES: **72.5%**  
PRES **71.3%**

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

**87.7%**  
(2019/20 cohort)

2020/21:  
**86% (2018/19 cohort)**

### SUSTAINABLE DEVELOPMENT GOALS

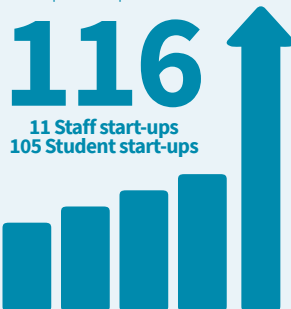


In development: **10. Curriculum transformation**<sup>3</sup>

## 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



2020/21:  
**110:**  
8 Staff start-ups  
102 Student start-ups

**16. Net zero:** Absolute (and relative to £m turnover) carbon emissions (tCO<sub>2</sub>)

Absolute carbon emissions (CO<sub>2</sub>):

**71,015 tCO<sub>2</sub>**

2020/21: **65,754 tCO<sub>2</sub>**

Relative carbon emissions:  
**54.7 tCO<sub>2</sub>/£M turnover**

2020/21: **55.4 tCO<sub>2</sub>/£M**

### SUSTAINABLE DEVELOPMENT GOALS



In development: **14. Social Impact**<sup>4</sup>

<sup>3</sup> We are developing a small number of critical measures to measure our progress on Curriculum Transformation.

<sup>4</sup> To capture the type of impact we are having, we will initially pilot this KPI focused on our Community Grant scheme.

# Our value model

## Our approach

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

Our Value Creation Model is a fundamental part of our 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 Annual Report demonstrate how we maximise the potential of our resources to create value for our stakeholders. Our model has at its centre the overall strategic objectives of the University with research-led teaching and learning flowing through all of the outputs.

We are continuing to explore how our model can align and report on the United Nations Sustainable Development Goals.

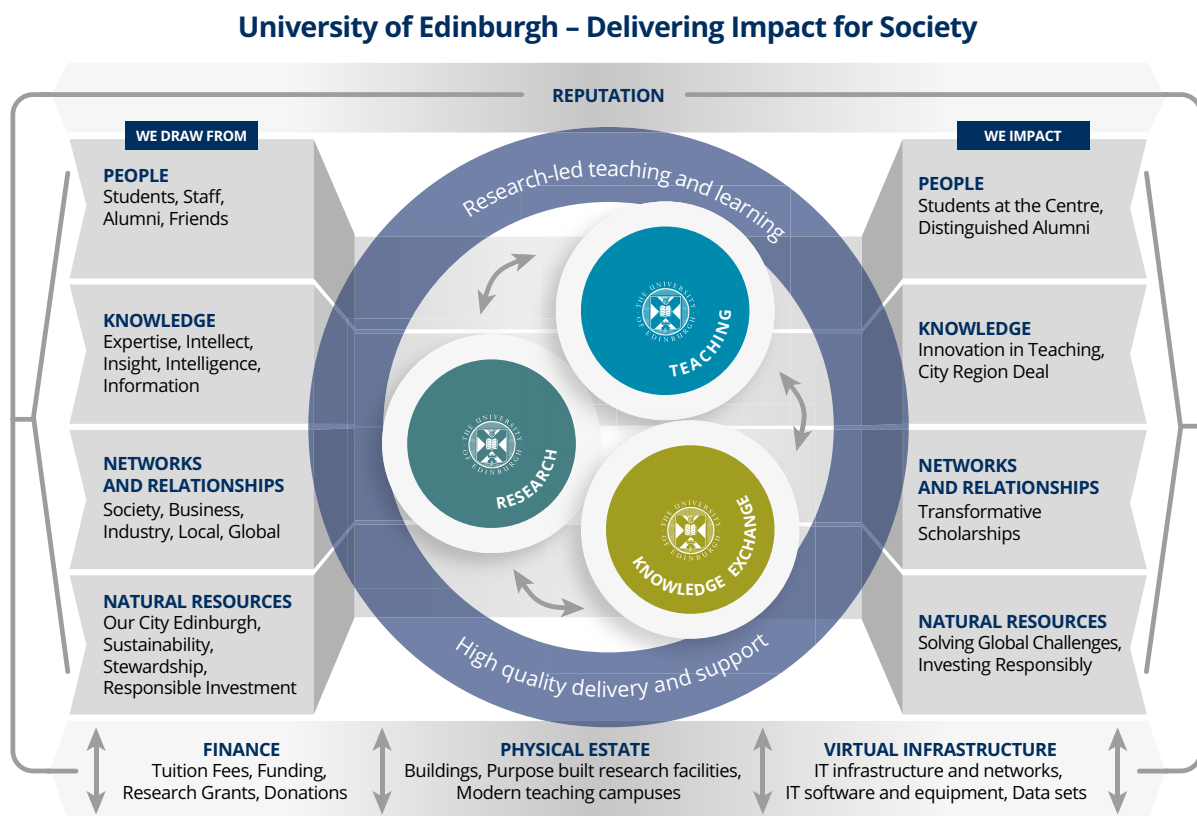
## How we create value

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.





# Our value model (continued)

## The value created



The case studies through this integrated Annual Report demonstrate real examples of how we continue to create value and contribute to the global Sustainable Development Goals from our resources, having a positive impact on society.

### Protecting our Planet

In April 2022, the University of Edinburgh launched our first ever biodiversity plan, designed to protect and enhance green spaces on campus, and in the wider community, for all who enjoy them.

### Research

Edinburgh's position as one of the UK's leading research universities was reaffirmed by the results of the 2021 Research Excellence Framework (REF).

### Revolutionary Partnership

Launched in November of 2021 in response to the climate crisis, The Edinburgh Earth Initiative (EEI) is the focal point for the University of Edinburgh's world-leading teaching and research on climate.

### Supporting our Community

The Edinburgh Local Community Grant Scheme has awarded more than half a million pounds to 190 community groups since 2017.

### People

The University is working in partnership with the Council for At-Risk Academics (Cara) to offer ten fully funded fellowships, providing sanctuary for scholars forced to flee their country due to persecution, war or conflict.

### Learning and Teaching

Our new model of Student Support is focused on providing an improved approach to advice and wellbeing for our students, with dedicated staff on hand to support students in their Schools.

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

**Read more:** Corporate Governance Statement, page 46  
Financial Review, page 38  
Independent Auditors' report to Court, page 56

# Understanding our risks

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

A dynamic enterprise like the University of Edinburgh continually takes on new risks in pursuit of our evolving objectives. In order to deliver effective risk management, it is imperative we understand and address all such possibilities as part of common practice. This approach increases the probability of successful outcomes while protecting the values, reputation and sustainability of the University.

## Risk management

Effective risk management is a process built on continuous review and improvement. In 2021/22, the University progressed integration of our formal risk management processes with annual planning at the School and Department levels. This approach further embeds formal risk management processes into planning and decision-making across our subsidiary companies, major programs and initiatives.

We aim to minimise our exposure to reputational, compliance and financial risk while recognising that controlled risk-taking enables us to take advantage of opportunities in the pursuit of research, education and knowledge exchange. The amount of risk the University is willing to seek or accept in the pursuit of its long-term objectives is detailed within the [University's Risk Management Policy and Risk Appetite Statement](#).

## Process

The University operates a process for the identification, evaluation and management of risks that may affect the delivery of key strategic objectives. Strategic risks are selected based on several considerations including their relationship to strategic objectives, rating of likelihood and impact, if they approach or exceed Court's stated appetite, and if they are representative of similar risks across the University. Most of the University's risks are not strategic, being effectively managed at the local level. Strategic risks are recorded in the University Risk Register, where they are monitored and reviewed by the [Risk Management Committee](#) (RMC) throughout the year. The RMC tracks the implementation of risk management strategies, informs the [University Executive](#) and reports the Committee's findings to the [University Court's Audit and Risk Committee](#). [Internal Audit](#) supports this process and undertakes reviews of key risk areas and the risk management process according to a rolling audit plan

## Our Risks

The British exit from the European Union, COVID-19 and now, sadly war in Europe have resulted in an exceptional complexity and severity of risk this year. These challenges had a major impact on our teaching, research, finances, staff and student welfare, engagement and operations. Further, increased enrolment over pandemic-impacted years, labour market pressures, and rising costs have influenced the severity of many of our risks. Despite these challenges, major income and spending adjustments have helped keep us in a solid financial position, enabling us to continue work towards our focus areas and objectives of [Strategy 2030](#).

We are integrating new technologies and lessons learned throughout the pandemic to continue to improve our research and teaching models, while prioritising a safe return to in-person student experience. Our innovation and partnerships sustain 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. Careful implementation of our plans, adjusted to the impacts of recent challenges listed above will ensure the University maintains the financial headroom required to invest in these major opportunities, making the Edinburgh region a leader in data science expertise and health science innovation.

By pursuing opportunity and innovation, while prudently managing risks to our core values, financial stability, reputation and sustainability, The University of Edinburgh continues to advance our vision to make the world a better place.

**“...the University of Edinburgh continually takes on new risks in pursuit of our evolving objectives.”**



# 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:

We are prioritising student experience in line with the objectives of Strategy 2030. This includes the development and implementation of two large strategic programmes: Student Support Model and Curriculum Transformation. The outcomes of these programmes will have a transformative impact on the experiences of our students.

During 2022/23, we will develop a student experience framework, which will identify structural, system, policy and process enhancements. Recognising the link between staff and student engagement, we will also continue to collaborate with the Edinburgh University Students' Association to enhance student experience. We aspire to improve student satisfaction as measured through the National Student Survey, but anticipate these scores to be impacted by experiences during the pandemic.

We are expecting another year of strong enrolments and the return of current students. We will continue to assess learnings from the pandemic in our teaching and services as we prioritise a safe and supportive return to full in-person teaching and assessments, in line with student expectations.

## 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:

Covid-19, Brexit, low unemployment and an inflated local labour market have combined to challenge our recruiting efforts. This has resulted in a decreased availability of professional services staff and specialist IT staff thus affecting their affordability. The turnover of academics has also become more apparent this year. Recognising the strong link between a motivated and engaged staff alongside student satisfaction with teaching and research, we will focus mitigation on:

- Delivery of Strategy 2030: Vision, values and associated staff experience initiatives reinforcing the University as a great employer.
- Development of a specific people strategy and associated operational plans overseen by the Staff Experience Committee, a standing committee of the University Executive.
- The work of the various strategic change programmes including curriculum transformation and student support strands, which aim to reduce pressures on staff by simplifying and streamlining key areas.

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

### Risk Description: Social 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 such as 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. Climate change mitigation is embedded in our procurement, investments, teaching and research.

The University remains committed to the carbon net zero by 2040 climate goal, but risks of achieving these targets remain. Key risk areas include the scale and design of the existing estate, technical challenges in delivering decarbonised heat at scale to specialised buildings, and the affordability of carbon reduction initiatives due to external market conditions and inflation. Increased public and student expectations alongside rising carbon costs from major capital projects (e.g. High Performance Computing facility at Easter Bush) places a higher potential impact of missed targets.

To address these risks, we continue to decarbonise the Estate as well as improve metering and usage control of energy, optimising the performance of our laboratories and science activities. We have made significant progress on a Scottish Funding Council 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 the Department for Social Responsibility and Sustainability (SRS) seeks to ensure environmental priorities are embedded in estates planning. We remain engaged with government partners to identify further external funding opportunities.

# Understanding our risks (continued)

## 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 continues to fund the rolling replacement of core IT infrastructures. The Network Replacement Project is ongoing; the central intelligence of the network has been replaced, and network replacement in campus buildings is well underway (72% Wi-Fi replacement and approximately 30% wired edge replacement). Inclusion of core IT infrastructure replacement cycles within the Digital Estate plan provides a path to necessary funding for the ongoing refresh of critical platforms. Global supply of integrated circuit/chip is affecting all areas of IT equipment resource, thus impacting the network replacement programme and other IT projects. We continue to manage supply issues with alternate equipment, pre-ordering, local stock holding, and prioritised supply as appropriate.

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

### Risk Description: Info security / data breach

Compromise of University information.

### Risk Management:

We recognize the ongoing cyber threat facing the University continues to present a significant level of risk to our services, systems and data, underpinning our ability to deliver teaching, learning and research. We continue to implement and embed improvements to day-to-day operations in meeting the challenges of operating in a digital environment. However, given the ever-changing threat environment, this risk will remain a key area of focus for the foreseeable future.

## 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:

Concentrated 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. Using this composite information, the Risk Management Committee is actively engaging with University Executive to support its management of concentration risk, specifically including the diversification of student admissions.

## 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:

Whilst much of the uncertainty associated with the financial impacts of Covid-19 has passed, other macro-economic factors such as inflation and supply chain challenges have increased in their requirement for close monitoring, particularly in light of more sector specific issues. These issues include possible future increases in costs such as increased employer contributions for the Universities Superannuation Scheme (USS), over which the University has little control. Student fee-related income continues to be an area with ongoing Covid-19 related risk, and the longer term impact to resources of the higher-than-planned recruitment during the Covid-19 impacted years continues to be assessed. 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 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) should be in the range of 7% - 9% to remain sustainable. Due to robust financial stewardship, the University has exceeded this criteria this financial year. The University will continue to monitor its key financial metrics through effective scenario planning, and will implement any necessary corrective measures to support the long-term stewardship of our institution.



# Understanding our risks (continued)

## 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:

During 2021/22, the Capital Plan Working Group formulated a new Capital Plan, which was approved by Court in February 2022. This new six-year plan covers the period 2021/22 to 2026/27, and:

- Is fully aligned with the University's 2030 strategy;
- Covers all capital expenditure for the University, not just Estates capital expenditure;
- Enables investment in priority projects including those addressing volume, condition and accessibility requirements.

The Capital Plan will be monitored and reported to Estates Committee, Policy and Resources Committee and Court through the normal governance cycle. The University is also working to further strengthen the University response to the climate emergency with a focus on de-carbonisation of the Estate. This area will continue to require significant focus by the University.

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

### Risk Description:

#### Strategic Change

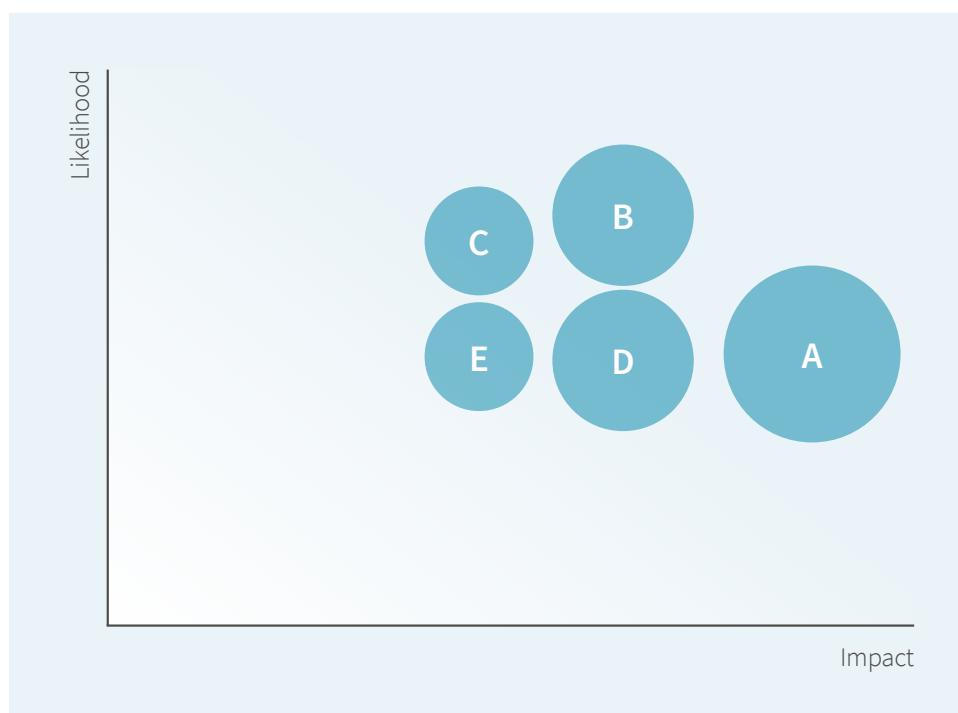
Scope, pace and complexity of change negatively impacts both project success and staff wellbeing.

### Risk Management:

Implementation of major change initiatives is challenging for any organisation, and COVID19 had some impact on these for the University. The University Executive has taken a close interest in this area in the last year and the University has focused on approaches to minimise risks to projects and staff wellbeing. Our Safety, Health and Wellbeing Committee has also established a new Wellbeing subgroup. The University is also committed to learning lessons from all programme implementations in order to achieve continuous improvement.

## Visualising our strategic risks

All university risks are rated based on Likelihood and Impact. The severity of these ratings are one of the many considerations when deciding which risks are of strategic significance. This diagram illustrates the relative likelihood and impact of each strategic risk, with the size corresponding to their overall severity.



### Risk groupings

- A - Core IT infrastructure
- B - Student experience  
People  
Info security / data breach  
Estate
- C - Finance  
Strategic change
- D - Social responsibility  
and sustainability
- E - Concentration risk

Most of the University's risks are identified and managed below the strategic level. Our few strategic risks tend to be those of higher impact and likelihood, at or exceeding our risk appetite, and most closely associated with our strategic objectives.

# 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

Over the past year, the University continued to play its part to protect students, staff and the community against the spread of Covid-19. As restrictions eased, we ensured our buildings were fully prepared to welcome staff and students back to campus at the start of the 2021/22 academic year. A key focus was ensuring buildings had sufficient ventilation in line with Scottish Government guidance. A large-scale ventilation review of all buildings was undertaken, and a programme of remedial works to address a limited number of spaces with ventilation issues took place during the year.

We strive to provide an exciting, inclusive and supportive environment in which all students can feel they belong, grow, thrive and succeed through their studies. The Widening Participation (WP) strategy has progressed and enhanced our reputation and credibility, from a government and Scottish Funding Council perspective, within the University community, as well as most critically and positively with our target audiences. A shared belief in the power of education to transform young people's lives underpins the continued collaboration between the Universities of Edinburgh and Glasgow and IntoUniversity. In 2021/22, three educational centres were developed across Edinburgh and Glasgow working in partnership with local communities. The new centres will provide invaluable long-term support with young people's educational outcomes.

Building on our values, and our commitment to having a positive impact on our local and global community, we are working to ensure that the University of Edinburgh remains a safe place for students, staff and the wider community to flourish and feel a sense of belonging. This includes our ongoing commitment to supporting freedom of expression and fostering open and inclusive dialogue.

We continue to prioritise the welfare of all our students, and have launched a wellbeing service as an enhanced support mechanism. This reformed service is in place for all students from September 2022 and is designed to support the implementation of the new models of student support across Schools. 20 wellbeing advisors and 60 student advisors are in place. Embedding a strong awareness of equality, diversity and inclusion has been a key part of the induction process for staff so far. These staff members will be crucial in supporting the increasing diversity of our student body and ensuring that our approach remains to increase access as well as student success and progression.

Our Human Resources Policies set out workplace rights at the University. To ensure fair work practices for our staff, we continue to review, enhance and implement practices according to the Good Work Plan (GWP). The University has implemented a range of recommendations arising from the Taylor Review of Modern Working practices. Further improvements are anticipated, pending legislation.

Our internal processes are crucial to making sure we achieve excellence in all that we do. The HR and Finance Transformation programme supports the University's Strategy 2030 by delivering more user-friendly processes and efficient systems to support our work and our staff. In April 2022, we launched new payroll and timesheet services. This followed on from the launch of our new HR services in 2020 and 2021. The final stage of implementation of our People and Money system went live at the end of August 2022 with the launch of new finance services. We have been acutely aware of the disruption caused to our staff, students, suppliers and partners and have taken robust measures to address these problems. We continue to do all we can to ensure these issues will not recur in the future, and have committed to undertaking an external review to highlight what lessons we can learn and help to inform further improvements.

### Delivery of the United Nations Sustainable Development Goals



Notable progress was made in 2021/22 in meeting the Commission for Widening Access targets of 10% of our intake to come from the 20% most deprived areas in Scotland. We met this target 3 years ahead of schedule, which equates an increase in SIMD20 entrants from 6.9% in 2015 to 10.2% in 2021. We are likely to see a further increase in 2022. Further, we increased our offer rate to SIMD20 applicants from 24% in 2016 to 47.7% in 2022. We have also seen an increase in our care experienced student applications and entrants from six new students in 2017 to 40 new students entering the University in 2022.

## Operational review (continued)

The Procurement Reform (Scotland) Act 2014 ('the Act') requires Scottish public sector contracting authorities with regulated procurement activity of £5 million or more per annum to have prepared a Procurement Strategy. Authorities, including Universities, are legally required to develop and to publish a Procurement Strategy are also required to publish an Annual Procurement Report, reflecting on the relevant reporting period against their Procurement Strategy. The Director of Procurement is responsible for producing the University Procurement Strategy and the Annual Procurement Report.

The University Procurement Strategy is reviewed by the University Executive, including relevant subsidiary company members, and is published annually on our website. It underpins the University's Strategy 2030 with and is aligned with the strategic focus of delivering excellence in the areas of research, teaching and learning, social and civic responsibility and people. This Procurement Strategy sets out the strategic direction for all procurement activity, outlining our vision of being world class in everything we do and recognised as a trusted strategic partner in the successful delivery of Strategy 2030.

The University's Annual Procurement Report acts as the foundation for annually assessing our regulatory compliance, the constant pursuit of value for money in all that we do, and delivery against our strategic aims and objectives, in line with the University's Strategy 2030. This process of review and reporting informs any adjustments to the procurement strategy deemed necessary to secure future performance improvements and to respond to any economic, political and financial influences to which the University may need to adjust to meet its broader aims and objectives.

As a truly global university, we continue to celebrate and strengthen our deep-rooted internationalism. In ensuring Edinburgh's future student mobility post-Brexit, we made a successful bid, receiving an award of circa £1.7 million from the Turing Scheme. This scheme, which launched in 2021, will replace Erasmus+ as the UK scheme for the 2022/23 academic year. The Turing Scheme enables study and work abroad for our students with focus on WP/Access, as well as providing opportunities for students who are on programmes with a mandatory study period overseas.

Our work with the Mastercard Foundation continues to provide 200 full scholarships to students from the African continent. This facilitates transformative leadership programming to inspire and support Scholars in making change in their communities and countries on their return home.

Through 2021/22, our partnership with the University of British Columbia enabled our Mastercard Foundation Scholars to co-develop a research project called Identity in Transitions. The project supports the wellbeing of our students as they move from the Global South to studying degrees at universities in the Global North. Teams at both institutions conducted parallel research aimed at promoting a greater sense of inclusion and belonging. Using the research outcomes, clear actions and solution-based tools have been implemented to support holistic wellbeing of the Mastercard scholars during their transition.

## People Highlights

### Our Humanitarian Response:

We recognise the difficult geopolitical environment, and have a long history of supporting staff and students displaced by distressing global circumstances. We are a founding member of the Council for At-Risk Academics (Cara) and were the first university of sanctuary in Scotland. Working with Cara, as we did for academics displaced by the conflicts in Afghanistan and Yemen, we have agreed funding to host ten at-risk scholars from conflict zones across the world, with a focus on Ukraine as the most pressing issue. Cara has set up a fundraising appeal to support their work bringing academics to safety. Further, The School of Divinity was awarded £74,000 from the [British Academy Researchers at Risk Fellowship](#) to support Ukrainian academics at risk.

### Delivery of the United Nations Sustainable Development Goals



In September 2021, an NHS Lothian drop-in vaccination clinic opened

at the University's Pollock Halls accommodation. The clinic offered appointment-free Covid-19 vaccinations - a combination of first, second and third doses - which were available to students, staff and the public. During the three-week pop-up, a total of 1,077 vaccinations were administered. Further, between October and November 2021, an NHS Lothian "Vaccine Bus" was intermittently parked at George Square and administered approximately 1,000 vaccinations across the weeks it was onsite.

For more information about the Covid-19 vaccination programme, visit: <https://www.ed.ac.uk/news/covid-19/managing-covid/vaccinations>

### Delivery of the United Nations Sustainable Development Goals



This year, invitations for ten fully funded places to attend Una Europa's One Health Summer School were made available to Ukrainian students as a result of our [new partnership with Taras Shevchenko National University of Kyiv](#). Of 53 total participants, five Ukrainian students were able to join the summer school, which was hosted by the University of Edinburgh from July 25 - August 5 2022.



## Operational review (continued)

As well as supporting academics, a scholarship fund for displaced undergraduate students seeking asylum to join us in Edinburgh was established in May 2022. Our admissions teams continue to support prospective students who have been affected by this crisis, acknowledging that they may have difficulties gaining the qualifications and English language tests required to meet any offer conditions.

Fostering connections based on complementary strengths and shared values led to a new partnership with Taras Shevchenko National University of Kyiv in Ukraine. The alliance will enable both institutions to work more closely together on opportunities ranging across teaching, learning and research. The partnership builds on the City of Edinburgh's existing twinning arrangement with Kyiv. It was initiated as part of a new scheme to pair UK and Ukrainian universities co-ordinated by Cormack Consultancy Group, which promotes international links in higher education, with the support of Universities UK (UUK).

## Research

This year saw the publication of the 2021 Research Excellence Framework (REF) results. Our continued focus on world leading research was reflected by us ranking 4th in the UK for research power (Times Higher Education's REF power ratings), with 90% of our research activity classified as world leading or internationally excellent. Across five areas of excellence, our researchers are tackling big questions, adding to our collective understanding and forging bold new paths through innovation.

Our position in the REF drives the annual allocation of the Research Excellence Grant (REG) income we receive. The grant criteria provides accountability for public funding as well as benchmarking and reputational information for universities. We also work closely with our partner universities (with whom we make joint submissions) to ensure we continue to invest in our partnerships. The strength of these affiliations is incredibly important to our research excellence.

Further, in 2021/22, the University received a total of £299.1 million in research awards. The award total for the year is slightly lower than previous years, reflecting the challenging funding environment, particularly post the UK's exit from the European Union, within which the University is operating. There has been a reduction in award value from a number of sources, including UKRI (predominantly MRC and STFC), industry, charities and the EU Government.

Award data does tend to show much more fluctuation than applications or income. Our application rate remained high in 2021/22 with colleagues submitting over 2600 applications worth £1.1 billion. The University of Edinburgh continues to enjoy a high success rate and we expect a strong performance in 2022/23. Our underlying income from research continues to increase.



### Delivery of the United Nations Sustainable Development Goals



During 2021/22, University Court approved a new Capital Plan. The new six-year plan covers the period 2021/22 to 2026/27. The plan is fully aligned with the University's 2030 Strategy and covers all capital expenditure for the University. The Capital Plan enables investment in priority projects including those addressing volume, condition and accessibility requirements.

**“I’m interested in how identity shapes transition, how identity affects transition as well and how identity could be also an opportunity to transition. It’s not just about looking at the problem, but also the opportunity for learning in that process and the role of support systems, the role of mentors, the role of community in shaping identity.”**

**Hammed Kayode Alabi**

MS Africa and International Development

## Research



Edinburgh's position as one of the UK's leading research universities was reaffirmed by the results of the 2021 Research Excellence Framework (REF).

The University was ranked fourth in the UK based on the quality and breadth of its research - known as research power - and was Scotland's top ranked institution, according to Times Higher Education's REF power ratings. Edinburgh's submission was one of the largest and most comprehensive in the UK. Around 2800 individuals - all of the University's academic independent researcher workforce - had their research assessed.

"I am highly delighted that my colleagues have further improved the already world class quality of our research and its application to drive improvements in health, wealth creation and our society. I am particularly proud of our attention to our research culture, notably addressing successfully the precarious status of early research careers with sector-leading fellowships for more than 400 colleagues and targeted support for our splendid technicians. ”

**Professor Jonathan Seckl**  
Senior Vice Principal



L-R: Sam Ella, Sara Kheradmand, Olivia Sweeney, Jane Elliott, Udita Banerjee



## Operational review (continued)

Demonstrating our global leadership on the adaption and mitigation of climate change is central to our identity as a research-intensive university. Capitalising on the momentum from COP26 in Glasgow, the University of Edinburgh officially launched the Edinburgh Earth Initiative. Research across Edinburgh will unite under this banner to tackle this vital issue in our future. The receipt of major research grants show the diversity of our research in this space, including an award of £8 million to the Schools of Geosciences (from Scottish Government for the Centre of Expertise on Climate Change) and £2.5 million to Health in Social Science (MRC for transformation of urban space for population health).

On our BioQuarter campus, the new Institute of Regeneration and Repair (IRR) is due for completion in late 2022. Together with the adjacent Centre for Regenerative Medicine building, the facilities will house over 1,000 staff and research students. Further, The Usher Institute, which is also located on the BioQuarter Campus, now has works underway and is due to open in 2024. The innovative design will foster collaboration and interaction, while preserving quiet spaces for focussed work. Members of the public will be welcomed into the building to engage with and discover more about the work which is being undertaken through display space and a public outreach programme.

FinTech remains a flourishing research strength for the University. Building on the success of the University's Smart Data Foundry launched in February 2022, which harnesses financial data for societal and economic benefit, this year has been notable for large-scale industry collaborations. Global asset manager abrdn has partnered with the University to establish the Centre for Investing Innovation within the Edinburgh Futures Institute. Funding of £7.5 million from abrdn will help deliver innovation with a focus on sustainability in the investment sector.

'Thematic investing' is a core priority of the centre, aimed at harnessing the insights of both abrdn and the University to expand delivery of innovative future themes of positive return. Further, 'innovating investing' will guide and embed technology, data science and artificial intelligence into abrdn's business to support investors to drive future client-led growth and improve efficiency.

This year saw the launch of the Arrol Gibb Innovation Campus (AGIC), a global centre of excellence aiming to transform large-scale manufacturing through innovation and skills development. The centre is based at Babcock International's Rosyth facility. AGIC is a collaboration between Babcock, the University of Edinburgh, the University of Strathclyde, Fife College, Fife Council and Scottish Enterprise and Skills Development Scotland. AGIC's first facility to open for business was the £4.6 million FastBlade. It is the world's first rapid testing facility for tidal turbine blades, which will accelerate the development of marine energy technologies.

### Delivery of the United Nations Sustainable Development Goals



Eleven leading European research universities, including the University of Edinburgh, create the unique alliance called Una Europa. Together, Una teaches over 500,000 students and counts almost 100,000 university staff among its network, with digital learners numbering in the millions.

In July 2022, Una Europa secured the European Commission's support to proceed with Una. Universitas, an ambitious four-year project funded by the Erasmus+ Programme's European Universities Initiative. The €14.4m grant will enable Una Europa to take the next steps towards its ambition of developing a truly integrated European University of the Future.





# Operational review (continued)

## Research Highlights

### The future of health and care:

In May 2022, a new multi-million pound research programme to develop treatments for lung infections such as Covid-19 and future pandemics was announced.

The Baillie Gifford Pandemic Science Hub will use translational genomics – following clues from the human genome to identify, and rapidly test new treatments – with experimental medicine methods to quickly evaluate and develop drugs for lung inflammation and injury caused by infection. It will combine Edinburgh's world-class ability to determine a person's genetic predisposition to lung injury with advanced interventional robotics for drug delivery, cutting-edge sensing and sampling technologies and innovative clinical trial design.

Baillie Gifford is supporting the launch with a philanthropic gift of £14.7 million. The University aims to secure a total of £100 million investment to accelerate discoveries to drive clinical translation in Covid-19 and other human lung diseases, as well as aiding preparedness for future pandemics. This investment will accelerate partnerships and translational opportunities with other academic organisations, industry and other collaborators worldwide. The hub will attract additional interdisciplinary research scientists and clinical leaders to drive this work forward.

<https://www.ed.ac.uk/news/2022/pandemic-science-hub-to-fight-lung-disease>

### Futureproofing societies and the planet:

The world's first rapid testing facility for tidal turbine blades, which researchers say can speed up development of marine energy technologies while helping to reduce costs, opened for business in May 2022.

FastBlade's pioneering technology will stress test blades made from composite materials – which must withstand harsh ocean conditions for 20 years – more quickly, and using significantly less energy than any other facility of its kind. Based in Rosyth, Fife, the £4.6 million facility aims to maintain Scotland's position at the forefront of tidal energy development. FastBlade is supported by a £1.8 million grant from the UK Government, via the Engineering and Physical Sciences Research Council (EPSRC), part of UK Research and Innovation (UKRI).

The facility's 75-tonne reaction frame is capable of exerting powerful forces on turbine blades more than 50 feet long. Tests on blades are carried out using a system of powerful hydraulic cylinders, which, in less than three months, can simulate the stresses placed on the structures during two decades at sea. It replicates the complex forces to which tidal turbines are exposed at sea using unique digital and hydraulic technology systems developed by engineers at the University of Edinburgh.

<https://www.ed.ac.uk/news/2022/tidal-blade-facility-at-leading-edge-green-energy>

### Culture and creativity:

An initiative that will use the arts and creativity to promote social justice in communities was launched in May 2022.

The Binks Hub unites academics, artists and communities to develop ideas to redress inequalities and change people's lives for the better. It will help inform policy decision making for some of the most pressing community inequalities, as well as improving the wellbeing of the most marginalized people in Edinburgh and beyond. Activities will also boost opportunities for young people and address disparities in health and wellbeing. The Binks Hub is supported by a charitable trust, Binks Trust.

The investment will also develop early career research expertise through a PhD studentship and five Binks Scholarships. Students on the innovative, interdisciplinary MSc by Research in Health Humanities and Arts programme, in collaboration with the University's Centre for Creative-Relational Inquiry will be eligible. The recipients of the scholarships will be based in local communities working in partnership with sectors such as health, social care and education.

<https://www.ed.ac.uk/news/2022/hub-ignites-creative-spark-to-drive-social-change>

### Delivery of the United Nations Sustainable Development Goals



Highlighting our strengths in innovation, the University of Edinburgh

and US biopharmaceutical company Nuvectis Pharma signed a multi-million-dollar licensing deal for the exclusive worldwide rights to develop and commercialise treatments based on a new compound known as NXP900 developed within the College of Medicine and Veterinary Medicine.

Additionally, with the support of Edinburgh Innovations, GHO Capital Partners invested over \$100m in RoslinCT to significantly increase its development and manufacturing capacity, support customer acquisition and product diversification.

Our performance has led the University to be ranked fifth in the world for 'industry, innovation and infrastructure' in the Times Higher Education Impact Rankings 2022, which measure universities' delivery of the United Nations' Sustainable Development Goals. The ranking is a testament to the University's ongoing commitment to delivering positive change through academic research, education and partnerships.

## Operational review (continued)



### Teaching

For a third consecutive year, 2021/22 proved to be challenging due to the impacts of the global pandemic. Nevertheless, our students and staff continued to show resilience, innovation, and mutual support through a tentative return to more customary, in-person campus life.

We welcomed a diverse community of new and returning students to the University. With recognition that everyone was experiencing a post-pandemic world differently, every effort was made to forge a sense of safety and belonging for our students with greater focus on bringing our students together in-person within government guidelines. We ensured our welcome activities and commencement of teaching in the new year enabled both on-campus and online engagement, acknowledging that some students would take longer to return and/or needed to isolate.

We established new college partnerships and access routes including Articulation from Edinburgh College to MSc Health in Social Science. We also introduced new Scottish Wider Access Programme (SWAP) college routes to Medicine and Veterinary Medicine.

Adaptability shown by our staff and their approaches to hybrid teaching allowed us to maximise upon opportunities to make our campuses the centre of gravity once again. This empowered more learning and teaching, student support, research and social activity to take place. In recognition that this was a year of transition, our focus was to make sure our students were provided with support, reassurance and guidance. A high uptake of vaccinations and regular testing allowed us to move to increased levels of in-person teaching in Semester 2. We were delighted to be able to return to in-person graduations, with over 6,500 students, their families and friends taking part in two weeks of ceremonies in McEwan Hall. We are continuing our efforts to provide opportunities to attend an in-person graduation to those students who were unable to join us during when we were experiencing heavier restrictions to in person activity earlier in the pandemic.

Ensuring the best experience for our students is at the core of our identity at the University of Edinburgh. We remain committed to delivering teaching that facilitates student success in a challenging and supportive way. We continue to develop new initiatives to transform this Edinburgh experience.

#### Delivery of the United Nations Sustainable Development Goals

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



2021/22 has been yet another year of record results from

Edinburgh Innovations across several measures: income from industrial awards and translational awards reached £72.4m; consultancy income totalled £12.3m; and student and staff enterprises have brought in a combined investment of £107m. Technology licensing revenue reaching £4.3m, over three times the previous record of £1.3m in 2020/21. In recognition of its significant contribution to Scotland's innovation ecosystem, Edinburgh Innovations was chosen from an international shortlist to be named Tech Transfer Office of the Year at the Global University Venturing Awards 2021.

# Operational review (continued)

Entry to academic year	2021/22	2020/21	2019/20
<b>Undergraduate enrolments</b>			
Total applications	<b>72,349</b>	65,263	63,855
Total offers	<b>33,085</b>	32,108	28,640
Total enrolments	<b>7,909</b>	7,320	6,534
Applications to enrolments ratio	<b>9.1</b>	8.9	9.8
Matriculate rate (enrolments / offers)	<b>23.9%</b>	22.8%	22.8%
<b>Postgraduate home and EU</b>			
Total applications	<b>6,379</b>	11,039	10,170
Total offers	<b>3,520</b>	5,904	5,655
Total enrolments	<b>1,903</b>	2,942	2,996
Applications to enrolments ratio	<b>3.4</b>	3.8	3.4
<b>Postgraduate overseas</b>			
Total applications	<b>85,805</b>	82,299	59,647
Total offers	<b>26,050</b>	25,405	21,820
Total enrolments	<b>8,279</b>	6,853	6,089
Applications to enrolments ratio	<b>10.4</b>	12	9.8

## Student recruitment and admissions

In the context of the challenges facing Higher Education, our students have less certainty about their future and career paths. In response, our institution is placing focus on the skills that will equip our students to excel and adapt in an ever-changing world. Through our Curriculum Transformation Programme, we have set out a vision of an outstanding educational experience, with our degrees being a foundation for future learning, ethical global citizenship and enhanced employability. The new curriculum will be co-created with staff and students, with foundational work well underway in 2021/22. Although implementation will be a phased across a number of years, the benefits of the Curriculum Transformation Programme will be significant and lasting.

In the meantime, we continue to work with students to identify areas where we can quickly deliver positive benefits. This includes our new model of Student Support. The model is focused on providing an improved approach to advice and wellbeing for our students, with dedicated staff to provide support within Schools. We are also building upon our Peer Assisted Learning and Support schemes. These schemes provide opportunities for students looking for additional engagement with their studies from fellow students. Peer to peer connection promotes an environment of shared understanding and experience, helping our students to enjoy their time at University as well as set them up for success in their studies.

Embedded within our strategic objective to improve student experience, we are committed to ensuring inclusive, equitable and quality education whilst promoting lifelong learning opportunities for all. In delivering upon this aim, our academic programmes supported by the Careers Service continue to facilitate the Edinburgh Award. Work towards the Award empowers our students to develop a range of skills and attributes to thrive in the working world, whilst providing official recognition. Further, in 2021/22 our Careers Service launched a collaborative project funded by the Scottish Funding Council, Graduate Career Advantage Scotland, a project that enables cross-institutional work to widen opportunities and support transitions for our graduates.

We remain well regarded by recruiters seeking talented graduates. Our graduates are ranked 25th in the world by employers (QS World University Rankings 2022). Six months after graduating, 95.6% of our students are in employment or postgraduate study as measured by the National Graduate Outcomes Survey.

## Notes to table

The data in this table highlights an overall increase in applications, offers and enrolments for 2021/22 entry compared with previous years.

## Delivery of the United Nations Sustainable Development Goals



Edinburgh University Students' Association (EUSA)

hosted the Teaching Awards, recognising twelve exceptional members staff. The awards provided students with the opportunity to thank staff for their hard work and celebrate the very best of teaching and support at the University, something that was more important than ever this year. Congratulations to all of the recipients.



# Operational review (continued)

## Teaching Highlights

### Our estate:

Our University estate and its continued development is key in enabling vibrant and purpose-built spaces for teaching, learning, studying and social activity. On our King's Buildings campus, work has continued on the Nucleus site. Located at the heart of the campus, the Nucleus will be a hub for students, staff and consolidating functions and facilities into one area. The building is due for completion in late 2022 with occupation early 2023.

In the Central Area, works continue on Edinburgh Futures Institute. The renovated building will provide 21,300m<sup>2</sup> of floor space, 6000m<sup>2</sup> of which will be new construction. The new building will be accessible to staff, students and the public, ensuring it lives up to the motto inscribed in stone on the building's wall, "Patet Omnibus", which means, "Open to All". The completion of this building, due for mid-2023 continues to embed the University as a core part of Edinburgh. The venue will host a range of activity from teaching and learning through to cultural events, such as the forthcoming Edinburgh International Book Festival.

## Social and Civic Responsibility

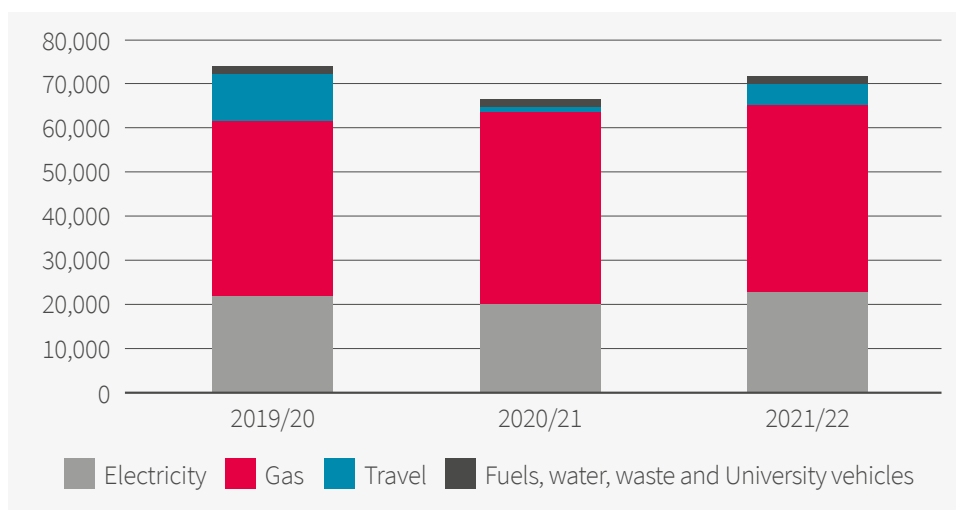
### We will become a zero carbon and zero waste university

The University announced a multi-million-pound, long-term commitment to capture and store its unavoidable carbon emissions, and benefit nature, through restoring peatlands and expanding forests in Scotland. Over an initial period of 50 years, by investing in tree planting and restoring peatlands in partnership with others, the University expects to remove almost 1.5 million tonnes of carbon dioxide from the atmosphere. This will also yield significant benefits to the institution's core purposes of research, learning and teaching, as well as enhancing biodiversity for the sites.

This world-leading climate action is an essential component of the University's plans to be Carbon-Zero by 2040 and is part of a package of recent measures such as removing investments in fossil fuels, a presumption against flights in the United Kingdom and investing in its own solar farm.

The United Nations COP26 Climate Change Conference took place in Glasgow in November 2021, which saw the University actively contribute through sharing research with national delegations, observing negotiations, analysing key discussions for public audiences and advocacy through its membership of the COP26 Universities Network. The University continues to enable innovative climate research and teaching through the Edinburgh Earth Initiative.

### Absolute carbon emissions



### Delivery of the United Nations Sustainable Development Goals



We have committed funding to improving and enhancing student mental health facilities. This was extended through our Edinburgh partnership [iThrive](#), a multi-agency and universities mental health collaboration, with online and in-person activities across the city. Further, in collaboration with EUSA, we continued to support critical issues of student care such as safety on campus. Approved by the University Executive in February 2022, the [University of Edinburgh Gender Equality Action Plan 2021-2024](#) will continue to address inequalities arising through sex or gender. This saw the launch of our Equally Safe team, providing a dedicated "trauma-informed" framework for tackling sexual violence.

### Notes to table

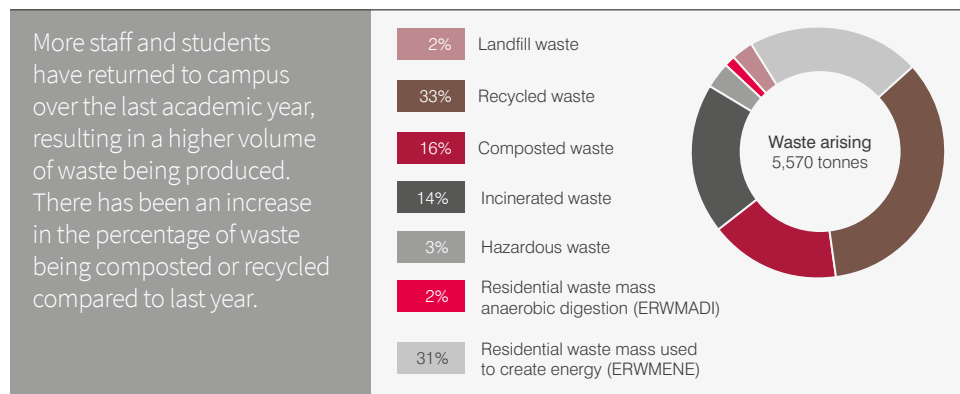
Absolute carbon emissions have increased by approximately eight per cent compared to last year, driven by an increase in carbon emissions associated with business travel. The volume of business travel has increased with the lifting of international travel restrictions put in place during the Covid-19 pandemic.

# Operational review (continued)

## Key performance indicators

	2021/22	2020/21	2019/20
Income (tonnes CO <sub>2</sub> e / £m)	<b>54.7</b>	55.4	65.2
Staff (tonnes CO <sub>2</sub> e / staff FTE)	<b>6.3</b>	5.9	6.4
Students (tonnes CO <sub>2</sub> e / student headcount)	<b>1.5</b>	1.4	1.7

## University waste breakdown 2021/22



We are committed to protecting and enhancing biodiversity across our campus greenspaces. Biodiverse green spaces are important for good health and wellbeing, and help us adapt to and mitigate the effects of climate change. The first ever [Biodiversity Plan](#) at the University was published in 2022, with the aim to protect and enhance green spaces on campus, and in the wider community, for all who enjoy them. This will build on a broad range of efforts such as tree planting, sustainable and local food growing, blue carbon pilot, kinder pest control and woodland management.

The University's efforts to fight the climate crisis were recognised with an international award. The International Sustainable Campus Network named the University the winner of its 'Whole Systems Approach' award. The prize recognises work to reduce carbon emissions and embed sustainability into research, teaching and governance, operations, and partnerships. This holistic approach to addressing the climate crisis was also recognised in the Green Gown Awards UK and Ireland 2021, with the University winning the '2030 Climate Action' award.

The QS World University Rankings have named the University of Edinburgh as the top institution for sustainability in Europe. The University is also placed fourth globally out of 700 higher education institutions listed in the world rankings. Edinburgh scored 98.3 out of 100 for social impact and was the only UK-based institution to list among the world's top 10 for environmental impact with a score of 81.5 out of 100. The ranking offers insights about the varying degrees of institutional engagement with the environmental and social agenda.

The University was ranked among the world's top institutions for its social, environmental and economic impact. The Times Higher Education Impact Rankings 2022 ranked the University 29th in the world and 6th in the United Kingdom. The University's top performing category in the Impact Rankings was Industry, Innovation, and Infrastructure, ranked fifth place out of 785 institutions. The result comes as students and recent graduates launched 105 start-up companies in a single year for the first time in 2021/22, higher than any Russell Group institute has ever recorded. Of the 105 start-ups, 43 were founded by women, and 21 of the businesses define themselves as social enterprises, meaning they exist to benefit society.

## Delivery of the United Nations Sustainable Development Goals



With a large and historic estate, discussions are taking place on how to best

to reduce the carbon impact in our buildings. Over the next two decades, we anticipate a significant programme of works to be carried out across the estate to reduce carbon impact as much as possible and to take forward new ways of providing heating, with a move away from hydrocarbons. In addition, we are also ensuring that all new buildings are designed to have the best possible energy efficiency.

## Delivery of the United Nations Sustainable Development Goals



In 2021/22, The University of Edinburgh was awarded a gold accreditation as a Hedgehog Friendly Campus. The University is taking action for hedgehogs because they are now an International Union for Conservation of Nature Red Listed vulnerable species due to population declines in both urban and rural areas. Action for hedgehogs benefits other wildlife and is part of our species-level work for the University Biodiversity Plan. The Plan commits to connecting areas for wildlife, providing links or corridors for wildlife between sites both on land and below water.

## Operational review (continued)



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

The University is investing up to £8 million in social investments for the benefit of society, with over £6 million of investments committed to date, with the aim to support organisations, funds and projects that deliver a social benefit alongside a traditional financial return. This includes organisations working to dismantle poverty or by supporting social enterprises to upscale their work.

The University joined an initiative that aims to create learning and job opportunities for young people to help combat the impact of Covid-19. Edinburgh is joining the University of Strathclyde as the first universities in Scotland to sign up to the Young Person's Guarantee Scheme. The Scottish Government backs the employer-led scheme, and aims to give all young people aged 16-24 improved access to employment and training.

High school students from Craigmillar, Maryhill and Govan celebrated the completion of the first year of a new mentoring scheme. The pupils aged 10 to 17 were paired with students from the universities of Edinburgh and Glasgow as part of IntoUniversity's Student Mentoring initiative. This programme (designed for pupils in areas traditionally associated with social deprivation) aims to demystify university for young people who may not have considered it before, and help raise their aspirations.

### We will work together with local communities

Since 2017, the University of Edinburgh has provided more than £500,000 to 190 community projects across the Edinburgh city region through its Community Grants scheme. The scheme supports the development of projects and local action across the Edinburgh city region that has a positive social impact, as well as encouraging increased engagement with the University.

The Association of Ukrainians in Great Britain are among this year's Community Grants scheme recipients, with its Edinburgh Branch receiving £5,000 towards a community refugee hub and support service. The hub provides vital clothing, equipment, practical advice and emotional support to displaced Ukrainian people who have been forced to flee the conflict with Russia.

Staff and students from across the University community have been working with our civic partners in Edinburgh and at the City of Edinburgh Council to help sort and transport donations from across the city to the Ukrainian community, and support families recently arrived in Edinburgh, including educational support.

### Delivery of the United Nations Sustainable Development Goals



In 2021/22, the University of Edinburgh received the [Fairtrade Award](#)

for the eighteenth year in a row. The Fairtrade University and College Award gives recognition to institutions that have embedded ethical and sustainable practices through their curriculum, procurement, research and campaigns. A range of achievements were completed over the last two academic years, including policy and statement renewals, our continued commitment to purchasing fair trade products, and student projects.

### Delivery of the United Nations Sustainable Development Goals



Through the Community Grants scheme, the University supported

Rowanbank Environmental Arts & Education, an organisation that uses theatre and storytelling to explore environmental issues. In the months running up to COP26, children from Castleview Primary School took part in a ground-breaking outdoor project through a series of woodland workshops. Held in the natural environment, these workshops provided a safe space for the children to explore issues of climate change, to voice their fears and to feel listened to. A further 17 community projects with the natural environment and social impact were supported through the University's Green Micro Grants scheme in the run up to COP26.



## Operational review (continued)

In last year's report, the Data-Driven Innovation (DDI) initiative reported that it had drawn down almost £52 million in Government funding via the Edinburgh and South East Scotland City Region Deal, as investment for the creation of the DDI hubs. This year, total drawdown in the local authority financial year to 31 March 2022 was £34 million. The results of capital investment from UK and Scottish Governments are now becoming tangible, as construction work is expected to be completed in 2023/24. In total, the DDI Innovation Hubs have added 53,000 square meters of innovation space to Edinburgh – the equivalent to ten football pitches.

A highlight from the past year was the rollout of the regional Internet of Things (IoT) service and the launch of a number of computing services for analytics and machine learning, including Europe's first Cerebras CS-1 dedicated AI machine. In addition, Edinburgh International Data Facility's development of safe haven services has continued to support public health and economic research around the Covid-19 pandemic.

Addressing public health and social care challenges is of increasing importance in society today. The role of data in understanding population-wide health and wellbeing, and therefore opening the door to service improvements and new innovation that will enhance care, is core to the mission of the Data-Driven Innovation Health and Social Care programme.

As a part of this programme, the DataLoch service was launched in July 2022. This milestone confirmed the establishment of the governance and technical infrastructure to permit researchers from any organisation to apply for health and social care data access. Notably, the governance was informed by gathering public perspectives around access to health data.

### Delivery of the United Nations Sustainable Development Goals



The University has committed to invest £1.5m in Big Issue Invest, a social investment organisation which is a group of subsidiaries of the Big Issue Magazine Group, one of the best known social enterprises in the United Kingdom. The investment is used to offer loans to social enterprise, charities and profit-with-purpose businesses.







## Revolutionary Partnership



Launched in November of 2021 in response to the climate crisis, The Edinburgh Earth Initiative (EEI) is the focal point for the University of Edinburgh's teaching and research on climate. Drawing on strengths from

across the University and working with our global partners, we will deliver ambitious climate solutions for a future that effectively manages and mitigates the effects of climate change.

University of Edinburgh students will be an integral part of the solution, working in diverse teams to address real world problems, gaining perspectives and skills to equip them as future change-makers. EEI will also offer scholarship opportunities for students from communities most at risk from climate change, to better investigate ways to combat its effects.

The initiative focuses on four key climate change challenges: the future of energy; sustainable lands and seas; health in a warmer world; and socially just transitions.





# Financial review





# Director of Finance's foreword



**Lee Hamill**

Director of Finance

The University of Edinburgh continues to meet the challenges of the post-pandemic era in an economic environment with more uncertainty than we have seen in many years. This year has been a superb example of how we have delivered our objectives in a financially sustainable way that should give us confidence going forward.

As we emerge from two extremely difficult years in which the effects of the pandemic challenged our traditional revenue streams and underlying cost base I am pleased to report an excellent financial performance for the 2021/22 financial year. The Financial Review on pages 38-43 provides greater detail but in summary we have grown revenues, controlled costs and generated positive cash-flows for reinvestment in University activities.

## Financial Headlines

During the year revenue grew to a record £1.3 billion driven by an increase in tuition fee income that reflects the strong demand for places at Edinburgh as well our continued excellence in world-leading research. I am also encouraged to report that our commercial activities returned to pre-pandemic levels with our accommodation, catering and events operations contributing £74 million of revenues in the period. While we have worked hard to maximise revenue we have also maintained the same strong focus on controlling costs that has helped us to navigate our way through this recent period of uncertainty. Maintaining this discipline will be especially important going forward as we will be operating in a high inflation environment in the near term, with significant increases in utility costs, the costs associated with delivering our capital plan as well as the various other goods and services that are required to successfully run a large and complex organisation.

Historically we have used operating surplus as the key financial metric when explaining our financial performance. However, as the complexity of the University's operations has continued to grow, along with the developments in accounting standards in recent years, we now believe a more appropriate measure for our underlying financial performance is Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA).

EBITDA can be used as a proxy for the cash generated from our internal operations – this is the cash we use to service our debt and fund our capital expenditure. Like many of our peer institutions, we have elected to use the British Universities Finance Directors Group definition of EBITDA which starts with operating surplus and makes adjustments thereafter to account for the funding models in operation across the HE sector.

Our EBITDA for 2021/22 was £168 million, or 12.9 per cent of income (2021: £102 million, 8.6 per cent of income). The 2021/22 operating deficit before other gains and losses was £92 million (2021: £127 million surplus) and this reported deficit has been driven by the £234 million non-cash movement in pension provision we disclose in our financial statements. Our 2021/22 EBITDA shows that we are not only covering the annual operating costs of the University but that we are generating significant additional cash for reinvestment into underlying University activities as well as new projects and initiatives that will help us deliver on our Strategy 2030 objectives.

## Notes to table

In calculating EBITDA, adjustments are made for interest costs, capital grants and non-cash items such as depreciation and pension provision movements.

	2022 £m	2021 £m
Operating (deficit)/surplus before other gains and losses	(92)	127
Movement in pension provisions	234	(14)
<b>Adjusted operating surplus before other gains and losses</b>	<b>142</b>	113
Interest and other finance costs	22	19
Depreciation and impairment	70	67
Capital grant income	(66)	(97)
<b>EBITDA</b>	<b>168</b>	102

# Director of Finance's foreword (continued)

“...we will continue to seek best value for money in our borrowing as we leverage our healthy balance sheet to help fund the University's future ambitions. ”

## Capital investment

During the past year our committed building and infrastructure projects have been able to continue to progress despite the disruption caused to the construction sector and its supply chain by the pandemic. Total capital expenditure for 2021/22 was £158 million (2021: £142 million) of which £114 million was spent on improving our physical estate (2021: £91 million). This investment reflects our re-prioritised capital plan which will see us invest in new student facilities, student accommodation and equipment as well as completing contractually committed projects and fulfilling our compliance and maintenance obligations

## Pensions

Over the last year we have seen the formal valuation processes of our two major pension schemes conclude. These are the Universities Superannuation Scheme (USS) and our in-house Edinburgh University Staff Benefit Scheme (EUSBS). The valuations are required to be carried out every three years to establish the gap between scheme assets and liabilities.

The USS 2020 valuation, which was delayed by the Covid-19 pandemic, was finalised in February 2022 and implemented a package of reforms that avoided significantly higher costs to both employees and employers. Due to the delay in finalising the 2020 valuation we are only a few months away from the next formal valuation date of March 2023. The USS pension dispute remains a major challenge for the whole sector and the University of Edinburgh remains committed to working with everyone who has an interest in securing the long-term viability of USS.

Separate to the triennial valuation process, UK accounting standards require us to record the year-to-year movement of the pension provisions in our primary financial statements. We saw large swings in the 2021/22 valuation for our provision of the University's share of the USS deficit recovery plan as well as the deficit in the EUSBS. It is important to note that both of these large movements, positive for EUSBS and negative for USS, are not a reflection of the University's actual financial performance and are non-cash in nature i.e. no money has come into or left the University as a result. All Universities who are members of USS and who have similar in-house pension schemes will see their primary financial statements reflect this volatility in non-cash pension movements this year and beyond.

## Endowment Fund and Debt Management

After several years of consistent capital growth our endowment fund recorded a drop in valuation at the end of the 2021/22 financial year with the fund valued at £541 million. While disappointing, this lower valuation is understandable given the extremely challenging market conditions of the past twelve months. The endowment fund is invested for the long-term with success measured in decades rather than over a single year. Just like the annual movements we see when pensions provisions are calculated, the change in the valuation of the endowment fund is not realisable and does not represent any cash leaving the University.

In July of 2022 we took the opportunity presented by favourable market conditions and strong cash balances to proactively repay a tranche of our most expensive debt, reducing our overall debt by £34 million and lowering our average cost of borrowing to just 2.6 per cent. Going forward we will continue to seek best value for money in our borrowing as we leverage our healthy balance sheet to help fund the University's future ambitions.

## Conclusion

The pandemic showed that as a University we can not only rapidly adapt to a changing environment but that we can grasp the opportunities that change presents to emerge stronger. This year has given us a strong financial base from which to look forward and I have no doubt that we will continue to prosper as a world leading university.

## Supporting our Community



The Edinburgh Local Community Grant Scheme has awarded more than half a million pounds to 190 community groups since 2017. The scheme helps the development of projects, community activities and sustainable local action through funding and collaboration.

A refugee support centre to provide assistance for displaced Ukrainians, a creative project supporting those that lost loved ones during the pandemic and GP-led health walks through greenspaces for individuals with long-term health conditions are among ten community groups benefiting from University of Edinburgh grants this year.

The scheme offers up to £5,000 to groups across Edinburgh and the Lothians to help develop community initiatives and local learning opportunities. Over £47,000 was awarded in the spring 2022 round of the scheme, taking the total donated by the University to £508,665.

“The work we do with local communities in the Edinburgh region is central to delivering upon the commitments set out by the University’s Community Plan. Through our actions and activities, we hope to make a genuine difference: a University in, with and for its local community.”

**Professor Lesley McAra**

Assistant Principal of Community Relations,  
University of Edinburgh





# Financial review

## University delivered an EBITDA of 12.9 per cent this year.

As noted in the Director of Finance's foreword, the University now uses Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) as our key financial metric. The University EBITDA in 2021/22 was £168 million. This is £66 million up on the EBITDA reported last year (2021: £102 million) – largely driven by increased tuition fee income and managed reductions in expenditure. EBITDA in 2021/22 equates to 12.9 per cent of total income (2021: 8.6 per cent). The balance sheet remains strong with total net assets amounting to £2.5 billion (2021: £2.4 billion).

In line with government guidelines in response to the Covid-19 pandemic, many of the University's core activities returned to a more campus based delivery approach in 2021/22. This year has again been one of great unpredictability and our income and expenditure has been put under pressure but we have continued to support our students and staff. 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.

### 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 2021/22 accounts direction and with Financial Reporting Standard (FRS) 102.

### Financial Performance

The University EBITDA in 2021/22 has increased to £168 million (2021: £102 million). Commentary on financial performance in 2021/22 excludes the impact of a non-cash charge to staff costs of £234 million relating to movement on the USS pension provision in the year (in 2020/21 this was a non-cash credit of £15 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.

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 £37 million (2021: £236 million).

Summary I&E	2021/22 £m	2020/21 £m
Total income <b>(1)</b>	1,231	1,090
Total expenditure <b>(2)</b>	(1,063)	(988)
<b>EBITDA</b>	<b>168</b>	<b>102</b>
Exceptional USS provision movement (non-cash)	(234)	15
Depreciation and impairment	(70)	(67)
Interest and other finance costs	(22)	(19)
Capital grants	66	97
<b>(Deficit)/surplus before other gains and losses</b>	<b>(92)</b>	<b>127</b>
Gain on disposal of fixed assets	-	7
(Loss)/gain on investments (non-cash) <b>(3)</b>	(8)	81
Taxation <b>(4)</b>	-	(1)
<b>(Deficit)/surplus for the year</b>	<b>(100)</b>	<b>215</b>
Unrealised surplus on revaluation of heritage assets (non-cash)	-	0
Actuarial gain in respect of pension schemes (non-cash) <b>(5)</b>	137	22
<b>Total comprehensive income for the year</b>	<b>37</b>	<b>236</b>

### Notes to table

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

# Financial review (continued)

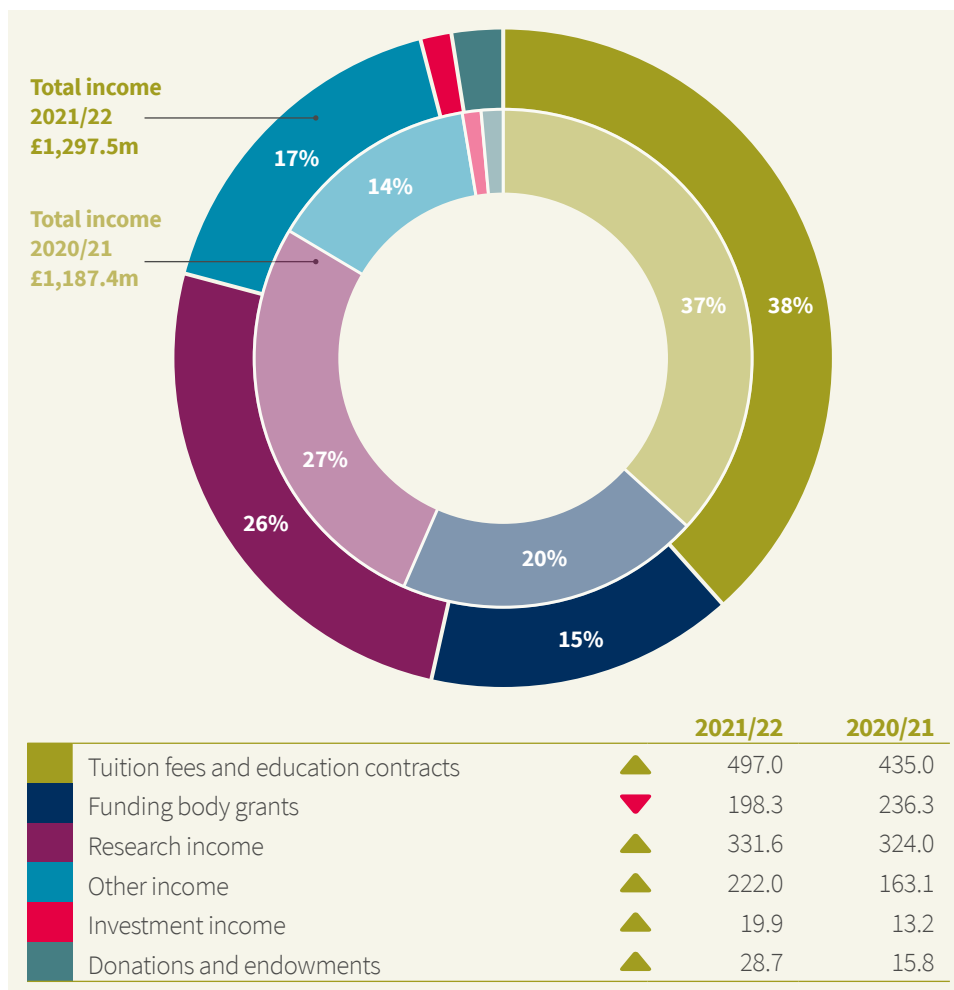
## Income

Total income in 2021/22 was £1,298 million (2021: £1,187 million). This represents an increase of 9.4 per cent from last year. Tuition fees income grew strongly in the year to £497 million (2021: £435 million), representing an increase of £62 million (14.3 per cent). This year shows a 7.6 per cent growth in student number headcount to 49,065 (2021: 45,615). Driving the fees income increase was a rise in fee paying Rest-of-UK undergraduate students and overseas postgraduate students.

The funding mix for the University is similar to last year, with tuition fees accounting for 38 per cent (2021: 37 per cent) of the University's total income. The proportional increase is due to the increases seen in total tuition fees as a result of changes to assessment regimes that led to recruitment of new students being over the 2021/22 target.

Funding body grants reduced by 16 per cent in 2021/22 to £198 million (2021: £236 million). In 2020/21 ring-fenced grants were provided by Scottish Funding Council to support research and mitigate other pressures across the higher education sector in response to the Covid-19 pandemic which were not repeated in 2021/22. Included within funding body grants is our Research Excellence Grant (REG). This is linked to our performance in the Research Excellence Framework (REF). In recognition of our excellent performance in the 2021 REF we will see an increase in our REG funding in the coming year.

## Sources of income 2021/22



## Notes to table

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

## Financial review (continued)

Research income grew by 2.3 per cent on the previous year to £332 million (2021: £324 million). UK based charities now account for 22 per cent (2021: 20 per cent) of total research funding, and income from other overseas sponsors has increased to £32 million this year (2021: £24 million). The University reported another successful year for new research awards in 2021/22 and these will filter through as research income throughout the awards' lifetime.

Outwith teaching and research, the University's other income has increased in 2021/22 by 35 per cent to £222 million (2021: £163 million). This is largely due to the recovery in our accommodation and catering business, which was severely impacted by the Covid-19 pandemic, and has seen income increase to £74 million in 2021/22 (2021: £45 million). Income from other services, like consultancy, increased to £52 million in 2021/22 (2021: £36 million). The University received £0.1 million from the UK Government's Coronavirus Job Retention Scheme as it was wound down in September 2021 (2021: £3.9 million).

Capital funding received from the Edinburgh and South East Scotland City Region Deal was £35 million in the year, split across research income (£17 million) and other income (£18 million).

### Expenditure

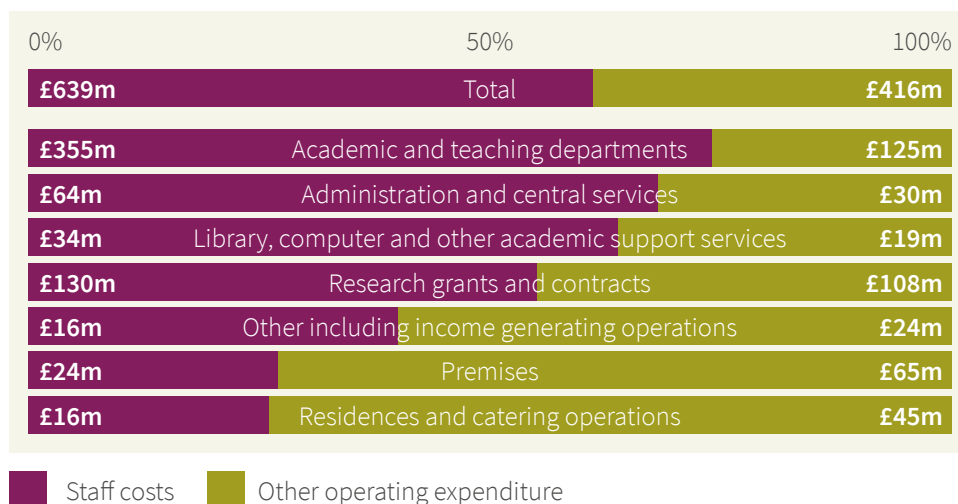
Total expenditure in 2021/22 was £1,153 million (2021: £1,075 million), a 7.3 per cent increase on last year. This excludes the impact of non-cash staff costs relating to movement on the USS pension provision. Staff costs represented 56.2 per cent of the total expenditure (2021: 58.8 per cent) with the proportional decrease driven by the increases seen in 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 £416 million (2021: £356 million), a 17 per cent increase on last year. The increase in operating expenses is driven by the return to more campus based teaching and laboratory based research activity in 2021/22 after restrictions, in response to the Covid-19 pandemic, were lifted by the Scottish Government.

The University offers generous assistance to students studying at Edinburgh. In 2021/22 we provided £16 million in centrally administered financial support to students (including scholarships and assistance with fees). This amount is in line with the levels of support provided to students in 2020/21.

The University's depreciation charge reduced by 2.9 per cent to £61 million (2021: £63 million). In addition to our depreciation charges for the year we also impaired £8.4 million of fixed assets in 2021/22 (2021: £4.2 million), reflecting the review of our capital works expectations in light of our developing capital plans.

### How we allocate our resources 2021/22



### Notes to table

The chart shows our staff costs and other operating expenditure, and the corresponding proportions, across different types of activity in 2021/22.



# Financial review (continued)

## Impact of pension deficit

The University has recorded an actuarial gain on its funded pension schemes of £137 million in the year, a positive movement of £115 million from the previous year when we recorded an actuarial gain of £22 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.

The actuarial gain of £137 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	135
Lothian Pension Fund	1
Strathclyde Pension Fund	-
Other	1
	<b>137</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:

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 2022 was £39 million, having decreased from a £165 million deficit as at 31 July 2021. 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 loss	(22)
Financial assumptions gain	229
Member experience gain	2
Asset return loss	(74)
<b>Total gain</b>	<b>135</b>

### Update on Pensions (2021/22)

Every three years, UK pension schemes are required to undertake a formal valuation to establish the gap between the scheme's assets and liabilities. The assets represent investments that are made in order to fund pensions (funded by employer and member contributions), and the liabilities relate to what is expected to be paid out to pensioners now and in the future. During the past year we have seen the formal valuation processes conclude for our two major pension schemes, the Universities Superannuation Scheme (USS), and separately, our in-house Edinburgh University Staff Benefit Scheme (EUSBS).

#### Notes to table

1. Demographic assumptions relate to mortality rates based on life expectancy at retirement age.
2. The financial assumptions gain relates to movements in discount, interest and inflationary rates.
3. Member experience is a measure of the difference between actual experience and that expected based upon a set of actuarial assumptions between two actuarial valuation dates.
4. The asset return gain relates to the difference between investment returns and the returns expected by the discount rate.

## Financial review (continued)

The USS is one of the largest private pension schemes in the UK with some 340 member organisations, and over half a million members who account for over a fifth of the fewer than one million people in the UK who are still actively paying into private defined benefit schemes. The USS 2020 valuation, which was delayed by the pandemic, was concluded in February 2022 with the USS Joint Negotiating Committee voting to implement a package of reforms that avoided significantly higher costs to both employees and employers. The USS pension dispute remains a major challenge for the whole sector with the persistent risk of pension contributions becoming unaffordable in the future. Due to the delay in concluding the 2020 valuation we are only a few months away from the next formal valuation date of March 2023 and, as the Principal noted earlier in this document, the University of Edinburgh remains committed to working with everyone who has an interest in securing the long-term viability of USS.

Separate to the triennial valuation process, UK accounting standards require us to record the year-to-year movement in the actuarial calculation of the size of the pension provisions in our primary financial statements. The 2021/22 actuarial calculations saw large swings in valuation for our provision of the University's share of the USS deficit recovery plan as well as the deficit in the EUSBS. This is not surprising given the volatility we have seen in these calculations over the past five years or so. However, it is important to note that both of these large movements, positive for EUSBS and negative for USS, are non-cash in nature i.e. no money has come into or left the University as a result. As such, the impact of these actuarial calculations should not be taken as a reflection of the University's actual financial performance as they reflect unpredictable market movements of which the University has no control over. All Universities who are members of USS and who have similar in-house pension schemes will see their primary financial statements reflect this volatility in non-cash pension movements this year and beyond.

### Cashflow and Financing

The University cash and cash equivalents balance at 31 July 2022 was £279 million (2021: £499 million). This planned reduction has been driven by using cash balances to increase our short term investment portfolio and to repay £34 million of expensive long-term borrowing that we were holding with the European Investment Bank. The University is careful to manage its cash balances to ensure adequate resources are available to fund our ongoing obligations and our physical and digital infrastructure investment plans. 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 £50 million 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

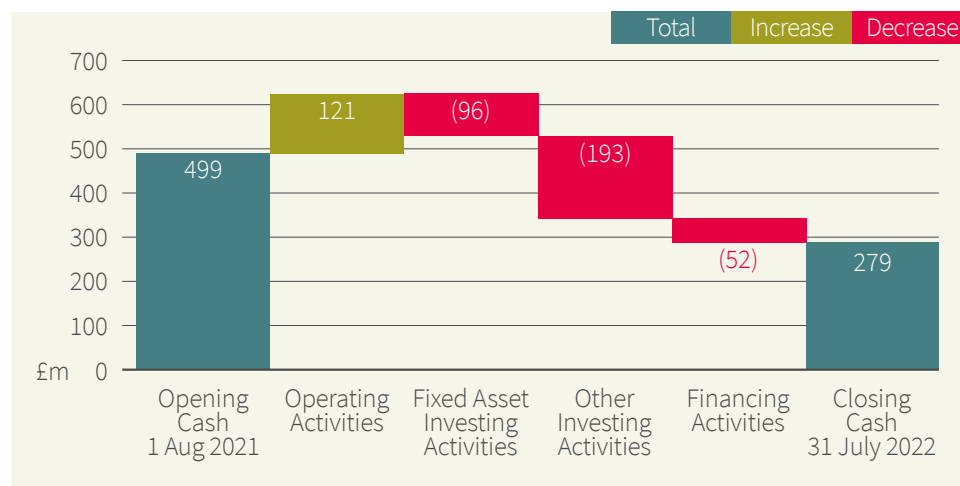
Total Net Assets £2.5 billion (2021: £2.4 billion) have increased by 1.4 per cent, driven by the increase in the net book value of our fixed assets. The net book value of fixed assets increased by £72 million to £2.0 billion (2021: £1.9 billion). This is a reflection of the University's programme of estates development and equipment procurement.

### Endowments

In the year to 31 July 2022, the Endowment and Investment fund unit price fell to £49.50, (31 July 2021: £54.07) representing a decrease of 8.5 per cent. The Investment Committee regularly reviews the fund managers and asset categories in the unitised fund to diversify risk while optimising returns. All of the University's fund managers are signatories to the United Nations Principles of Responsible Investment (UNPRI). Our Responsible Investment Policy can be found at <https://www.ed.ac.uk/sustainability/what-we-do/responsible-investment>.

# Financial review (continued)

## Cashflow statement 2021/22



### Notes to table

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

## 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.

## Outlook

The University has maintained, and improved upon, last years' positive EBITDA 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, as well as the ongoing cost of living challenges that we and the rest of the country are facing, 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  
14 December 2022



# People



The University is working in partnership with the Council for At-Risk Academics (Cara) to offer ten fully funded fellowships, providing sanctuary for scholars forced to flee their country due to persecution, war or conflict. Scholars and their families will be able to live and work in Edinburgh for up to two years.

The funding will be open to academics across the world, who are at risk in conflict-affected areas and fragile states. As part of this ongoing commitment to funding, two new fellows and their families from Yemen and Afghanistan were welcomed to Edinburgh this spring.

The University of Edinburgh was a founding member of Cara and was Scotland's first accredited University of Sanctuary. Notable alumni who have found sanctuary at the institution include German physicist Max Born, who became Tait Professor of Natural Philosophy in 1936.

“As a University of Sanctuary, we are deeply committed to providing a welcoming place of safety for colleagues and students. I have been very proud of the way our University community has mobilised to support those affected by the war in Ukraine. This new pledge builds on this important work, and our partnership with Cara, to provide sanctuary for colleagues who find themselves in dangerous situations across the world.”

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





# Governance

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# Corporate governance statement

The University is committed to the highest standards of corporate governance relevant to the higher education sector. In the opinion of Court, the University complied with the principles and provisions of the [Scottish Code of Good Higher Education Governance \(2017 edition\)](#) throughout 2021/22 and has been in compliance with the Higher Education Governance (Scotland) 2016 Act.

## University governance

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

## University Court

Throughout 2021/22, 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 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. <https://www.ed.ac.uk/legal-services/governance/university-court/membership-of-court>

The terms of office of the two student representatives ceased at the end of the academic year 2021/22 and they were succeeded by two new members. The Academic Staff member resigned from Court in December 2021 and an election was held in May 2022 with 6 candidates and an electorate of all academic staff to elect an Academic Staff member who took up post from June 2022. The terms of office of two Senate Assessors ceased at the end of July 2022 and Senate elected two successors. The City of Edinburgh Council Assessor's term of office ceased with the Council election in May 2022 with the City of Edinburgh Council nominating the new Lord Provost, Robert Aldridge, to Court. A Co-opted Court member vacancy was carried throughout 2021/22 and a Co-opted Court member was appointed from 1 August 2022 to fill the skills gap through a robust, transparent, open advertisement and interview process managed by the Nominations Committee, (which includes staff and student members) taking into consideration skills, experience and diversity. A Co-opted Court member stepped down from Court in September 2022 and this vacancy will be advertised. The University participated as a launch partner in the Perrett Laver Governance Apprenticeship Programme to improve the diversity of university governing bodies by placing a candidate from an underrepresented group who demonstrates great potential but has little or no board experience as a board apprentice for a 12 month period. A Governance Apprentice was appointed and attended Court meetings throughout 2021/22. The University is again taking part in this Programme in 2022. 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).

The University has a long-standing commitment to equality, diversity and inclusion and promoting a positive environment, which ensures fairness, challenges prejudice, and celebrates difference. The University's Equality Outcomes 2021-25 were approved by Court in April 2021 to align with Strategy 2030 and reflect the University's priorities with regard to equality, diversity and inclusion <https://www.ed.ac.uk/equality-diversity/about/outcomes>.



### 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/legal-services/governance/university-court/membership-of-court>

### Skills Register

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



# Corporate governance statement (continued)

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. This is reported in the publicly available 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), which also includes reporting on the Gender Representation on Public Boards (Scotland) Act 2018. The gender diversity of Court stood at 43% male, 57% female in April 2022. Training and development opportunities are made available as appropriate for all Court members throughout the year and a mentoring scheme for new Court members is also in operation.

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

Court met on five occasions during 2021/22, four of these meetings were in person and the meeting in February 2022 took place by videoconference. Between meetings Court considered any urgent matters which required approval via the Exception Committee, which has delegated authority to enable decisions to be taken between Court meetings. Court seminars were held in October 2021 and in April 2022 on:

- Universities Superannuation Scheme briefing;
- Freedom of Expression;
- The Student Experience;
- Curriculum Transformation.

Members were kept informed by electronic means of any significant issues affecting the University between meetings.

Court has overall responsibility for the University's strategic development. Strategy 2030 sets out our vision to deliver excellence in 2030 <https://www.ed.ac.uk/about/strategy-2030> and Court is actively engaged in monitoring progress of its delivery. At its meeting on 6 October 2021, Court considered the development of a Strategic Performance Measurement Framework to support engagement with, and measure of delivery of, Strategy 2030. At its meeting on 21 February 2022, Court reviewed a mid year performance update on the agreed Strategy 2030 Key Performance Indicators showing the direction of travel, alongside historical and benchmarking data. With regard to the impact of the pandemic and Brexit on the University's mission and primary objectives and mitigating action taken, Court has been kept fully informed through regular updates at Court meetings and by email between meetings.

During 2021/22, as well as the more routine items, Court considered the following:

- An update on preventing and responding to gender-based violence and sexual violence as part of the University's continued commitment to the promotion of a positive culture for working and studying.
- The University's response to the climate and associated biodiversity crises, including prioritising investment in carbon sequestration through forests and peatland.
- Approval of a new Capital Plan 2021-2027, developed following a pause in the previous capital plan in March 2020 in response to Covid-19. The Capital Plan addresses both physical and digital infrastructure to support Strategy 2030 and contribute to the achievement of our Key Performance Indicators.



## 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>

...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...

# Corporate governance statement (continued)

- Continued oversight of the People and Money system, which underpins the University's Human Resources and Finance Transformation programmes.
- Continued support for the relocation of Centre for Discovery Brain Sciences and the linked Chancellor's Building to the BioQuarter campus to create a world-class strategic Brain-Body Research Institute striving to understand brain disorders and the impact of whole body processes across the lifespan.
- Consideration of an annual update focused on management and mitigation of security and risk aspects across international activity, partnerships and collaboration. In line with Universities UK and government advice, Court also considered a review of all current partnerships and exchanges with Russia following the invasion of Ukraine by the Russian Federation.
- Regular updates on the student experience, including approval of the University's Enhancement-led Institutional Review Action Plan.

Court News is published after each Court meeting on the University webpages highlighting key items considered by Court. At each meeting Court receives a report from the Students' Association President outlining activities and matters arising from the student body and also 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 & Director of Administration at the University of Glasgow and current Chair of the Board of Management at Glasgow Clyde College. Court agreed with the priority of the People theme when the report was approved in February 2019 and initial work concentrated on this area. At its meeting on 29 November 2021, Court reviewed actions taken and further suggested actions in responding to the report. An update on action taken and intended future actions is published on the University website at: <http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Court/20220201-ExternalEffectivenessReport-ProgressUpdate.pdf>

At its 29 November 2021 meeting, Court also considered an internal review of Court's effectiveness for the 2020/21 academic year which considered compliance with the Higher Education Governance (Scotland) 2016 Act 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 throughout summer and autumn 2021.

## Senate's effectiveness

Senate conducted a review of its effectiveness in 2020/21 through a short questionnaire to Senate members with their responses collated. The review was deliberately light touch, to take into account the priority at the time to responding to the Covid-19 pandemic. The outcome, including recommended actions, was reported to Senate on 12 November and subsequently Court on 29 November 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. Business is conducted between meetings via three meetings of Electronic Senate. Further information on Senate can be found at: <http://www.ed.ac.uk/academic-services/committees/senate>



### University Senate

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

### General Council

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



# Learning and Teaching

## 3 GOOD HEALTH AND WELL-BEING



Our new model of Student Support is focused on providing an improved approach to advice and wellbeing for our students, with dedicated staff on hand to support students in their Schools.

## 4 QUALITY EDUCATION



The model is being implemented in a phased approach from September 2022 and delivers joined-up teams of academics, professional services staff and fellow students.

As a core part of the student support offering, students will have access to wellbeing support, through Wellbeing Advisers as well as dedicated services to help with health, wellbeing, studies or personal life issues.

New academic cohort leads will develop a sense of belonging within programmes of study, support the orientation and induction of students into academic life at the University, create opportunities to build new relationships and support students as they transition through their studies. Alongside this, we're bolstering peer support networks by extending our Peer Assisted Learning and Support schemes.



# Corporate governance statement (continued)

Committee structure	Standing committees
<p><b>University Court</b></p> <p>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><b>Audit and Risk Committee</b></p> <p><b>Convener:</b> David Law, Lay Member of Court (to 8 September 2022) Douglas Millican, Lay Member of Court (from 9 September 2022)</p> <p>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></p> <p><b>Convener:</b> Janet Legrand, Senior Lay Member</p> <p>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></p> <p><b>Convener:</b> Janet Legrand, Senior Lay Member</p> <p>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></p> <p><b>Convener:</b> Janet Legrand, Senior Lay Member</p> <p>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></p> <p><b>Convener:</b> Hugh Mitchell, Lay Member of Court</p> <p>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>↓</p> <p><b>Joint Committee of Senate and Court</b></p> <p>↑</p>	<p><b>Knowledge Strategy Committee</b></p> <p><b>Convener:</b> Vice-Principal Students Professor Colm Harmon, Senate appointee (interim Convener)</p> <p>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></p> <p><b>Convener:</b> Vice-Principal Students Professor Colm Harmon</p> <p>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></p> <p><b>Convener:</b> Dr Paul Norris, Dean of Quality Assurance and Curriculum Approval, CAHSS</p> <p>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></p> <p><b>Convener:</b> Assistant Principal Professor Tina Harrison</p> <p>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>

# Corporate governance statement (continued)

Standing Committees	Thematic committees
<b>Audit and Risk Committee</b>	<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>Policy and Resources Committee</b>	<b>Estates Committee</b> <b>Convener:</b> Professor Jonathan Seckl, Senior Vice-Principal (to 31 July 2022) Frank Armstrong, Lay Member of Court (from 1 August 2022) 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. From August 2022, Estate Committee's remit was expanded to include the digital estate.
	<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.

## 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 well-being 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 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.

## 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 arrangements within approved budget limits

The senior management team receives regular reports on the University's performance, including appropriate performance indicators, and considers any control issues brought to its attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The senior management team and the Audit and Risk Committee also receive regular reports from Internal Audit which include recommendations for improvement.



# Corporate governance statement (continued)

The University operates processes for the identification, evaluation and management of significant risks. The University's Risk Management Framework consists of the standards, policies, culture, responsibilities, and governance and reporting structures within which the risk management process is applied. The risk management framework established in the University includes a Risk Management Committee which reports to the Audit and Risk Committee. The Audit and Risk Committee is a Standing Committee reporting directly to Court and has oversight of risk management arrangements based on advice and information from the Risk Management Committee. In November 2021 there was a joint workshop for members of the Audit and Risk Committee and Risk Management Committee on Security issues and cyber threats across the UK and in Higher Education and the University's risk appetite and response to this threat landscape. 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 5 December 2022 meeting, Court had received the Audit and Risk Committee Report for the year ended 31 July 2022 and information from the Risk Management Committee; it also had taken account of relevant events since 31 July 2022. During 2021/22 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 2022. 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 2021/22 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 2021/22 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; and
- The work of managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by any relevant comments made by other external agencies (e.g. the Quality Assurance Agency for Higher Education, Scottish Funding Council).

## Charitable status

The University had charitable status (No. SC005336) under the legislative framework operative throughout the 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.



### Risk Management

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

...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...

# Corporate governance statement (continued)

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.

## 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 2022, income and expenditure, assets, liquidity and cash flows are set out in more detail in the Notes to the Financial Statements.

The financial impact of various scenarios is regularly modelled and assessed. Although the University faces many challenges, through management of our risks and cost base, Court is confident in the continuing financial sustainability of the University and that we will remain a going concern.

## 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 2021/22.

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

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

Court is responsible for keeping proper accounting records, which disclose, with reasonable accuracy, the financial position of the University at any time and enable it to ensure that the financial statements are prepared in accordance with the Universities (Scotland) Acts 1858-1966, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University of Edinburgh, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed; and
- Financial statements are prepared on the going concern basis.

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



### Statement of Primary Responsibilities

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

# Corporate governance statement (continued)

## Membership of the University Court 2021/22

		Court meetings attended	Committee memberships 2021/22	Committee memberships 2022/23
Rector	Debora Kayembe	3/5		
Principal and Vice-Chancellor	Professor Peter Mathieson	5/5	PRC EXC NC	PRC EXC NC
Senior Lay Member	Janet Legrand KC (Hon)	5/5	PRC EXC NC RC	PRC EXC NC RC
Chancellor's Assessor				
Nominated by Chancellor	Sheriff Principal Alastair Dunlop KC	5/5	ARC	ARC
General Council Assessors				
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	Douglas Alexander	4/5	PRC	PRC
	Jock Millican	4/5	PRC EXC IC	PRC EXC IC
	Sarah Wolfe	5/5	NC	NC
Senatus Academicus Assessors				
Two Assessors elected by the Senate for terms of office of four years	Professor Sarah Cooper	5/5	PRC EXC	
	Dr Claire Phillips	4/5	NC KSC RC	
Academic Staff Member				
Elected by academic staff for a period of four years	Professor Fiona Mackay (to 31 December 2021)	2/2		
	Professor Toby Kelly (from June 2022)	1/1		
Professional Services Staff Member				
Elected by professional services staff for a period of four years	Sarah McAllister	5/5	KSC	KSC
Trades Union Members				
One academic and one professional services staff member nominated by a trade union for a period of four years	Joyce Anderson	4/5		
	Dr Kathryn Nash	5/5	KSC	KSC
City of Edinburgh Council Assessor				
One Assessor nominated by City of Edinburgh Council	The Rt Hon Frank Ross (to 30 April 2022) The Rt Hon Robert Aldridge (from 30 June 2022)	4/4		
Co-Opted Members				
Seven members appointed by Court for a term of office of four years	Dr Frank Armstrong	4/5	PRC EC RC	PRC EC RC
	Perdita Fraser	5/5	ARC	ARC
	David Law	4/5	ARC EXC NC RC	
	Hugh Mitchell	5/5	PRC EXC NC RC	PRC EXC NC RC
	Ruth Girardet	5/5	ARC	PRC
	Alistair Smith	4/5	EC	EC
Student Members				
Annually nominated by the Students' Association from among sabbatical officers	Ellen MacRae (to 12 June 2022)	4/4	PRC EXC NC RC	
	Réka Siró (to 12 June 2022)	4/4		
	Niamh Roberts (from 13 June 2022)	1/1		PRC EXC NC RC
	Isi Williams (from 13 June 2022)	1/1		

Further information and biographies of Members of the University Court 2022/23 can be found at:  
<https://www.ed.ac.uk/legal-services/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 2021/22

Audit and Risk Committee		Meetings attended
Lay Members of Court	David Law (Convener)	4/4
	Perdita Fraser	4/4
	Alastair Dunlop	4/4
	Ruth Girardet	4/4
External Members		
Appointed through an open advertisement and interview process	Ross Millar	4/4
	Grant Macrae	4/4

Nominations Committee		Meetings attended
The Principal	Professor Peter Mathieson	4/4
Senior Lay Member	Janet Legrand	4/4
University Secretary	Sarah Smith	4/4
Staff Member of Court	Dr Claire Phillips	4/4
General Council Assessor	Sarah Wolffe	4/4
Lay Members of Court	David Law	1/3
	Hugh Mitchell	4/4
Student Member of Court	Ellen MacRae	2/3

Policy and Resources Committee		Meetings attended
Senior Lay Member	Janet Legrand	5/5
The Principal	Professor Peter Mathieson	5/5
University Secretary	Sarah Smith	5/5
Staff Member of Court	Professor Sarah Cooper	4/5
Senior Vice-Principal	Professor Jonathan Seckl	4/5
General Council Assessor	Jock Millican	5/5
Lay Members of Court	Frank Armstrong	4/5
	Douglas Alexander	4/5
	Hugh Mitchell	4/5
Student Member of Court	Ellen MacRae	5/5

Knowledge Strategy Committee		Meetings attended
Chief Information Officer	Gavin McLachlan	4/4
Students' Association Representative	Tara Gold	3/4
Members of Court	Kathryn Nash	4/4
	Sarah McAllister	4/4
	Dr Claire Phillips	4/4
	Professor Colm Harmon (interim Convener)	4/4
Members of Senate	Professor Tina Harrison	4/4
	Dr Paul Norris	3/4
	Professor Siân Bayne	2/4
	Melissa Highton	2/4
External Member	Sue Currie	4/4

Remuneration Committee		Meetings attended
Senior Lay Member	Janet Legrand	4/4
Lay Members of Court	Hugh Mitchell (Convener)	4/4
	David Law	4/4
	Frank Armstrong	4/4
Students' Association Representative	Ellen MacRae	3/4
Senate Assessor	Dr Claire Phillips	4/4

Exception Committee		Meets by email circulation
The Principal	Professor Peter Mathieson	
University Secretary	Sarah Smith	
Senior Lay Member	Janet Legrand	
Convener of Audit and Risk Committee	David Law	
Convener of Remuneration Committee	Hugh Mitchell	
General Council Assessor	Jock Millican	
Staff Member of Court	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/legal-services/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 2022 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 2022; 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 institution/industry, 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:

- Understanding management's policies and procedures designed to detect and report fraud;
- Inquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of key meetings of management and Court;
- Testing of journal entries with particular focus on unusual account combinations within income and expenditure that would reduce the reported surplus;
- Challenging assumptions and judgements made by management in determining significant accounting estimates; and
- Review of the financial statements to assess compliance with relevant laws and regulations.

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  
14 December 2022



# Financial statements

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# Consolidated and Institution statement of comprehensive income and expenditure

For the year ended 31 July 2022

	Note	2022		2021	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Income</b>					
Tuition fees and education contracts	3	<b>497.0</b>	<b>497.0</b>	435.0	435.0
Funding body grants	4	<b>198.3</b>	<b>198.3</b>	236.3	236.3
Research income	5	<b>331.6</b>	<b>331.6</b>	324.0	324.0
Other income	6	<b>222.0</b>	<b>188.9</b>	163.1	150.9
Investment income	7	<b>19.9</b>	<b>17.7</b>	13.2	13.3
Donations and endowments	8	<b>28.7</b>	<b>28.9</b>	15.8	16.1
<b>Total income</b>		<b>1,297.5</b>	<b>1,262.4</b>	1,187.4	1,175.6
<b>Expenditure</b>					
Staff costs excl USS movement in provision	9	<b>647.4</b>	<b>626.7</b>	631.8	614.6
Exceptional item:USS change in provision <b>(1)</b>		<b>234.2</b>	<b>234.2</b>	(14.5)	(14.5)
Other operating expenses	10	<b>416.1</b>	<b>405.8</b>	356.1	359.7
Depreciation and amortisation	13,14	<b>61.2</b>	<b>60.3</b>	63.0	62.2
Impairment of fixed assets	14	<b>8.4</b>	<b>8.4</b>	4.2	4.2
Interest and other finance costs	11	<b>21.7</b>	<b>21.7</b>	19.4	19.4
<b>Total expenditure</b>		<b>1,389.0</b>	<b>1,357.1</b>	1,060.0	1,045.6
<b>(Deficit)/surplus before other gains and losses</b>		<b>(91.5)</b>	<b>(94.7)</b>	127.4	130.0
Gain on disposal of fixed assets		-	-	7.0	7.0
(Loss)/gain on investments <b>(2)</b>	16	<b>(8.6)</b>	<b>(9.5)</b>	80.6	79.4
<b>(Deficit)/surplus before tax</b>		<b>(100.1)</b>	<b>(104.2)</b>	215.0	216.4
Taxation	12	-	-	(0.5)	-
<b>(Deficit)/surplus for the year</b>		<b>(100.1)</b>	<b>(104.2)</b>	214.5	216.4
Unrealised surplus on revaluation of heritage assets	14	-	-	0.2	0.2
Actuarial gain in respect of pension schemes <b>(3)</b>	21	<b>136.6</b>	<b>136.6</b>	21.6	21.6
<b>Total comprehensive income for the year</b>		<b>36.5</b>	<b>32.4</b>	236.3	238.2
<b>Represented by:</b>					
Unrestricted comprehensive income for the year		<b>43.3</b>	<b>43.7</b>	163.3	164.8
Endowment comprehensive (expenditure)/income for the year	22	<b>(24.2)</b>	<b>(24.2)</b>	77.5	77.5
Restricted comprehensive income/(expenditure) for the year	23	<b>17.4</b>	<b>12.9</b>	(4.7)	(4.3)
Revaluation reserve comprehensive income for the year	24	-	-	0.2	0.2
		<b>36.5</b>	<b>32.4</b>	236.3	238.2

## Notes to table

1. The increase/(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 2020 actuarial valuation. These movements are not a measure of the University's operational financial performance or surplus generation.

2. Included within our overall loss on investments was a £38 million gain from the sale of Roslin Cell Therapies Ltd which was owned by the Joint Venture Roslin Cells Ltd.

3. The actuarial gain 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 2022

## Consolidated

	Income and expenditure account			Revaluation reserve £m	Total £m
	Endowment £m	Restricted £m	Unrestricted £m		
<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	-	<b>-</b>
Transfers	-	(1.1)	1.1	-	<b>-</b>
<b>Total comprehensive income/(expenditure) for the year</b>	77.5	(4.7)	163.3	0.2	<b>236.3</b>
<b>Balance at 1 August 2021</b>	565.2	50.1	1,616.9	208.4	<b>2,440.6</b>
(Deficit)/surplus from the income and expenditure statement	(23.8)	21.6	(93.9)	-	<b>(96.1)</b>
Other comprehensive income	-	-	136.6	-	<b>136.6</b>
Release of restricted capital funds spent in year	-	(4.3)	0.7	-	<b>(3.6)</b>
Transfers	(0.4)	0.1	(0.1)	-	<b>(0.4)</b>
<b>Total comprehensive (expenditure)/income for the year</b>	(24.2)	17.4	43.3	-	<b>36.5</b>
<b>Balance at 31 July 2022</b>	541.0	67.5	1,660.2	208.4	<b>2,477.1</b>

## Institution

	Income and expenditure account			Revaluation reserve £m	Total £m
	Endowment £m	Restricted £m	Unrestricted £m		
<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	-	<b>-</b>
Transfers	-	(1.1)	1.1	-	<b>-</b>
<b>Total comprehensive income/(expenditure) for the year</b>	77.5	(4.3)	164.8	0.2	<b>238.2</b>
<b>Balance at 1 August 2021</b>	565.2	29.4	1,603.2	208.4	<b>2,406.2</b>
(Deficit)/surplus from the income and expenditure statement	(23.8)	13.8	(93.5)	-	<b>(103.5)</b>
Other comprehensive income	-	-	136.6	-	<b>136.6</b>
Release of restricted capital funds spent in year	-	(1.0)	0.7	-	<b>(0.3)</b>
Transfers	(0.4)	0.1	(0.1)	-	<b>(0.4)</b>
<b>Total comprehensive (expenditure)/income for the year</b>	(24.2)	12.9	43.7	-	<b>32.4</b>
<b>Balance at 31 July 2022</b>	541.0	42.3	1,646.9	208.4	<b>2,438.6</b>

# Consolidated and Institution statement of financial position

As at 31 July 2022

	Note	2022		2021	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
Non-current assets					
Intangible assets	13	30.9	30.9	17.5	17.5
Fixed assets	14	1,974.9	1,968.5	1,903.3	1,897.4
Heritage assets	14 & 15	215.8	215.8	215.3	215.3
Investments	16	728.5	725.9	716.2	716.8
		2,950.1	2,941.1	2,852.3	2,847.0
Current assets					
Stock		4.3	3.4	3.8	2.8
Trade and other receivables	17	232.6	233.3	154.3	160.9
Investments	18	384.1	384.1	235.8	235.8
Cash and cash equivalents	25	279.3	259.3	498.7	481.6
		900.3	880.1	892.6	881.1
Creditors: amounts falling due within one year	19	(398.3)	(407.6)	(392.3)	(409.9)
Net current assets		502.0	472.5	500.3	471.2
Total assets less current liabilities		3,452.1	3,413.6	3,352.6	3,318.2
Creditors: amounts falling due after more than one year	20	(546.9)	(546.9)	(589.4)	(589.4)
Pension provisions	21 & 33	(427.5)	(427.5)	(321.8)	(321.8)
Other provisions	21	(0.6)	(0.6)	(0.8)	(0.8)
Total net assets		2,477.1	2,438.6	2,440.6	2,406.2
Restricted reserves					
Income and expenditure reserve - endowment reserves	22	541.0	541.0	565.2	565.2
Income and expenditure reserve - restricted reserves	23	67.5	42.3	50.1	29.4
Unrestricted reserves					
Income and expenditure reserve - unrestricted reserves		1,660.2	1,646.9	1,616.9	1,603.2
Revaluation reserve	24	208.4	208.4	208.4	208.4
Total reserves		2,477.1	2,438.6	2,440.6	2,406.2

The financial statements on pages 60 to 102 were adopted by Court on 14 December 2022 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 2022

	Note	2022 £m	2022 £m	2021 £m
<b>Cash flow from operating activities</b>				
(Deficit)/surplus for the year before tax			(100.1)	215.0
<b>Adjustments for non-cash items</b>				
Depreciation	14	60.8		62.7
Amortisation of intangibles	13	0.4		0.3
Loss/(gain) on investments	16	47.1		(81.5)
Donated assets	15	-		-
Impairment	14	8.4		4.2
Increase/(decrease) in pension and other provisions	21	241.7		(9.9)
Increase in stock		(0.5)		(0.7)
(Increase)/decrease in debtors	17	(66.6)		29.0
Increase in creditors and accruals	19 & 20	11.5		39.9
			302.8	44.0
<b>Adjustments for investing or financing activities</b>				
Investment income	7	(19.9)		(13.2)
Interest payable	11	19.4		19.4
New endowments received	22	(15.3)		(1.5)
Gain on the sale of fixed assets		-		(7.0)
Capital grant income		(66.4)		(97.2)
			(82.2)	(99.5)
<b>Cash flows from operating activities</b>			120.5	159.5
Taxation			-	(0.5)
<b>Net cash inflow from operating activities</b>			120.5	159.0
<b>Cash flows from investing activities</b>				
Proceeds from sales of tangible assets		2.7		4.4
Capital grant receipts		66.4		97.2
Non-current investment disposal	16	3.2		64.0
Investment income	7	19.5		12.3
Payments made to acquire intangible assets	13	(13.8)		(8.5)
Payments made to acquire tangible assets		(151.6)		(136.8)
Non-current investment acquisitions	16	(62.6)		(133.1)
Increase in cash on deposit	18	(148.3)		(31.3)
Lump sum pension contribution to EUSBS	21	(3.4)		(1.1)
<b>Net cash outflow from investing activities</b>			(287.9)	(132.9)
<b>Cash flows from financing activities</b>				
Interest paid	11	(15.6)		(15.7)
Interest element of finance lease payments	11	-		-
New endowment cash received	8	4.0		1.5
Repayments of amounts borrowed	20	(40.3)		(4.5)
Capital element of finance lease payments		(0.1)		(0.2)
<b>Net cash outflow from financing activities</b>			(52.0)	(18.9)
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>			(219.4)	7.2
Cash and cash equivalents at beginning of the year	25		498.7	491.5
Cash and cash equivalents at end of the year	25		279.3	498.7



# Notes to the financial statements

## 1. Statement Of Principal Accounting Policies

### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education 2019 ('the SORP') and in accordance with 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 it has comprehensive arrangements in place to monitor, assess and ensure the institution's sustainability.

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 2022. 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 Group 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 Group has taken the exemption permitted under FRS 102 to not produce a cash flow statement for the Institution.

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

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

### Income recognition

Income from the sale of goods or services is credited to the consolidated statement of comprehensive income and expenditure when the goods or services are supplied to external customers or the terms of the contract have been satisfied.

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

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

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the consolidated statement of comprehensive income and expenditure of the

University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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

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

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund. Investment income is credited to the consolidated statement of comprehensive income and expenditure when received.

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

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

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

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

# Notes to the financial statements (continued)

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

### Income recognition (continued)

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.

USS is a multi-employer scheme. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102, "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the consolidated statement of comprehensive income and expenditure represents the contributions payable to the scheme.

Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

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

### Defined contribution plan

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

### Defined benefit plan

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

### Employment benefits

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

### Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

# Notes to the financial statements (continued)

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

### Finance leases (continued)

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.

### 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, as it is owned by the Church of Scotland but can be used by the University so long as it is occupied by the School of Divinity; and two farms which form part of agricultural tenancies are operating leases.

### 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.

### 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.



# Notes to the financial statements (continued)

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

### Heritage assets (continued)

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 continue to be administered by external fund managers.

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

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

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

### Stock

Stocks for resale and other stocks are included at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### Cash and cash equivalents

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

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

### 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/informationforsuppliers>.

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.

### 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 consolidated statement of financial position and adjusted at the period end to reflect any accrued interest payable. Where a loan is interest free, no interest is charged in subsequent years.

### Taxation status

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator.

# Notes to the financial statements (continued)

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

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.

#### Revenue recognition

Certain grants, donations and research revenue are recognised in the consolidated statement of income and expenditure 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 when the performance related condition has been met.

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.

#### 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.

#### 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.

#### 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 holders 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.

# Notes to the financial statements (continued)

## 2. Estimates and Judgements (continued)

### 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 (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.

### 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 31 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 2020 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 2020 valuation was the sixth 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.

### 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.



# Notes to the financial statements (continued)

## 3. Tuition Fees and Education Contracts

	Consolidated and Institution	
	2022 £m	2021 £m
Home domicile fees	39.9	39.3
Rest of UK domicile fees	85.4	78.0
EU domicile fees	6.5	17.8
Non-EU fees	335.5	272.5
Research training support grants	23.0	22.0
Short course and other fees and support grants (non-credit bearing)	6.7	5.4
	<b>497.0</b>	435.0

### Tuition fees and education contracts

Undergraduate (UG) numbers increased by 7.1 per cent. UG fee income rose £30 million, driving up the average fee for UG students by 6.1 per cent. Postgraduate Taught (PGT) numbers increased by 8.2 per cent. PGT fee income rose by £28.7 million, driving up the average PGT fee by 9 per cent. Non-EU students are our greatest source of fee income. Student numbers grew by 7.6 per cent in the year to 49,065, but fee income growth was greater due to price increases.

## 4. Funding Body Grants

	Consolidated and Institution	
	2022 £m	2021 £m
Recurrent grants		
Teaching	72.2	68.5
Research and knowledge exchange	90.9	89.7
Specific grants		
Strategic funding: including UK Research Partnership Investment Fund (UKRPIF)	17.1	47.3
Capital grants received in the year	14.5	19.7
Capital maintenance grants	1.7	1.7
Other grants	1.9	9.4
	<b>198.3</b>	236.3

### Funding body grants

Funding from recurrent grants increased by £4.9 million, with the rise largely from our Teaching grant. Strategic funding decreased overall by £30.2 million as there was no exceptional Covid-19 support received this year. Capital grants decreased by £5.2 million and Other grants reduced by £7.5 million. Capital maintenance grants remained unchanged (which are recognised in line with restricted conditions).

## 5. Research Income

	Consolidated and Institution			2021 Total £m
	Capital £m	Revenue £m	Total £m	
<b>Research grants and contracts</b>				
Research councils	7.0	125.8	132.8	124.4
UK based charities	2.5	72.1	74.6	66.1
UK central government bodies, local and health authorities	18.9	28.0	46.9	64.4
UK industry, commerce and public corporations	-	9.0	9.0	7.6
EU government bodies	-	28.4	28.4	31.3
EU other	-	4.5	4.5	3.9
Other overseas	-	31.9	31.9	23.7
Other sources	0.1	3.4	3.5	2.6
	28.5	303.1	<b>331.6</b>	324.0

### 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 £2.5 million. SUERC is a jointly controlled entity with the University of Glasgow. £18.9 million of research capital funding relates to the City Region Deal.

Included within our research income is £179.7 million (2021: £188.8 million) of income from UK Government sources. There are no significant unfulfilled conditions or contingencies relating to government income recognised. The University has not benefited from any other government revenue grants outside of that disclosed in notes 4 and 5.

# Notes to the financial statements (continued)

## 6. Other Income

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Residences and catering	<b>73.8</b>	<b>66.7</b>	44.7	42.8
Other revenue grants	<b>35.9</b>	<b>35.9</b>	36.0	36.0
Other services	<b>52.4</b>	<b>31.6</b>	35.9	29.0
Health authorities	<b>14.2</b>	<b>14.2</b>	14.8	14.8
Other income	<b>45.7</b>	<b>40.5</b>	31.7	28.3
	<b>222.0</b>	<b>188.9</b>	163.1	150.9

### Other Income

Residences and catering income is mainly from student accommodation rental. Growth due to activity returning to pre-pandemic levels.

Other grants are those that are not from the Scottish Funding Council. £17.8 million relates to City Region Deal.

Other services income includes consultancy, veterinary and computer services.

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

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

## 7. Investment Income

	Note	2022		2021	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
Investment income on endowments	22	<b>12.0</b>	<b>12.0</b>	9.8	9.8
Investment income on restricted reserves		<b>0.2</b>	<b>0.2</b>	-	-
Other interest receivable		<b>7.7</b>	<b>5.5</b>	3.4	3.5
		<b>19.9</b>	<b>17.7</b>	13.2	13.3

### Investment income

Income from the Endowment and Investment Fund (EIF) was £12 million; a return of 2.26 per cent. However, including the 7.36 per cent decrease in market value, the overall return on the EIF was negative 5.1 per cent. Bank and other interest received was £7.7 million. Note 16 provides further comment on EIF performance in the year.

## 8. Donations and Endowments

	Note	2022		2021	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
New endowments	22	<b>15.3</b>	<b>15.3</b>	1.5	1.5
Donations with restrictions		<b>12.3</b>	<b>12.3</b>	12.7	12.7
Unrestricted donations		<b>1.1</b>	<b>1.3</b>	1.6	1.9
		<b>28.7</b>	<b>28.9</b>	15.8	16.1

### Donations and endowments

Most donations are restricted and are mainly for scholarships.

New endowments of £15.3 million include £14.8 million for the Baillie Gifford Pandemic Science Hub.

# Notes to the financial statements (continued)

## 9. Staff Costs

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Salaries	455.4	438.5	451.0	437.1
Social security costs	50.3	48.0	46.4	45.1
Pension costs (note 33)	140.2	138.7	133.6	131.6
Other unfunded pension costs	(0.1)	(0.1)	0.1	0.1
Severance costs	1.6	1.6	0.7	0.7
<b>Staff costs excl USS increase in provision</b>	<b>647.4</b>	<b>626.7</b>	631.8	614.6
Exceptional item: Movement on USS pension provision	234.2	234.2	(14.5)	(14.5)
	<b>881.6</b>	<b>860.9</b>	617.3	600.1
<b>Analysis of the above costs by activity:</b>				
Academic / teaching departments	355.1	355.1	355.4	355.4
Research grants and contracts	130.1	130.1	125.0	125.0
Library, computer and other academic support services	34.3	34.3	36.0	36.0
Administration and central services	63.7	63.7	57.1	57.1
Premises	23.9	23.9	23.8	23.8
Other including income-generating operations	14.7	-	12.1	-
Residences and catering operations	15.8	9.8	16.1	11.0
Unfunded pensions	(0.1)	(0.1)	0.1	0.1
Severance costs	1.6	1.6	0.7	0.7
Pension service costs in excess of scheme contributions payable and USS provision movement (note 33)	242.5	242.5	(9.0)	(9.0)
	<b>881.6</b>	<b>860.9</b>	617.3	600.1

### Staff costs

Staff costs<sup>1</sup> grew by 2.5 per cent, made up of a volume increase of 1.3 per cent during the year and pay inflation of 1.2 per cent. The pay inflation was mainly due to 1.5 per cent annual pay award but partially offset by lower holiday accruals and change in the mix of staff.

<sup>1</sup> Excluding movement on USS pension provision

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

	2022		2021	
	Consolidated Number	Institution Number	Consolidated Number	Institution Number
Academic / teaching departments	5,705	5,705	5,757	5,757
Research grants and contracts	2,229	2,229	2,245	2,245
Library, computer and other academic support services	698	698	754	754
Administration and central services	1,241	1,241	1,209	1,209
Premises	701	701	721	721
Other including income-generating operations	312	-	262	-
Residences and catering operations	471	471	507	507
	<b>11,357</b>	<b>11,045</b>	11,455	11,193
Staff on open-ended contracts	8,162	7,920	8,247	7,999
Staff on fixed-term contracts	2,872	2,803	2,843	2,829
Staff on guaranteed hours contracts	323	322	365	365
	<b>11,357</b>	<b>11,045</b>	11,455	11,193



# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

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

	2022		2021	
	Consolidated Number	Institution Number	Consolidated Number	Institution Number
Staff on open-ended contracts	9,780	9,524	9,325	9,066
Staff on fixed-term contracts	3,278	3,203	3,323	3,309
Staff on guaranteed hours contracts	3,399	3,398	3,548	3,547
	16,457	16,125	16,196	15,922
Percentage of staff on fixed-term contracts	19.92%	19.86%	20.52%	20.78%

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

	2022 £'000	2021 £'000
Remuneration	342	308
Payment in lieu of employer's pension contribution	39	45
Sub-total excluding pension contributions and life cover	381	353
Employer's life cover	19	7
Employer's Pension Contribution	-	-
Benefits in kind	6	3
	406	363

### Median Pay

	2022 £	2021 £
Principal's remuneration	380,904	353,549
Median total remuneration	38,788	37,072
Ratio	9.82	9.54

### Emoluments of the Principal

Emoluments have risen in the year as the Principal has returned to full pay following a prior year when he took a pay cut of 20 per cent 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 provision of living accommodation and personal costs connected with the provision of living accommodation.

### Median pay

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

# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

### Key management personnel

	2022 £m	2021 £m
Key management personnel compensation	2.3	2.2
	2022 Number	2021 Number
Number of posts (expressed as full time equivalents during the year) included in key management personnel	10.2	10.0

### Senior post holders

	2022		2021 Number
	Clinical number	Non-clinical number	
£100,000–£109,999	13	45	61
£110,000–£119,999	16	26	42
£120,000–£129,999	15	23	39
£130,000–£139,999	16	26	32
£140,000–£149,999	14	7	22
£150,000–£159,999	13	13	31
£160,000–£169,999	9	12	14
£170,000–£179,999	5	7	15
£180,000–£189,999	11	3	10
£190,000–£199,999	7	2	10
£200,000–£209,999	5	2	8
£210,000–£219,999	2	2	2
£220,000–£229,999	5	-	3
£230,000–£239,999	2	2	3
£240,000–£249,999	2	-	3
£250,000–£259,999	1	-	2
£260,000–£269,999	-	1	1
£270,000–£279,999	-	1	1
£280,000–£289,999	-	-	1
£290,000–£299,999	-	-	1
£300,000–£309,999	1	1	-
£310,000–£319,999	1	-	-
£320,000–£329,999	-	-	-
£330,000–£339,999	-	-	-
£340,000–£349,999	-	-	1
£350,000–£359,999	-	-	1
£360,000–£369,999	-	-	-
£370,000–£379,999	-	-	-
£380,000–£389,999	-	1	1
£390,000–£399,999	-	-	-
	138	174	312
			304

### 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
- 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
- Provost (post commenced 1 June 2022)

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.

44 per cent (2021: 45 per cent) of senior post holders are clinical academics.

# Notes to the financial statements (continued)

## 9. Staff Costs (continued)

### Compensation for loss of office

	2022 £'000	2021 £'000
Compensation payable to senior post holders	-	491
Other compensation paid in excess of £100,000	-	-
	-	491

### Compensation for loss of office

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

There was no compensation paid to key management personnel for the year (2021: nil).

There was no compensation paid to senior post holders during the year (2021: 491k).

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

## 10. Other Operating Expenses

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Academic and related expenditure	79.1	79.4	61.0	61.0
Scholarships and stipends	45.4	45.4	44.2	44.2
Research grants and contracts	108.1	108.1	94.8	94.8
Library, computer and other academic support services	19.4	19.3	14.7	14.7
Administration and central services	29.5	26.6	20.1	28.1
Refurbishment and maintenance	28.4	28.0	21.5	21.1
Utilities costs	22.7	25.9	17.2	20.5
Other premises costs	14.2	14.2	21.3	21.3
Other including income generating operations	24.3	19.3	22.6	16.6
Residences and catering operations	45.0	39.6	38.7	37.4
	416.1	405.8	356.1	359.7
<b>Other operating expenses include:</b>				
Agency staff costs	9.5	9.3	7.6	7.5
Operating lease rentals:				
Land and buildings	28.5	30.3	27.6	29.4
Other	0.1	-	1.0	0.9
Fees charged by external auditors:				
In respect of audit services	0.4	0.3	0.3	0.2
In respect of non-audit services**	-	-	-	-
Fees charged by internal auditors:*				
In respect of audit services	-	-	0.1	0.1
In respect of non-audit services	-	-	0.1	0.1

\*The University has an in-house internal audit service which is also supported with resource and specialist input as required from an external firm.

\*\*The consolidated audit fees for 2021/22 are £350k (incl. VAT) (2021: £338k) and the non-audit services fees are £16k (incl. VAT) (2021: £11k) which is in line with our non-audit services policy.



# Notes to the financial statements (continued)

## 11. Interest and Other Finance Costs

Note	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Loan interest	15.6	15.6	15.7	15.7
Net charge on pension scheme	33 3.8	3.8	3.7	3.7
<b>Interest and other finance costs excl loan break costs</b>	<b>19.4</b>	<b>19.4</b>	19.4	19.4
Exceptional item: Loan break costs	2.3	2.3	-	-
<b>Total Interest and other finance costs</b>	<b>21.7</b>	<b>21.7</b>	19.4	19.4

### Interest and other finance costs

Interest costs have decreased to £15.6 million for 2021/22 (2020/21: £15.7 million). The decrease can be attributed to the ongoing capital repayment of loans held with the Royal Bank of Scotland and the European Investment Bank.

The increase in the Bank of England bank rate over the financial year (0.1 per cent at 1 August 2021 to 1.25 per cent at 31st July 2022) has led to increased interest payments on the loan held with the Royal Bank of Scotland. The interest rate on this loan is contractually set at 0.2 per cent above the Bank of England bank rate, so will vary with any bank rate changes.

## 12. Taxation

	2022		2021	
	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	-
	-	-	0.5	-

### 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 (2021: 19 per cent).

## 13. Intangible Assets

### Software

	Consolidated £m	Institution £m
<b>Cost or valuation</b>		
As at 1 August 2021	21.3	21.3
Additions in the year	13.8	13.8
Disposals in year	-	-
As at 31 July 2022	35.1	35.1
<b>Accumulated amortisation</b>		
As at 1 August 2021	3.8	3.8
Charge for the year	0.4	0.4
Disposals in year	-	-
As at 31 July 2022	4.2	4.2
<b>Net book value</b>		
As at 31 July 2022	30.9	30.9
As at 31 July 2021	17.5	17.5

### Intangible assets

#### Consolidated

At 31 July 2022, intangible assets included £28.3 million (2021: £14.9 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 implementation phase.

# Notes to the financial statements (continued)

## 14. Fixed 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 2021	2,071.9	263.2	<b>2,335.1</b>	215.3	<b>2,550.4</b>
Additions	113.5	30.0	<b>143.5</b>	0.5	<b>144.0</b>
Impairment	(3.7)	-	<b>(3.7)</b>	-	<b>(3.7)</b>
Revaluation	-	-	-	-	-
Disposals	(7.1)	(0.9)	<b>(8.0)</b>	-	<b>(8.0)</b>
As at 31 July 2022	2,174.6	292.3	<b>2,466.9</b>	215.8	<b>2,682.7</b>
<b>Accumulated depreciation</b>					
As at 1 August 2021	227.0	204.8	<b>431.8</b>	-	<b>431.8</b>
Charge for the year	36.5	24.3	<b>60.8</b>	-	<b>60.8</b>
Disposals	(4.4)	(0.9)	<b>(5.3)</b>	-	<b>(5.3)</b>
Impairment	4.7	-	<b>4.7</b>	-	<b>4.7</b>
As at 31 July 2022	263.8	228.2	<b>492.0</b>	-	<b>492.0</b>
<b>Net book value</b>					
As at 31 July 2022	1,910.8	64.1	<b>1,974.9</b>	215.8	<b>2,190.7</b>
As at 31 July 2021	1,844.9	58.4	<b>1,903.3</b>	215.3	<b>2,118.6</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 2021	2,063.1	249.0	<b>2,312.1</b>	215.3	<b>2,527.4</b>
Additions	113.5	28.6	<b>142.1</b>	0.5	<b>142.6</b>
Impairment	(3.7)	-	<b>(3.7)</b>	-	<b>(3.7)</b>
Revaluation	-	-	-	-	-
Disposals	(7.1)	(0.9)	<b>(8.0)</b>	-	<b>(8.0)</b>
As at 31 July 2022	2,165.8	276.7	<b>2,442.5</b>	215.8	<b>2,658.3</b>
<b>Accumulated depreciation</b>					
As at 1 August 2021	222.9	191.8	<b>414.7</b>	-	<b>414.7</b>
Charge for the year	35.9	24.1	<b>60.0</b>	-	<b>60.0</b>
Disposals	(4.5)	(0.9)	<b>(5.4)</b>	-	<b>(5.4)</b>
Impairment	4.7	-	<b>4.7</b>	-	<b>4.7</b>
As at 31 July 2022	259.0	215.0	<b>474.0</b>	-	<b>474.0</b>
<b>Net book value</b>					
As at 31 July 2022	1,906.8	61.7	<b>1,968.5</b>	215.8	<b>2,184.3</b>
As at 31 July 2021	1,840.2	57.2	<b>1,897.4</b>	215.3	<b>2,112.7</b>

## Tangible Assets

### Consolidated

At 31 July 2022, freehold land and buildings included £105.3 million (2021: £105.4 million) in respect of freehold land and is not depreciated.

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

Gains on disposal of land and building fixed assets amounted to £51k (2021: £7 million).

Certain land and buildings have been partly financed from Exchequer funds. Funding body grants of £16.2 million (2021: £17.7 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 2022, freehold land and buildings included £105.1 million (2021: £105.2 million) in respect of freehold land and is not depreciated.

At 31 July 2022, land and buildings included £365.8 million (2021: £246.8 million) in respect of buildings under construction.

The net book value of tangible fixed assets includes an amount of £2.6 million (2021: £3.1 million) of buildings, fixtures and equipment held under finance leases. The depreciation charge on these assets for the year was £185k (2021: £161k).

Impairment of land and building fixed assets amounted to £8.4 million (2021: £4.2 million). The charge resulted from the impairment of the Darwin Tower along with project costs associated with its redevelopment. This has now been cancelled with plans to demolish the structure instead.

# Notes to the financial statements (continued)

## 15. Heritage Assets

Collections	Method of valuation	Valuation undertaken by	Information on qualifications of collection valuers can be found at
Rare Books, Archives and Manuscripts	External	Bernard Quaritch Ltd McNaughtan's	<a href="http://www.quaritch.com">www.quaritch.com</a> <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/crc/collections/">www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/</a>
Cockburn Museum of Geology	Internal	Dr John Scally	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/">www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/</a>
Natural History Collections	Internal	Prof Mark Blaxter and Prof Graham Stone	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/">www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/</a>
Anatomical Collections	Internal	Malcom McCallum	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/">www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/</a>
School of Chemistry	Internal	Dr John Scally	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/">www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/</a>
Classics Teaching Collection	Internal	Prof Ben Harte and Dr Sue Rigby	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/">www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/</a>
Polish School of Medicine Historical Collections	Internal	Dr Maria Dlugolecka-Graham	<a href="http://www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/">www.ed.ac.uk/information-services/library-museum-gallery/crc/collections/</a>

The method of valuation used is market approach. Heritage assets are largely held at valuation with only an immaterial value held at cost.

### Additions and disposals

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

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Acquisitions purchased with specific donations	0.5	0.4	1.0	0.1	0.2
Acquisitions purchased with University funds	-	-	0.2	0.2	0.4
Total cost of acquisitions purchased	0.5	0.4	1.2	0.3	0.6
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised	0.5	0.4	1.2	0.3	0.6

### 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 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 2022.

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

	University of Edinburgh Endowment and Investment fund £m	Other fixed asset investments £m	Total £m
<b>As at 1 August 2021</b>	547.9	168.3	<b>716.2</b>
Additions	9.4	53.2	<b>62.6</b>
Disposals	(3.2)	-	<b>(3.2)</b>
Fair value loss	(41.8)	(5.3)	<b>(47.1)</b>
<b>As at 31 July 2022</b>	512.3	216.2	<b>728.5</b>
<b>Non-current investments consist of:</b>			
The University of Edinburgh Endowment and Investment fund	512.3	-	<b>512.3</b>
Other	-	204.8	<b>204.8</b>
Unlisted investments	-	11.4	<b>11.4</b>
	512.3	216.2	<b>728.5</b>

### Institution

	Subsidiary companies £m	Institution of Edinburgh Endowment and Investment fund £m	Other fixed asset investments £m	Total £m
<b>As at 1 August 2021</b>	8.7	547.9	160.2	<b>716.8</b>
Additions	-	9.4	50.9	<b>60.3</b>
Disposals	-	(3.2)	-	<b>(3.2)</b>
Fair value loss	-	(41.8)	(6.2)	<b>(48.0)</b>
<b>As at 31 July 2022</b>	8.7	512.3	204.9	<b>725.9</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.

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

The 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 decreased 7.3 per cent from £54.07 to £50.09 giving a fair value loss of £41.8 million. Other fixed asset investment additions largely related to £50 million treasury investments with Aegon and TwentyFour.

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 per cent 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	University of Edinburgh Endowment and Investment fund £m	Other fixed assets investments £m	Total £m
<b>Non-current investments consist of:</b>				
<b>The University of Edinburgh Endowment and Investment fund</b>				
Equities	-	261.4	-	<b>261.4</b>
Fixed interest stocks	-	25.0	-	<b>25.0</b>
Property	-	114.7	-	<b>114.7</b>
Multi asset type	-	90.1	-	<b>90.1</b>
Venture capital	-	20.9	-	<b>20.9</b>
Creditor	-	(0.1)	-	<b>(0.1)</b>
Bank deposits held at fund managers	-	1.5	-	<b>1.5</b>
Capital cash balances owed to the Institution	-	(1.2)	-	<b>(1.2)</b>
<b>Other investments</b>				
<b>Treasury investments</b>				
Aegon Asset Management	-	-	98.4	<b>98.4</b>
MI TwentyFour Asset Management	-	-	94.5	<b>94.5</b>
<b>Social investments</b>				
BlackRock	-	-	1.4	<b>1.4</b>
Big Issue	-	-	1.4	<b>1.4</b>
Prosper Social Investment	-	-	-	<b>-</b>
Social Investment Scotland	-	-	0.3	<b>0.3</b>
Social and Sustainable Housing LP	-	-	0.6	<b>0.6</b>
Fair by Design Ventures LLP	-	-	0.1	<b>0.1</b>
<b>Spin out companies</b>				
pure LiFi	-	-	0.9	<b>0.9</b>
ActInogen Medical Ltd	-	-	0.5	<b>0.5</b>
Biocaptiva Ltd	-	-	1.2	<b>1.2</b>
Resolution Therapeutics Ltd	-	-	0.6	<b>0.6</b>
Wobble Company Ltd	-	-	0.6	<b>0.6</b>
Kynos Therapeutics	-	-	0.7	<b>0.7</b>
Roslin Technologies Ltd	-	-	0.7	<b>0.7</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>
	8.7	512.3	204.9	<b>725.9</b>

# Notes to the financial statements (continued)

## 17. Trade And Other Receivables

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Amounts falling due within one year:</b>				
Research grants receivables	<b>138.1</b>	<b>138.1</b>	98.8	98.8
Other trade receivables	<b>50.6</b>	<b>15.9</b>	28.7	14.6
Prepayments and accrued income	<b>43.4</b>	<b>41.7</b>	26.3	25.6
Amounts due from subsidiary companies	-	<b>8.3</b>	-	3.9
	<b>232.1</b>	<b>204.0</b>	153.8	142.9
<b>Amounts falling due after one year:</b>				
Amounts held by lawyer for SEPA	<b>0.5</b>	<b>0.5</b>	0.5	0.5
Endowments receivable	-	<b>28.8</b>	-	17.5
	<b>0.5</b>	<b>29.3</b>	0.5	18.0
<b>Total receivables</b>	<b>232.6</b>	<b>233.3</b>	154.3	160.9

### Trade and other receivables

Research grants receivables are shown net of allowance for doubtful debts of £4.9 million (2021: £5.1 million).

Other trade receivables are shown net of allowance for doubtful debts of £6.5 million (2021: £5.4 million).

Total receivables have increased notably in the year. A driver in the increase was the period of Finance system cutover when normal processing of payments and receipts were impacted. Balances are expected to return to historic trend next year.

## 18. Current Investments

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Short-term deposits	<b>384.1</b>	<b>384.1</b>	235.8	235.8

### 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 2022 the short-term deposits had interest rates ranging from 0.34 per cent to 1.70 per cent and are fixed for between 3 and 13 months. All short-term deposits have a maturity date less than 12 months from 31 July 2022.



# Notes to the financial statements (continued)

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

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Unsecured loans	7.6	7.6	7.2	7.2
Obligations under finance leases	0.1	0.1	0.1	0.1
Trade payables	15.0	2.2	27.9	22.9
Social security and other taxation payable	14.9	14.2	14.0	12.8
Other creditors	10.3	10.3	10.8	10.8
Concessionary loans	1.7	1.7	1.7	1.7
Accruals and deferred income (see below)	348.5	343.5	329.1	325.2
Agency Funds	0.2	0.2	1.5	1.5
Amounts due to subsidiary companies	-	27.8	-	27.7
	<b>398.3</b>	<b>407.6</b>	392.3	409.9

### Trade payables

The ratio of trade payables to operational expenses is 3.5 per cent (2021: 7.8 per cent).

## Accruals and deferred income

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Accruals	76.4	76.4	66.9	66.9
Donations and other restricted income deferred	34.6	34.6	38.7	38.7
Research grants received on account	186.9	186.9	185.0	185.0
Estates capital grants deferred	3.8	3.8	-	-
Other income deferred	46.8	41.8	38.5	34.6
	<b>348.5</b>	<b>343.5</b>	329.1	325.2

### 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.

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

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Obligations under finance leases	0.3	0.3	0.4	0.4
Unsecured loans	538.9	538.9	579.5	579.5
Concessionary loans	7.7	7.7	9.4	9.4
Other creditors	-	-	0.1	0.1
	<b>546.9</b>	<b>546.9</b>	589.4	589.4

### Unsecured Loans

On 13th June 2022, the University Court agreed to the full repayment of a £50 million loan from the European Investment Bank. This loan consisted of two £25 million tranches: both tranches were scheduled to continue in repayment until April 2037. The loan was fully repaid on 18th July 2022. The repayment of this European Investment Bank loan removed the University's most expensive debt (tranche 1: 4.093 per cent / tranche 2: 4.112 per cent).

The prepayment of this loan resulted in the University paying 'break costs' of £2.3 million to the European Investment Bank.

# Notes to the financial statements (continued)

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

### Borrowings

Note	2022		2021	
	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	0.1
Due between two and five years		0.3	0.3	0.3
Due in five years or more		0.1	0.1	0.1
		0.5	0.5	0.5

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Unsecured bank loans are repayable as follows:</b>				
Due within one year	19	7.6	7.2	7.2
Due between two and five years		34.1	42.5	42.5
Due in five years or more		504.8	537.0	537.0
		546.5	586.7	586.7

### Unsecured loans outstanding at 31 July 2022 were as follows:

	Interest rate %	Repayable	Borrower	Amount £m
C.M. Life Insurance Company	3.38	2041	University	2.0
C.M. Life Insurance Company	3.46	2046	University	0.2
European Investment Bank	2.11	2021-2046	University	63.0
European Investment Bank	2.19	2022-2047	University	65.7
European Investment Bank	2.27	2023-2048	University	66.0
Great-West Life & Annuity Insurance Company	3.38	2041	University	1.0
Great-West Life & Annuity Insurance Company	3.46	2046	University	0.1
Massachusetts Mutual Life Insurance Company	3.38	2041	University	22.0
Massachusetts Mutual Life Insurance Company	3.46	2046	University	9.7
The Northwestern Mutual Life Insurance Company	3.20	2036	University	40.0
The Northwestern Mutual Life Insurance Company	3.38	2041	University	15.0
The Northwestern Mutual Life Insurance Company	3.46	2046	University	10.0
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	2.5
FRS 102 amortisation adjustment				(0.7)
				546.5

### 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.

### Loans outstanding

The University has £546.5 million of unsecured loans as at 31 July 2022. As per the unsecured loans outstanding table, these loans have been provided by a variety of financial institutions, with repayment terms of between 20 and 30 years and interest rates between 1.45 per cent and 3.46 per cent.

# 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 2021</b>	149.0	4.8	0.7	167.3	<b>321.8</b>
Utilised in year	(8.7)	(0.5)	(0.1)	(11.7)	<b>(21.0)</b>
Additions in year	242.9	-	-	19.9	<b>262.8</b>
Additional contributions paid by the Institution	-	-	-	(3.4)	<b>(3.4)</b>
Interest in year	1.3	0.1	-	2.4	<b>3.8</b>
Actuarial gain in respect of pension schemes	-	(0.5)	(0.1)	(136.0)	<b>(136.6)</b>
<b>As at 31 July 2022</b>	<b>384.5</b>	<b>3.9</b>	<b>0.5</b>	<b>38.5</b>	<b>427.4</b>

Other Provisions	Decommissioning provision £m	Lease dilapidation provision £m	Total £m
<b>As at 1 August 2021</b>	0.6	0.2	<b>0.8</b>
Additions in year	-	-	<b>-</b>
Utilised in year	-	(0.2)	<b>(0.2)</b>
<b>As at 31 July 2022</b>	<b>0.6</b>	<b>-</b>	<b>0.6</b>
<b>Total provisions</b>			<b>428.0</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.

### 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 2020 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 6.2 per cent of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3 per cent of salaries from 1 April 2024 to 30 April 2038.

#### 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 net deficit 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	2022 Total £m	2021 Total £m
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
<b>As at 1 August</b>	8.2	174.6	382.4	<b>565.2</b>	487.7
New endowments	-	0.1	15.2	<b>15.3</b>	1.5
Investment income	0.2	3.3	8.5	<b>12.0</b>	9.8
Expenditure	(0.2)	(3.3)	(6.8)	<b>(10.3)</b>	(9.5)
(Decrease)/increase in market value of investments	(0.6)	(13.6)	(26.6)	<b>(40.8)</b>	75.7
	(0.6)	(13.5)	(9.7)	<b>(23.8)</b>	77.5
Transfers	-	0.1	(0.5)	<b>(0.4)</b>	-
<b>As at 31 July</b>	7.6	161.2	372.2	<b>541.0</b>	565.2
<b>Represented by:</b>					
Capital	7.6	144.9	314.7	<b>467.2</b>	489.2
Accumulated income	-	16.3	57.5	<b>73.8</b>	76.0
	7.6	161.2	372.2	<b>541.0</b>	565.2
<b>Analysis by type of purpose:</b>					
Chairs and lectureships	-	9.2	63.3	<b>72.5</b>	77.1
Prizes and scholarships	-	42.1	73.7	<b>115.8</b>	300.7
Other	7.6	109.9	235.2	<b>352.7</b>	187.4
	7.6	161.2	372.2	<b>541.0</b>	565.2
<b>Non-current asset investments:</b>					
Equities	3.9	82.7	174.8	<b>261.4</b>	304.8
Fixed interest stocks	0.4	7.9	16.7	<b>25.0</b>	24.4
Property	1.7	36.3	76.7	<b>114.7</b>	103.2
Multi asset	1.3	28.4	60.4	<b>90.1</b>	98.9
Venture capital	0.3	6.6	14.0	<b>20.9</b>	12.7
Creditor	-	-	(0.1)	<b>(0.1)</b>	-
Bank deposits held at fund managers	-	0.5	1.0	<b>1.5</b>	2.4
Capital cash balances owed to the Institution	-	(0.4)	(0.8)	<b>(1.2)</b>	1.5
Non-current asset investments	7.6	162.0	342.7	<b>512.3</b>	547.9
Capital debtor	-	-	28.8	<b>28.8</b>	17.5
Cash balances owed to Institution	-	(0.8)	(1.1)	<b>(1.9)</b>	(1.3)
Current asset - working capital	-	-	1.8	<b>1.8</b>	1.1
Total endowment assets	7.6	161.2	372.2	<b>541.0</b>	565.2

### 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	2022 Total £m	2021 Total £m
<b>Balance at 1 August</b>	5.2	44.9	<b>50.1</b>	54.8
New donations and grants receivable	7.4	59.3	<b>66.7</b>	33.4
Capital grants utilised	(4.3)	-	<b>(4.3)</b>	(12.0)
Expenditure	-	(45.1)	<b>(45.1)</b>	(25.0)
<b>Total restricted comprehensive income/(expenditure) for the year</b>	3.1	14.2	<b>17.3</b>	(3.6)
Transfer to unrestricted reserves	-	0.1	<b>0.1</b>	(1.1)
<b>Balance at 31 July</b>	8.3	59.2	<b>67.5</b>	50.1
<b>Closing reserves comprise the following funds:</b>				
Donations			<b>38.8</b>	27.5
Capital grants			<b>8.3</b>	5.2
Other grants			<b>3.2</b>	1.8
Funds held at Institution of Edinburgh Development Trust			<b>17.2</b>	15.6
			<b>67.5</b>	50.1

### Institution

	Capital grants £m	Donations and revenue grants £m	2022 Total £m	2021 Total £m
<b>Balance at 1 August</b>	-	29.4	<b>29.4</b>	33.7
New donations and grants receivable	1.4	22.0	<b>23.4</b>	14.3
Capital grants utilised	(1.0)	-	<b>(1.0)</b>	(8.5)
Expenditure	-	(9.6)	<b>(9.6)</b>	(9.0)
<b>Total restricted comprehensive income/(expenditure) for the year</b>	0.4	12.4	<b>12.8</b>	(3.2)
Transfer to unrestricted reserves	-	0.1	<b>0.1</b>	(1.1)
<b>Balance at 31 July</b>	0.4	41.9	<b>42.3</b>	29.4

# Notes to the financial statements (continued)

## 24. Revaluation Reserve

### Consolidated and Institution

	Heritage assets £m	<b>2022 Total £m</b>	2021 Total £m
<b>Balance at 1 August</b>	208.4	<b>208.4</b>	208.2
Revaluation in year	-	-	0.2
<b>Total restricted comprehensive income for the year</b>	-	-	0.2
<b>Balance at 31 July</b>	208.4	<b>208.4</b>	208.4

## 25. Cash and Cash Equivalents

### Consolidated

	<b>2022 £m</b>	2021 £m
<b>Balance at 1 August</b>	<b>498.7</b>	491.5
Net change in cash and cash equivalent balances	<b>(219.4)</b>	7.2
<b>Balance at 31 July</b>	<b>279.3</b>	498.7

### Institution

	<b>2022 £m</b>	2021 £m
<b>Balance at 1 August</b>	<b>481.6</b>	475.8
Net change in cash and cash equivalent balances	<b>(222.3)</b>	5.8
<b>Balance at 31 July</b>	<b>259.3</b>	481.6



# Notes to the financial statements (continued)

## 26. Consolidated Reconciliation of Net Debt

	Net debt 1 August 2021 £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 2022 £m
Cash and cash equivalents	498.7	(219.4)	-	-	-	-	-	<b>279.3</b>
Unsecured loans falling due within one year	(7.2)	-	-	40.3	-	-	(40.6)	<b>(7.5)</b>
Unsecured loans falling due after more than one year	(579.5)	-	-	-	-	-	40.6	<b>(538.9)</b>
Concessionary loans falling due within one year	(1.7)	-	-	-	-	-	-	<b>(1.7)</b>
Concessionary loans falling due after more than one year	(9.4)	-	-	-	-	-	1.7	<b>(7.7)</b>
Other	(0.1)	-	-	-	-	-	0.1	<b>-</b>
Finance lease obligations due within one year	(0.1)	-	-	-	-	-	-	<b>(0.1)</b>
Finance lease obligations due after more than one year	(0.4)	-	-	-	-	-	0.1	<b>(0.3)</b>
	(598.4)	-	-	40.3	-	-	1.9	<b>(556.2)</b>
<b>Total</b>	(99.7)	(219.4)	-	40.3	-	-	1.9	<b>(276.9)</b>

## 27. Capital and Other Commitments

	2022		2021	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Commitments contracted for at 31 July	<b>73.1</b>	<b>73.1</b>	104.3	104.3

## 28. Contingent Liabilities

### Subsidiary Companies

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

# Notes to the financial statements (continued)

## 29. Lease Obligations

Total rentals payable under operating leases:

	2022			2021 Total £m
	Land and buildings £m	Other leases £m	Total £m	
<b>Payable during the year</b>	28.5	0.1	<b>28.6</b>	28.6
<b>Future minimum lease payments due:</b>				
Due within one year	14.6	0.1	<b>14.7</b>	16.7
Due between two and five years	54.2	0.1	<b>54.3</b>	54.3
Due in five years or more	100.7	-	<b>100.7</b>	104.2
<b>Total lease payments due</b>	169.5	0.2	<b>169.7</b>	175.2

## 30. Events After the Reporting Period

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

# Notes to the financial statements (continued)

## 31. Subsidiary Undertakings

Subsidiary undertakings comprise companies, 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. Some of the company's cash reserves are being used to fund research projects within the University.
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.
EUSBS Trustees Limited	100%	EUSBS Trustees Limited was incorporated on 25 July 2022 to act as a single corporate trustee for the University of Edinburgh Staff Benefits Scheme and replace the current individual trustee structure.
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.
Smart Data Foundry	100%	Address significant challenges and opportunities in Financial Services and Fintech industry clusters using data-driven technologies.

Other subsidiary undertakings are as follows:

Subsidiary	% holding	Principal activities and other organisational information
University of Edinburgh Deaconess Limited	100%	A company registered in England. The main activities are that of investing in and operating student accommodation property, and in particular, Deaconess House.
Hong Kong Centre for Carbon Innovation Limited	100%	A company registered in Hong Kong. The company was set up to establish itself as a hub for education, research and development, and application of world-class low carbon solutions with strong partnerships among the UK, Hong Kong and China. Proceedings have commenced to wind the company up.
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
Research Data Scotland	Research Data Scotland is a joint venture between the Scottish Government, Public Health Scotland and the University of Edinburgh and is a registered Scottish charity. The charity is a company limited by guarantee. The company's mission is to improve the economic, social and environmental wellbeing in Scotland by enabling access to and linkage of data about people, places and businesses for research in the public good.
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.
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 bio geosciences.

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)	23.4	41.9	(40.0)	-	<b>25.3</b>
Edinburgh University Press Limited (Scottish Charity No. SC035813)	2.2	4.4	(4.1)	-	<b>2.5</b>
The Andrew Grant Bequest (Scottish Charity No. SC001097)	6.8	0.1	(0.1)	(0.6)	<b>6.2</b>
	32.4	46.4	(44.2)	(0.6)	<b>34.0</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)	(1.6)	7.4	(8.7)	-	<b>(2.9)</b>
Edinburgh University Sports Union (Scottish Charity No. SC009248)	0.3	0.9	(1.0)	-	<b>0.2</b>
	(1.3)	8.3	(9.7)	-	<b>(2.7)</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 2022, 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 2022	Employee contribution rate at 31 July 2022	Active members at 31 July 2022 Number	Pension costs year to 31 July 2022 £'000	Active members at 31 July 2021 Number	Pension costs year to 31 July 2021 £'000
<b>Defined contribution plan</b>						
USS	21.6%(1)	9.8%	9,201	115,604	9,104	110,422
STSS	23%	7.2% to 11.9%	51	352	53	565
MRCPS	16.9%	5.25% to 6.5%	32	231	42	350
NEST	3%	5%	2,053	1,648	1,744	2,370
GPP	14%	4.5%	4	48	4	70
Other: NHS and subsidiaries	20.9%	5.2% to 14.7%	114	2,406	107	1,713
Sub-total: members and costs			11,455	120,289	11,054	115,490
<b>Defined benefit plan</b>						
EUSBS	19.8%	9.1%	1,651	19,500	1,674	17,700
SPF	43.7%	5.5% to 11.2%	18	271	20	272
LPF	41.6%(2)	5.5% to 11.2%	12	153	13	187
Sub-total: members and service cost per FRS 102 disclosures below			1,681	19,924	1,707	18,159
Total: members and cost			13,136	140,213	12,761	133,649

1. Included a deficit recovery plan contribution of 2 per cent to 31 March 2022 and 6.2 per cent thereafter.
2. An additional LPF employer's contribution of £656,000 (2022 £656,000) is payable for the 12 months ending 31 March 2023.



# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### Key actuarial assumptions

Key actuarial assumptions				Current pensioners mortality rate <b>(1)</b>		Non-pensioners mortality rate	
	Discount rate	Salary increase rate	Pensions increase rate	Males	Females	Males	Females
<b>Valuations under FRS 102 at 31 July 2022</b>							
EUSBS	3.50%	3.70% <b>(2)</b>	2.65% <b>(3)</b>	21.0	23.8	22.3	25.5
LPF	3.45%	3.30%	2.80%	20.3	23.1	21.6	25.0
SPF	3.45%	3.50%	2.80%	19.6	22.4	21.0	24.5

1. Mortality rates are based on assumed life expectancy at the retirement age
2. Salary increases are assumed to be 3.70 per cent based on CPI plus 1.4 per cent
3. Benefits after 31 December 2016

### The Universities Superannuation Scheme (USS)

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

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control, typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). The resulting expense is recorded in the Consolidated Statement in accordance with section 28 of FRS 102. Court is satisfied that the scheme provided by the USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total cost charged to the Consolidated Statement is £115.6 million (2021: £110.4 million) as shown in the overall scheme participation and pension costs table.

Deficit recovery contributions due within one year for the institution are £20.1 million (2021: £18.7 million).

The latest available completed actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 (the valuation date), which was carried out using the projected unit method. Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole. The 2020 valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions.

At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83 per cent.

The key financial assumptions used in the 2020 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 1.1% per annum to 2030, reducing linearly by 0.1% per annum to long-term difference of 0.1% per annum from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75 % per annum Post retirement: 1.00% per annum

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

### 2020 valuation

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% per annum and a long term improvement rate of 1.8% per annum for males and 1.6% per annum for females.

	2022	2021
Males currently aged 65 (years)	<b>23.9</b>	24.6
Females currently aged 65 (years)	<b>25.5</b>	26.1
Males currently aged 45 (years)	<b>25.9</b>	26.6
Females currently aged 45 (years)	<b>27.3</b>	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	<b>3.33%</b>	0.89%
Pensionable salary growth	<b>4.15%</b>	3.81%

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

# 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 23.0 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 £1.41 billion indicating a surplus of £356 million. The assets were therefore sufficient to cover 125 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 (NHSSS)

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

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

FSSU was a defined benefit scheme and covered a very small number of academic staff who did not transfer to USS when it was introduced in 1975. Pension provision was by means of assurance policies, selected by the member from a panel and held in trust by the Trustees. Persons who retired under the scheme are entitled to additional benefits that may arise under the FSSU Supplementation scheme. These additional benefits are unfunded and are paid direct to retired members by Court. Full provision has been made in the year for the actuarial valuation of the liabilities of this scheme.

There are no active members but the University has one retired member 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 £4.4 million (2021: £5.5 million). This comprises:

- Moray House School of Education and Edinburgh College of Art: £3.8 million (2021: £4.8 million)
- University of Edinburgh: £0.5 million (2021: £0.7 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 2022 £m	Value at 31 July 2021 £m	Value at 31 July 2020 £m
Market value of assets:			
Equities	151.3	175.2	156.4
Property	42.1	36.4	34.4
Liability driven investments	92.8	131.5	106.8
Private equity and diversified growth funds	190.4	195.1	163.8
Cash	7.7	13.5	12.2
Total market value of assets	484.3	551.7	473.6
Present value of scheme liabilities	(522.8)	(717.0)	(650.9)
Deficit in the scheme - net pension liability	(38.5)	(165.3)	(177.3)

### 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 2021 and has been rolled forward as the basis for the following valuation under FRS 102. As at 31 July 2022, the value of the assets in the scheme was £484.3 million (2021: £551.7 million) and the present value of the funded and unfunded benefits accrued was £522.8 million (2021: £717.0 million), leaving a shortfall of £38.5 million (2021: £165.3 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)

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

	Value at 31 July 2022 £m	Value at 31 July 2021 £m	Value at 31 July 2020 £m
Market value of assets:			
Equities	9.1	9.3	9.6
Bonds	12.9	14.4	13.9
Property	0.8	0.8	1.0
Cash	2.5	1.3	0.9
Total market value of assets	25.3	25.8	25.4
Present value of scheme liabilities			
Funded	(20.7)	(27.6)	(30.1)
Unfunded	(0.1)	(0.2)	(0.2)
Surplus/(deficit) in the scheme - net pension liability	4.5	(2.0)	(4.9)
Effect of asset cap on surplus (1)	(4.5)	-	-
	-	(2.0)	(4.9)

1. An asset cap is applied to the scheme surplus as there is no ability for the University to recover this sum of money.

### 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 2022, the value of the University's assets in the LPF scheme was £25.3 million (2021: £25.8 million) and the present value of the funded and unfunded benefits accrued was £20.8 million (2021: £27.8 million), leaving a shortfall (surplus) of £4.5 million (2021: £2.0 million) included in the University pension liability. We have determined that an asset cap is appropriate for the LPF and reduced the net pension asset to zero. An allowance was made for the McCloud ruling in 2018/19 in past service cost (£95k) and the roll forward position to 31 July 2022 continues to include this estimated McCloud element in the balance sheet.

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

# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

### Strathclyde Pension Fund (SPF)

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

	Value at 31 July 2022 £m	Value at 31 July 2021 £m	Value at 31 July 2020 £m
Market value of assets:			
Equities	25.5	28.5	22.8
Bonds	11.5	10.4	9.1
Property	4.7	3.9	4.0
Cash	0.9	0.4	0.4
Total market value of assets	42.6	43.2	36.3
Present value of scheme liabilities:			
Funded	(25.3)	(33.0)	(33.2)
Unfunded	(0.3)	(0.4)	(0.4)
Surplus in the scheme - net pension asset	17.0	9.8	2.7
Effect of asset cap on surplus (1)	(17.0)	(9.8)	(2.7)
	-	-	-

1. An asset cap is applied to the scheme surplus as there is no ability for the University to recover this sum of money.

### 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 2022, the value of the University's assets in the SPF scheme was £42.6 million (2021: £43.2 million) and the value of the funded and unfunded benefits accrued was £25.6 million (2021: £33.4 million), leaving a surplus of £17.0 million (2021: £9.8 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 2022 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.

	2022 £m	2021 £m
<b>Analysis of the amount shown in the balance sheet for EUSBS, LPF and SPF pensions:</b>		
Scheme assets	530.7	610.9
Scheme liabilities	569.2	778.2
Deficit in the schemes – net pension liability recorded within pension provisions (Note 21)	38.5	167.3
Unfunded <i>ex gratia</i> pension liability	4.4	5.5
<b>Total provision for net liability</b>	<b>42.9</b>	172.8
Current service cost	19.9	18.2
Administration costs	1.5	-
Past service costs	-	0.1
<b>Total operating charge</b>	<b>21.4</b>	18.3
<b>Analysis of the amount charged to interest payable</b>		
Interest cost	12.2	9.8
Expected return on assets	(9.8)	(7.4)
<b>Net charge to other interest and other finance costs</b>	<b>2.4</b>	2.4
<b>Analysis of other comprehensive income:</b>		
Gain/(loss) on assets	86.2	(75.9)
Actuarial remeasurement loss due to experience	0.1	1.4
Actuarial remeasurement loss due to changes in assumptions	(222.3)	52.8
<b>Total loss to other comprehensive income before deduction for tax</b>	<b>(136.0)</b>	(21.7)

### Analysis of movement in deficit

	2022 £m	2021 £m
<b>Deficit at beginning of year</b>	<b>167.3</b>	182.2
Contributions or benefits paid by the Institution	(13.2)	(12.8)
Additional contributions paid by Institution*	(3.4)	(1.1)
Current service cost	19.9	18.2
Past service cost	-	0.1
Other finance charge	2.4	2.4
Administration costs	1.5	-
Loss recognised in other comprehensive income	(136.0)	(21.7)
<b>Deficit at end of year</b>	<b>38.5</b>	167.3



# Notes to the financial statements (continued)

## 33. Pension Schemes (continued)

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

	2022 £m	2021 £m
<b>Present value of liabilities at the start of the year</b>	<b>778.2</b>	714.8
Current service cost	<b>19.9</b>	18.2
Administration costs	<b>1.5</b>	-
Interest cost	<b>12.2</b>	9.8
Past service cost recorded within other comprehensive income	-	0.1
Actual member contributions	<b>0.2</b>	0.4
Actuarial loss	<b>(222.2)</b>	54.2
Actual benefit payments	<b>(20.6)</b>	(19.3)
<b>Present value of liabilities at the end of the year</b>	<b>569.2</b>	778.2

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

	2022 £m	2021 £m
<b>Fair value of assets at the start of the year</b>	<b>610.9</b>	532.6
Expected return on assets	<b>9.8</b>	7.4
Actuarial (loss)/gain on assets	<b>(86.2)</b>	75.9
Actual scheme contributions paid by Institution*	<b>13.2</b>	12.8
Additional contributions paid by Institution**	<b>3.4</b>	1.1
Actual member contributions	<b>0.2</b>	0.4
Actual benefit payments	<b>(20.6)</b>	(19.3)
<b>Fair value of scheme assets at the end of the year</b>	<b>530.7</b>	610.9

\*Actual contributions in the financial year are £13.2 million (2021: £12.8 million) based on the same member take up in the Salary Sacrifice arrangement.

\*\*An additional £3.4 million (2021: £1.1 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

	2022 £m	2021 £m
Expected return on scheme assets	<b>9.8</b>	7.4
Asset (loss)/gain	<b>(86.2)</b>	75.9
	<b>(76.4)</b>	83.3

### History of experience gains and losses

	2022	2021	2020	2019	2018
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	<b>(86.2)</b>	75.9	6.2	25.2	20.4
% of assets at end of year	<b>-16.2%</b>	12.4%	1.2%	4.9%	4.2%
<b>Experience (losses)/gains on scheme liabilities:</b>					
Amount (£m)	<b>222.2</b>	(54.2)	(59.9)	(94.6)	79.8
% of liabilities at end of year	<b>39.0%</b>	-7.0%	-8.4%	-14.7%	14.8%

# Notes to the financial statements (continued)

## 34. Financial Instruments

		2022		2021	
	Note	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>719.8</b>	<b>717.2</b>	707.5	708.1
<i>Measured at amortised cost</i>					
Non-current investments	16	<b>8.7</b>	<b>8.7</b>	8.7	8.7
Trade and other receivables	17	<b>220.1</b>	<b>213.2</b>	142.1	145.5
Investments in short term deposits	18	<b>384.1</b>	<b>384.1</b>	235.8	235.8
Amounts due from subsidiary companies	17	-	<b>8.3</b>	-	3.9
		<b>1,332.7</b>	<b>1,331.5</b>	1,094.1	1,102.0
<b>Financial liabilities</b>					
<i>Measured at amortised cost</i>					
Unsecured and concessionary loans	19 & 20	<b>555.9</b>	<b>555.9</b>	597.8	597.8
Trade payables	19	<b>15.0</b>	<b>2.2</b>	27.9	22.9
Accruals	19	<b>76.4</b>	<b>76.4</b>	66.9	66.9
Other creditors	19	<b>10.3</b>	<b>10.3</b>	10.8	10.8
Other long-term creditors	20	-	-	0.1	0.1
Finance lease liabilities	19 & 20	<b>0.4</b>	<b>0.4</b>	0.5	0.5
Amounts due to subsidiary companies	19	-	<b>27.8</b>	-	27.7
		<b>658.0</b>	<b>673.0</b>	704.0	726.7

### Financial instruments

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

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

## 35. Student Support Payments

	HE childcare £'000	HE discretionary undergraduate £'000	HE discretionary postgraduate £'000	Covid £'000	HE other £'000	<b>2022 Total £'000</b>	2021 Total £'000
<b>Balance at 1 August</b>	110	70	40	-	-	<b>220</b>	115
Allocation received in year	225	772	179	1,600	7	<b>2,783</b>	3,366
Funds returned	(110)	(70)	(40)	-	-	<b>(220)</b>	-
Expenditure	(237)	(778)	(161)	(1,543)	(7)	<b>(2,726)</b>	(3,263)
Interest received	-	1	-	2	-	<b>3</b>	2
Virements	12	5	(17)	-	-	<b>-</b>	-
<b>Balance at 31 July</b>	-	-	1	59	-	<b>60</b>	220

### Student Support Payments

Funding from Scottish Government reduced this year following previous two years when additional support was provided in response to Covid-19.

### Funds returned

Unspent funds from prior year returned as per Student Awards Agency Scotland guidance.

# Notes to the financial statements (continued)

## 36. Related Party Transactions

	Income £'000	Expenditure £'000	2022 Total £'000	Balance due at 31 July 2022 £'000
Edinburgh International Festival Society	-	(25)	(25)	-
Edinburgh University Students Association	411	-	411	127
Edinburgh University Sports Union	310	-	310	21
Heriot's Rugby Club Ltd	1	-	1	-
Sunamp Limited	158	-	158	-
Eco Animal Health Ltd	11	-	11	-
ADVANCE HE	-	(5)	(5)	-
Biocaptiva Limited	11	-	11	3
George Watsons College	9	-	9	-
	911	(30)	881	151

### 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 for their position from the group during the year (2021: nil). As per the Higher Education Governance (Scotland) Act 2016, the Senior Lay Member is entitled to request remuneration at a level considered by the Court to be reasonable (agreed as £15,000 per annum). The Senior Lay Member has waived any remuneration and requested that the sum be instead used for in support of the Access Edinburgh Scholarship programme.

The total expenses paid to or on behalf of six Court members was £12,587 (2021: £3,793), consisting of travel, childcare and accommodation expenses incurred in fulfilling official duties. This has increased from the previous year as more Court meetings took place as in-person meetings, with adjustments made following public health guidance at the time.

# Five-year summary (unaudited)

FRS 102

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

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	131.8	135.1	123.7	124.5	119.7
Non-EU fees	335.5	272.5	244.8	198.5	168.1
Education grants	29.7	27.4	22.1	23.8	24.2
<b>Total tuition fees</b>	<b>497.0</b>	435.0	390.6	346.8	312.0
<b>Funding body grants</b>					
Recurrent teaching grant	72.2	68.5	66.4	64.5	65.6
Recurrent research grant	90.9	89.7	87.8	90.2	85.4
Specific grants	35.2	78.1	36.6	41.1	35.7
<b>Total funding body grants</b>	<b>198.3</b>	236.3	190.8	195.8	186.7
<b>Research grants and contracts</b>					
Research councils	132.8	124.4	113.2	113.9	116.3
UK based charities	74.6	66.1	62.6	65.5	59.4
UK central government bodies, local and health authorities	46.9	64.4	52.0	30.2	30.3
UK industry, commerce and public corporations	9.0	7.6	6.9	8.8	9.6
EU government bodies	28.4	31.3	35.0	36.4	36.2
EU other	4.5	3.9	3.8	3.9	4.4
Other overseas	31.9	23.7	20.8	20.8	16.1
Other sources	3.5	2.6	1.8	6.2	7.4
<b>Total research grants and contracts (excluding RDEC)</b>	<b>331.6</b>	324.0	296.1	285.7	279.7
<b>Other income</b>					
Residences, catering and conferences	73.8	44.7	68.2	79.2	71.6
Specific grants, donations and other designated income	102.5	86.7	86.9	120.5	62.5
General income	45.7	31.7	37.3	34.4	34.3
<b>Total other income</b>	<b>222.0</b>	163.1	192.4	234.1	168.4
<b>Investment income</b>					
Endowments and other investment income	12.2	9.8	11.5	12.4	11.8
Other interest receivable	7.7	3.4	6.1	5.0	2.7
<b>Total investment income</b>	<b>19.9</b>	13.2	17.6	17.4	14.5
<b>Total income before endowments and donations</b>	<b>1,268.8</b>	1,171.6	1,087.5	1,079.8	961.3
<b>Donations and endowments</b>					
New endowments	15.3	1.5	18.1	8.1	1.4
Donations with restrictions	12.3	12.7	17.6	11.5	19.6
Unrestricted donations	1.1	1.6	2.1	2.2	2.1
<b>Total donations and endowments</b>	<b>28.7</b>	15.8	37.8	21.8	23.1
<b>Total income</b>	<b>1,297.5</b>	1,187.4	1,125.3	1,101.6	984.4



# Five-year summary (unaudited) (continued)

FRS 102

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

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
<b>Expenditure</b>					
<b>Staff costs</b>					
Salaries	455.4	451.0	434.1	409.8	385.8
Social security costs	50.3	46.4	45.3	43.3	40.8
Pension costs	140.2	133.6	126.9	103.8	92.8
Movement on USS provision	234.2	(14.5)	(144.0)	195.2	(0.7)
Other unfunded pension costs	(0.1)	0.1	0.1	0.1	-
Severance costs	1.6	0.7	6.6	4.0	2.7
<b>Total staff costs</b>	<b>881.6</b>	617.3	469.0	756.2	521.4
<b>Other operating expenses</b>					
Academic and related expenditure	79.1	61.0	73.4	84.4	75.4
Scholarships and stipends	45.4	44.2	41.8	38.3	33.0
Research grants and contracts	108.1	94.8	97.6	107.3	104.8
Library, computer and other academic support services	19.4	14.7	14.3	14.7	16.1
Administration and central services	29.5	20.1	23.7	25.4	20.9
Refurbishment and maintenance	28.4	21.5	28.2	23.8	24.1
Utilities costs	22.7	17.2	17.6	18.1	17.2
Other premises costs	14.2	21.3	13.9	12.0	12.1
Other including income generating operations	24.3	22.6	11.5	14.2	16.1
Residences and catering operations	45.0	38.7	40.6	44.9	39.0
<b>Total other operating expenses</b>	<b>416.1</b>	356.1	362.6	383.1	358.7
Depreciation and amortisation	61.2	63.0	60.9	63.8	60.2
Impairment of fixed assets	8.4	4.2	17.8	-	-
Interest and other finance costs	21.7	19.4	23.4	33.0	16.8
<b>Total expenditure</b>	<b>1,389.0</b>	1,060.0	933.7	1,236.1	957.1
Surplus/(Deficit) before other gains and losses	(91.5)	127.4	191.6	(134.5)	27.3
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
Gain on investments	(8.6)	80.6	11.5	36.8	42.4
<b>Surplus/(deficit) for the year</b>	<b>(100.1)</b>	214.5	203.2	(93.0)	69.9
Unrealised surplus on revaluation of heritage assets	-	0.2	(0.4)	0.8	-
Actuarial gain/(loss) in respect of pension schemes	136.6	21.6	(53.1)	(70.0)	101.0
<b>Total comprehensive income/(expenditure) for the year</b>	<b>36.5</b>	236.3	149.7	(162.2)	170.9

# Five-year summary (unaudited) (continued)

FRS 102

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Fixed assets	<b>2,005.8</b>	1,920.8	1,849.7	1,818.5	1,741.1
Heritage assets	<b>215.8</b>	215.3	214.7	213.9	212.8
	<b>2,221.6</b>	2,136.1	2,064.4	2,032.4	1,953.9
Investments	<b>728.5</b>	716.2	565.6	817.7	570.8
Current assets	<b>900.3</b>	892.6	877.6	587.8	552.3
Total assets	<b>3,850.4</b>	3,744.9	3,507.6	3,437.9	3,077.0
Less current liabilities	<b>(398.3)</b>	(392.3)	(353.6)	(345.3)	(310.5)
Total assets less current liabilities	<b>3,452.1</b>	3,352.6	3,154.0	3,092.6	2,766.5
Non-current liabilities	<b>(546.9)</b>	(589.4)	(598.2)	(605.0)	(386.4)
Pension provisions	<b>(427.5)</b>	(321.8)	(350.4)	(432.4)	(163.3)
Other provisions	<b>(0.6)</b>	(0.8)	(1.1)	(0.6)	-
<b>TOTAL NET ASSETS</b>	<b>2,477.1</b>	2,440.6	2,204.3	2,054.6	2,216.8
<b>Represented by:</b>					
Restricted reserves	<b>608.5</b>	615.3	542.5	505.4	481.0
Unrestricted reserves	<b>1,868.6</b>	1,825.3	1,661.8	1,549.2	1,735.8
<b>TOTAL FUNDS</b>	<b>2,477.1</b>	2,440.6	2,204.3	2,054.6	2,216.8

# Five-year summary (unaudited) (continued)

		2022	2021	2020	2019	2018
<b>Liquidity measures</b>						
Liquidity ratio ([current assets - stock] / current liabilities)	x	<b>2.2</b>	2.3	2.5	1.7	1.8
<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>182</b>	269	291	139	169
<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) (1)	x	<b>(3.2)</b>	7.8	9.9	(3.1)	2.6
<i>Measures the ability to pay interest on outstanding debt</i>						
Interest cover (operating cash flow/ interest payable)	x	<b>6.2</b>	8.2	1.8	1.9	3.3
<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>25%</b>	27%	31%	34%	20%
<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 (1)	%	<b>(7.1%)</b>	10.7%	17.0%	(12.2)%	2.8%
<i>Measures the ability to deliver surpluses</i>						
ROCE (EBITDA/[total assets - pension provisions])	%	<b>5.8%</b>	3.7%	3.0%	2.4%	2.5%
<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>168</b>	102	77	68	60
<i>Measures operating performance before local decisions on accounting and finance policies are taken into account</i>						

1. Includes impact of exceptional staff costs (non-cash) relating to movement on USS pension provision in each year.

# Five-year summary (unaudited) (continued)

FRS 102

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

	2022 % total	2021 % total	2020 % total	2019 % total	2018 % total
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	10.2%	11.4%	11.0%	11.3%	12.2%
Non-EU fees	25.8%	22.9%	21.9%	18.0%	17.1%
Education grants	2.3%	2.3%	1.9%	2.2%	2.5%
<b>Tuition fees as % of total income</b>	<b>38.3%</b>	36.6%	34.8%	31.5%	31.8%
<b>Funding body grants</b>					
Recurrent teaching grant	5.6%	5.8%	5.9%	5.9%	6.7%
Recurrent research grant	7.0%	7.6%	7.8%	8.2%	8.7%
Specific grants	2.7%	6.6%	3.3%	3.7%	3.6%
<b>Funding body grants as % of total income</b>	<b>15.3%</b>	19.9%	17.0%	17.8%	19.0%
<b>Research grants and contracts</b>					
Research councils	10.2%	10.5%	10.1%	10.3%	11.8%
UK based charities	5.7%	5.6%	5.6%	5.9%	6.0%
UK central government bodies, local and health authorities	3.6%	5.4%	4.6%	2.7%	3.1%
UK industry, commerce and public corporations	0.7%	0.6%	0.6%	0.8%	1.0%
EU government bodies	2.2%	2.6%	3.1%	3.3%	3.7%
EU other	0.3%	0.3%	0.3%	0.4%	0.4%
Other overseas	2.4%	2.0%	1.8%	1.9%	1.6%
Other sources	0.3%	0.2%	0.2%	0.6%	0.8%
<b>Research grants and contracts as % of total income</b>	<b>25.6%</b>	27.3%	26.3%	25.9%	28.4%
<b>Other income</b>					
Residences, catering and conferences	5.7%	3.8%	6.1%	7.2%	7.3%
Specific grants, donations and other designated income	7.9%	7.3%	7.7%	11.0%	6.3%
General income	3.5%	2.7%	3.2%	3.1%	3.5%
<b>Other income as % of total income</b>	<b>17.1%</b>	13.7%	17.0%	21.3%	17.1%
<b>Investment income</b>					
Endowments and other investment income	0.9%	0.8%	1.1%	1.2%	1.2%
Other interest receivable	0.6%	0.3%	0.5%	0.4%	0.3%
<b>Total investment income as % of total income</b>	<b>1.5%</b>	1.1%	1.6%	1.6%	1.5%
<b>Total income before endowments and donations as % of total income</b>	<b>97.8%</b>	98.7%	96.7%	98.1%	97.8%
<b>Donations and endowments</b>					
New endowments	1.2%	0.1%	1.5%	0.7%	0.1%
Donations with restrictions	0.9%	1.1%	1.6%	1.0%	1.9%
Unrestricted donations	0.1%	0.1%	0.2%	0.2%	0.2%
<b>Total donations and endowments as % of total income</b>	<b>2.2%</b>	1.3%	3.3%	1.9%	2.2%
<b>Total income £m</b>	<b>1,297.5</b>	1,187.4	1,125.3	1,101.6	984.4



# Five-year summary (unaudited) (continued)

FRS 102

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

	2022 % total	2021 % total	2020 % total	2019 % total	2018 % total
<b>Expenditure (1)</b>					
<b>Staff costs</b>					
Salaries	<b>32.8%</b>	42.6%	46.5%	33.2%	40.3%
Social security costs	<b>3.6%</b>	4.4%	4.9%	3.5%	4.3%
Pension costs	<b>10.1%</b>	12.6%	13.6%	8.4%	9.7%
Movement on USS provision	<b>16.9%</b>	(1.4%)	(15.4%)	15.8%	(0.1%)
Other unfunded pension costs	<b>0.0%</b>	-	-	-	-
Severance costs	<b>0.1%</b>	0.1%	0.7%	0.3%	0.3%
<b>Staff costs as % of total expenditure</b>	<b>63.5%</b>	58.2%	50.3%	61.2%	54.5%
<b>Other operating expenses</b>					
Academic and related expenditure	<b>5.7%</b>	5.7%	7.9%	6.7%	7.8%
Scholarships and stipends	<b>3.3%</b>	4.2%	4.5%	3.1%	3.4%
Research grants and contracts	<b>7.8%</b>	8.9%	10.5%	8.7%	10.9%
Library, computer and other academic support services	<b>1.4%</b>	1.4%	1.5%	1.2%	1.7%
Administration and central services	<b>2.1%</b>	1.9%	2.5%	2.1%	2.2%
Refurbishment and maintenance	<b>2.0%</b>	2.0%	3.0%	1.9%	2.5%
Utilities costs	<b>1.6%</b>	1.6%	1.9%	1.5%	1.8%
Other premises costs	<b>1.0%</b>	2.0%	1.5%	1.0%	1.3%
Other including income generating operations	<b>1.8%</b>	2.1%	1.2%	1.1%	1.7%
Residences and catering operations	<b>3.3%</b>	3.7%	4.3%	3.6%	4.1%
<b>Other operating expenses as % of total expenditure</b>	<b>30.0%</b>	33.6%	38.8%	30.9%	37.4%
Depreciation as % of total expenditure	<b>4.4%</b>	6.0%	6.5%	5.2%	6.3%
Impairment of fixed assets as % of total expenditure	<b>0.6%</b>	0.4%	1.9%	-	-
Interest payable as % of total expenditure	<b>1.6%</b>	1.8%	2.5%	2.7%	1.8%
<b>Total expenditure £m</b>	<b>1,389.0</b>	1,060.0	933.7	1,236.1	957.1
<b>Expenditure as % of total income</b>	<b>107.1%</b>	89.3%	83.0%	112.2%	97.2%

1. Includes impact of exceptional staff costs (non-cash) relating to movement on USS pension provision in each year.

# Notes

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**The University of Edinburgh**

Communications and Marketing  
C Floor, Forrest Hill Building,  
5 Forrest Hill, Edinburgh EH1 2QL  
T: +44 (0)131 650 2252  
F: +44 (0)131 650 2253  
E: [communications.office@ed.ac.uk](mailto:communications.office@ed.ac.uk)

**[www.ed.ac.uk](http://www.ed.ac.uk)**

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