



THE UNIVERSITY *of* EDINBURGH

Annual Report and Accounts  
for the Year to 31 July 2023

[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 2023

## University world league table position

Quacquarelli Symonds (QS)	22nd
Times Higher Education (THE)	30th

→ The University consistently ranks in the **top 30** of the two most influential world league tables.

## Total income (£m)

2023	1,385
2022	1,298
2021	1,187

→ Total income **grew by £87m**. All income streams grew with investment income and donations and endowments accounting for nearly half of the total growth. Tuition fees growth slowed notably in the year to 3.4%.

## Earnings Before Interest, Taxation, Depreciation & Amortisation (EBITDA) (£m)

2023	148
2022	168
2021	102

→ **EBITDA achieved** in the year **was 10.7%** of income. This includes the receipt of new endowments and additional investment income. The Financial Review provides further commentary on income and expenditure in the year.

## Student numbers including Online Distance Learning

2023	49,740
2022	49,065
2021	45,615

→ Student numbers grew by 1.4% in total. A fall in PGT was offset by growth in UG. **Students from outside the UK grew and now account for 49.6% of total**. EU numbers decreased but this was more than compensated by growth in other overseas students.

## Capital expenditure (£m)

2023	165
2022	158
2021	140

→ Capital **expenditure broadly matched prior year**. Spend on land and buildings exceeded £100m in the year.

# Senior Lay Member of Court's foreword



**Janet Legrand**

Senior Lay Member of Court

**“Our vision for Strategy 2030 is to be a place of excellence and social responsibility, and these results confirm we are on track to deliver our vision. ”**

**Janet Legrand**

Senior Lay Member of Court

University of Edinburgh staff, students and alumni have responded to many of society's most important issues this year, including the war in Ukraine, sustainability and equality. Reflecting on the last 12 months, I am confident we have learned from challenges and increased our resilience and I am proud of the many achievements our community has accomplished.

The University continues to be a world-leading institution, ranked at number 22 in the QS World University rankings. Our commitment to sustainability was also recognised; we were ranked as the top institution for sustainability in the UK and Europe in the same survey. This is the first year that the QS rankings specifically measured sustainability and the University place an impressive fourth overall globally out of 700 higher education institutions listed in the world rankings. Our vision for Strategy 2030 is to be a place of excellence and social responsibility, and these results confirm we are on track to deliver our vision.

Another key component of Strategy 2030 is to be diverse, inclusive and accessible to all. We continue to demonstrate our commitment to widening participation, once again meeting the Commission for Widening Access target of 10 per cent of our intake coming from the 20 per cent most deprived areas in Scotland. Our intake for 2022/23 represents 13.4 per cent of Scotland domiciled undergraduates, up from 10.2 per cent in 2021/22.

Our Corporate Parent Plan, introduced in 2022, adds greater depth to our widening access activities, outlining how the University will support care-experienced young people up until age 26. Developed with care-experienced and estranged students, we will deliver enhanced financial support, accommodation and other resources as part of our corporate parent duties.

Despite the important progress made in these areas, I must acknowledge that industrial action by the University and College Union (UCU) affected many students, particularly the marking and assessment boycott. The University supported local and national negotiations and we are pleased that many students have now received their hard-earned results.

Elsewhere, the City Region Deal has brought innovation and investment to Edinburgh and its surrounding areas, building on its already considerable contributions to the region. It has attracted government funding well beyond targets and created employment and research opportunities in sectors such as medicine and artificial intelligence. Our integral role in the City Region Deal is a key component of the delivery of our civic responsibility, working with partners, attracting investment, fuelling entrepreneurship and delivering inclusive growth.

At a local level, our community grants scheme has also strengthened our relationship with the city region. This year, our community grants helped fund 24 projects with organisations across the Edinburgh area.

On the global stage, our partnerships with businesses and institutions are growing too, strengthening our distinctive internationalism. We have welcomed Masters students from sister institution Taras Shevchenko National University of Kyiv, giving them a safe place to conduct research despite the ongoing conflict in Ukraine. We also hosted the United Nations High Commissioner for Refugees (UNHCR), Times Higher Education Conference and the Universities of Sanctuary National Conference, providing a forum for important conversations about asylum and education.

We are also developing our relationship with African scholars and colleagues through our partnership with the Mastercard Foundation Scholars Program and our exciting new African Partnership Fund which will explore education opportunities and build research partnerships across the continent.

Reflecting on the year, we can be proud of the University's many achievements, which demonstrate our strong values and international reputation. Looking to the future, we are in an excellent position to build on these and bring even more benefit to our city and the world as a whole.



# Principal's Welcome



*P. W. Mathieson*

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

**At the University of Edinburgh, we are proud of our innovative teaching, research and partnerships.**

I am privileged to represent the University at events locally, regionally and globally. In these challenging times, I am always hugely gratified by the extent to which the University of Edinburgh's impact and reputation are recognised.

Outside Scotland, our University is uniformly seen as a truly outstanding institution: one which people admire, wish to join and/or are proud to call their alma mater. Much of this is based on our research credentials, but our societal and economic impacts more generally are also widely appreciated. This is often much less evident closer to home, where the focus is more frequently on local, immediate, and often controversial matters that are felt newsworthy. Such disconnect is also evident within the sector where, as Edinburgh is such a large and renowned university, it often feels that we are right at the forefront of sector issues even if they are not Edinburgh-specific: freedom of expression; academic freedom; industrial relations; partnerships with China and international security to name but some. We must all work harder to ensure that the reality of our University is heard, appreciated and better understood across all parts of the world. In this report, and in my further remarks below, some examples can be seen that illustrate our continuing and burgeoning excellence.

The ambition and dedication of our staff and students continue to drive us toward our vision for Strategy 2030: an accessible, sustainable and world-leading university that is a destination of choice for talented people on a local, national and international level.

As the English-speaking world's oldest truly civic university, we remain as determined as ever to be relevant and accessible to our local community in Edinburgh and the surrounding region. We are also committed to maintaining and developing our global reach. For example, in March, I led a small Edinburgh delegation to Ghana to meet with partner individuals and organisations. We launched the Principal's African Partnership Fund, committing £250,000 to explore educational opportunities for African students and to begin building research partnerships across the continent. We met with colleagues from Ghanaian and South African institutions, expanding on our deep-rooted internationalism and relationship with African talent. This mission is also supported by our continued commitment to the Mastercard Foundation Scholars Program across sub-Saharan Africa. Another key partnership is in Ukraine, with Taras Shevchenko National University of Kyiv (one of Edinburgh's twin cities), including seminars, labs and hosting students from Ukraine here in Edinburgh.

One of the key values shaping Strategy 2030 is that our work is relevant to society: our world-leading research on artificial intelligence (AI) continues to embody this principle. The latest technology is being used to underpin our ultimate vision of making the world a better place. The University's commitment to the Gaelic language culture and communities is cemented through the development of technology to support Gaelic in the digital age. Research continues into ways in which AI algorithms can help to create drugs to combat cancer and Alzheimer's disease. A £46.3 million funding boost from the Medical Research Council will further world-leading DNA research at the University.

This year also marks the expansion of our Student Support programme across 13 Schools and Deaneries. Student Advisers are now the main point of contact for undergraduate and postgraduate taught students, providing tailored support throughout their time with us. Our Curriculum Transformation programme is also shaping the future of learning at the University in partnership with staff and students.

Industrial action continued this year across many UK universities, with the University and College Union (UCU) escalating the action this summer into a marking and assessment boycott. Graduation was bittersweet for some – a celebration of the remarkable things achieved, tinged with bitter frustration that they did not yet have an award outcome. The University supported both local and national negotiations to bring the boycott to an end.

# Principal's Welcome (continued)

On 6 September 2023, UCU confirmed that the Marking and Assessment Boycott had been called off with immediate effect. This is a hugely positive step forward for our students, which the University welcomes. Our focus now turns to ensuring that course and degree outcomes are provided as swiftly as the academic process allows.

**“We are determined to continue positively shaping the world through our teaching, research and relationships with partners across the globe. ”**

**Professor Peter Mathieson**

Principal and Vice-Chancellor,  
The University of Edinburgh

The triennial valuation of our largest pension scheme, the Universities Superannuation Scheme (USS), began in March 2023 and at the time of writing this report, the scheme trustees are in the process of agreeing a number of changes that would see improvement to benefits for members and a reduction in contributions for both members and employer organisations. The University of Edinburgh has participated in the process throughout the year and we remain committed to working with all parties to secure the long-term stability and viability of USS.

The implementation of our new People and Money system in August 2022 caused disruption to students, staff and suppliers.

We are acutely aware of the impact this has had and we have introduced improvements, additional training and support as part of our robust response. An external review has been completed to highlight what lessons we can learn: this will help to inform future strategic change projects.

Despite these challenges, we should not forget the positives. The impact of the University on the city of Edinburgh is enhanced by the ambitious renovation of the former Edinburgh Royal Infirmary into our new Edinburgh Futures Institute: this massive multi-disciplinary teaching and research Institute will be the ‘front door’ of the University and will focus on society’s major challenges.

Significant developments are afoot at the Edinburgh BioQuarter, the site of the newer Edinburgh Royal Infirmary and a major location for our ever-expanding research and innovation activities. The student-focused building the Nucleus at King’s Buildings exemplifies our commitment to our students’ wellbeing. We have recently had our contribution to society formally quantified by an economic impact report by consultancy firm London Economics, which found that the University generates £7.52 billion per year in the UK economy. Every pound spent by the University yielded £6.90 in economic benefit across the UK, a 34 per cent increase in impact since 2015/16. We are creating new companies and new jobs at record rates, attracting inward investment into Scotland and promoting the creativity and entrepreneurship of Edinburgh across the world.

Looking forward, we are determined to continue positively shaping the world through our teaching, research and relationships with partners across the globe. As we will see in our Operational Review, while we may face national and global challenges, our innovative and resilient community is providing world-class solutions. Thank you to everyone that contributes to the massive engine of social mobility and economic improvement that is the University of Edinburgh.



“COP is an important platform for negotiations around climate action policies and initiatives across the globe. It’s also an opportunity for leading institutions like the University of Edinburgh to influence positive impact through research and collaboration.”

**Phenny Omondi**

Online Mastercard Foundation Scholar and member of the University delegate at COP27

## Protecting our planet



University students and staff participated in the United Nations Climate Change Conference, COP27, providing further opportunities for the University to deliver positive impact through research and collaboration.

The ‘Learning for a Sustainable Future: Live at COP27’ short online course was delivered alongside COP27 in November, providing attendees and learners with the opportunity to explore the broader context of the climate summit and share insights into the topics being discussed. More than 5,000 people enrolled in the free course which allowed people to engage with COP no matter where they are in the world.



**COP27**  
**SHARM EL-SHEIKH**  
**EGYPT 2022**

# Our approach to reporting

In the production of the 2022/23 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.

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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).

[Integrated Reporting](#).

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

**Lee Hamill**

Director of Finance,  
The University of Edinburgh



# Material issues

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

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Material issues have been identified as those that:

- We believe could affect our ability to create value in the short, medium or long-term
- Are important to key stakeholders
- Form the basis of strategic discussions and decision-making
- 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

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The University closely monitors the changing macro-economic environment and the challenges it presents. This includes inflation, which has been running high over the last financial year. With over 15,000 staff and a large estate, inflationary changes have the potential to significantly impact our cost base as we see increases in staff costs and utilities at rates greater than recent historic trends.

Supply chain challenges are also being felt due to a combination of the lasting impacts of the Covid-19 pandemic, Brexit and low unemployment. Together, these are impacting on our ability to recruit and retain 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 and 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 is closely monitored and the affordability of our capital plans are routinely assessed.

This is covered in Understanding our risks from page 15, in the Director of Finance's foreword on page 41 and in the Financial Review from page 44.

## Industrial action and pensions

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The national dispute over the Universities Superannuation Scheme (USS), alongside disputes over pay and conditions, escalated into a marking and assessment boycott, causing disruption for students at the University and across the country. Students experienced frustration and uncertainty as they waited on their marks, some graduating without an award outcome.

Negotiations led to the wider marking and assessment boycott being withdrawn in September at a local and national level. However, the dispute is part of a wider continuing landscape of industrial action with the potential to impact how the University delivers learning and teaching.

The Universities Superannuation Scheme (USS) 2023 valuation has shown that the scheme's assets exceed the level of its liabilities resulting in a surplus position. This is a significantly improved financial position compared to the 2020 scheme valuation. At the time of writing this report, the scheme trustees are in the process of agreeing a number of changes that would see improvement to benefits for members and a reduction in contributions for both members and employer organisations. The University of Edinburgh has participated in the process throughout the year and we remain committed to working with all parties to secure the long-term stability and viability of USS.

This is covered in note 33 of the financial statements on pages 101 to 108 and the Financial Review on pages 44 to 49.

# Material issues (continued)

## Political and geopolitical uncertainty

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Potential changes in UK Government direction and higher education policy which may result from a UK general election in 2024 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 in Ukraine, and further afield in China and the Middle East, have the potential to increase our cost base and crystallise a concentration risk on teaching income from international students.

This is covered in Understanding our Risks on page 15 of this document.  
[The University and Europe.](#)

## The student experience

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Our most recent rating in the National Student Survey (NSS) of 70.8% (2021/22: 72.8%) highlights the improvement still needed in the student experience we offer. We are committed to improving the satisfaction of every student who chooses to study at the University and providing an experience they deserve and that we can be proud to deliver. 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 Postgraduate Teaching Experience Survey (PTES) and Postgraduate Research Experience Survey (PRES). The University is acutely aware of the impact that the cost of living crisis is already having on our students and we have been working with the Students' Association to support our students over this challenging period and will continue to make this a priority.

This is covered in the Principal's Welcome on page 3, included in the Strategic Plan performance framework on page 12, Understanding our Risks on page 18 and from page 31 of the Operational Review.  
[Student Experience Services.](#)

## Digital security

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The University is exposed to cyber threats, presenting a risk to how we operate and perform our core activities. These threats have potentially significant financial consequences for us if they are not mitigated. Investment in our digital estate is our key mitigation to reduce 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 Understanding our Risks from page 15.

## Climate change

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

This is covered in Understanding our Risks on page 18 and in the Operational Review on pages 35 and 36.



# Strategy & value model





# 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.

## 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 2022/23 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



2021/22: 248 (10.2%)

#### 2. International student diversity:

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

Ratio to 5th: **28:1**

2021/22: 32:1

Ratio to 10th: **46:1**

2021/22: 55:1

#### 3. Staff equality, diversity and inclusion:

Gender, ethnicity and disability pay gaps (reported biennially)

Average gender pay gap: **15.3%**

2020/21: 16.2%

Average ethnicity pay gap: **10.3%**

2020/21: 7.1%

Average disability pay gap: **8.1%**

2020/21: 0.97%

#### 5. Staff satisfaction:

2023 staff survey

Total satisfaction:



In development: 4. Efficient systems and user-friendly processes<sup>1</sup>

### SUSTAINABLE DEVELOPMENT GOALS



### Strategy 2030 focus area: Research

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

#### 6. Research quality/competitiveness:

REF performance, supported by a between-REFs proxy including share of UKRI income

**4th**

in the UK for REF2021 power rating

Times Higher Education, Overall Ranking of Institutions

2021/22: 4th in the UK for REF2014

#### 7. Research activity:

Total research income



2021/22: £332m

#### 8. Research activity with industry:

Total value of industrial and translational research awards



2021/22: £72.4m

#### 9. Innovation & collaboration:<sup>2</sup>

Research and entrepreneurship related City Region Deal TRADE targets

Research income:

**£127.1m**

Number of entrepreneurship companies worked with:

**41**

### SUSTAINABLE DEVELOPMENT GOALS



<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> Current year measure only as KPI measurement has changed and comparison with prior year is not valid.



# 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.

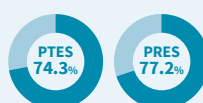
**11. Talent – data skills:<sup>2</sup>**  
People gaining qualifications via certified data skills courses and MOOCs

Courses: 31,310  
MOOCs: 1,085  
CPD: 2,957

Total:  
**33,352**

**12. Student experience:<sup>2</sup>**  
Student satisfaction as reported in the NSS and other national student surveys

NSS  
2023 position:  
lower quartile



NSS Under construction

**13. Graduate outcomes:<sup>2</sup>**  
Graduates entering graduate level employment or further study

**85.4%**  
(2020/21 graduating cohort)

### SUSTAINABLE DEVELOPMENT GOALS



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

## Strategy 2030 focus area: Social and civic responsibility

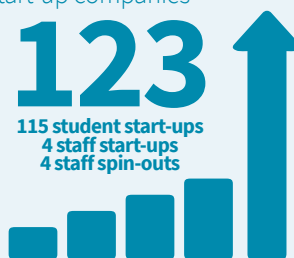
Our vision is to make the world a better place, so we will ensure that our actions and activities deliver positive change locally, regionally and globally.

**14. Social impact:** Community Grants awarded



2021/22: **£91,780**

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



115 student start-ups  
4 staff start-ups  
4 staff spin-outs

2021/22: **116:**  
105 student start-ups  
7 staff start-ups  
4 staff spin-outs

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

Absolute carbon emissions (CO<sub>2</sub>): **78,025 tCO<sub>2</sub>**

2021/22: **71,015 tCO<sub>2</sub>**

Relative carbon emissions: **£55.8 tCO<sub>2</sub>/£m**

2021/22: **54.7 tCO<sub>2</sub>/£m**

### SUSTAINABLE DEVELOPMENT GOALS



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

# 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

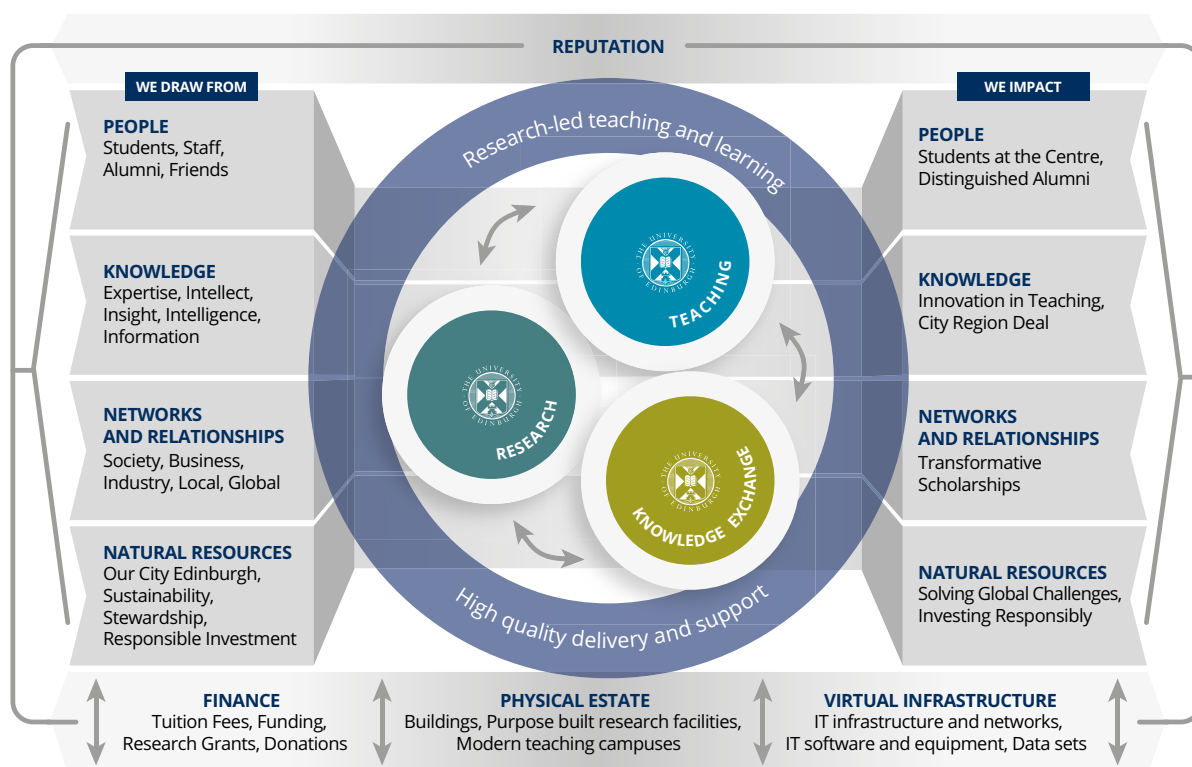
We deliver impact for society. As a truly global university, rooted in Scotland's capital city, we make a significant, sustainable and socially responsible contribution to the world. Our mission to discover, develop and share knowledge is at the heart of everything we do.

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.

## University of Edinburgh – Delivering Impact for 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. We have also illustrated how our approach to understanding our risks supports these goals.

### Protecting our planet

University students and staff participated in the United Nations Climate Change Conference, COP27, providing opportunities for the University to deliver positive impact through research and collaboration.

### Research

Research into how people's genetic code can influence health and disease – including the vast regions of DNA whose function is unclear – has secured major financial investment.

### Revolutionary partnership

The University will undertake a multi-year commitment to explore educational opportunities for African students and build research partnerships across the African continent.

### Supporting our community

Since launching a community grant scheme in 2017, the University of Edinburgh has invested over £600,000 in more than 210 community projects in south-east Scotland.

### People

When Ukrainian student Nadiia found out about her university's twinning initiative with the University of Edinburgh and the potential placement opportunity, she knew that it was something she had to do.

### Learning and teaching

This year saw the successful introduction of the new student support model in 13 Schools and Deaneries.

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

**Read more:** [Financial Review, page 41](#)  
[Corporate Governance Statement, page 52](#)  
[Independent Auditors' report to Court, page 64](#)



# Understanding our risks

**Risk is the effect of uncertainty on objectives and, when crystallised, 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 its evolving objectives. In order to deliver effective risk management, it is imperative we understand our objectives, what might prevent or promote their achievement together with any unintended consequences, and then consider all such possibilities as part of the planning and decision-making process. This approach increases the probability of successful outcomes while protecting the values, reputation and sustainability of the University.

## Risk management

The University aims to minimise its exposure to reputational, compliance and financial risk, while recognising that controlled risk-taking enables the University to take advantage of opportunities in the pursuit of research, education and knowledge exchange.

[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 our strategic objectives. These 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. External benchmarking and horizon scanning help us consider emerging risks from across the Higher Education and wider public sectors. Internal Audit supports this process and undertakes reviews of key risk areas and the risk management process according to a rolling audit plan.

[Audit and Risk Committee](#)

## Our Risks

Changes to British visa and immigration policies, our emergence from the Covid-19 pandemic, and the continuing Russian aggression in Ukraine with its accompanying impacts on the global economy have resulted in an exceptional complexity and severity of risk this year. These challenges, coupled with labour market pressures and rising costs, had a major impact on our teaching, research, finances, staff and student welfare, engagement and operations and have influenced the severity of many of our risks. Protracted and recurring pay and benefits disputes, largely dependent on national negotiations, have also significantly impacted both staff engagement and the student experience.

Digital technology brings opportunities for collaboration and research but also presents risks to the University. Supply chain issues and potential disruption to basic network services was identified as a major issue that could impact University services. Core IT infrastructure replacement cycles are therefore an important part of our Digital Estate Plan to ensure continuity of critical platforms.

On 31 August 2023, the UK Government's Department for Education publicised new guidance on the use of Reinforced Autoclaved Aerated Concrete (RAAC) in education settings in England, changing its assessment of the risk that RAAC poses to building safety. Risk is the effect of uncertainty on objectives and, when crystallised, 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 its evolving objectives.”

# Understanding our risks (continued)



The University has been managing our eight buildings containing RAAC since 2018/19 in line with guidance from the Institute of Structural Engineers (IStructE), but took the decision, in common with a number of sector peers, to restrict access to affected areas in September 2023 as a precautionary measure. Assessments and detailed surveys since that point suggest RAAC abatement may have significant financial and operational impacts, which we will continue to manage through application of our business continuity, capital programme management and financial contingency plans.

## Looking ahead

Polarisation of wider social issues is an emerging risk, with the potential to challenge our crucial role as a centre of informed and respectful debate. We will remain committed to upholding freedom of expression and academic freedom, and facilitating an environment where students and staff can discuss and debate challenging topics. This is at the heart of our purpose as a university, and we remain steadfast in our determination to continue to foster this type of discussion. We have recently established a cross-University group, chaired by the Provost, to consider aspects of academic freedom, freedom of expression and to identify how we can support these fundamental rights in our community and what actions we need to take to promote them.

We continue to focus on our commitments to climate action, and the opportunities presented by key programmes:

[Edinburgh and South-East Scotland City Region Deal](#)

[Edinburgh BioQuarter](#)

[Data-Driven Innovation](#)

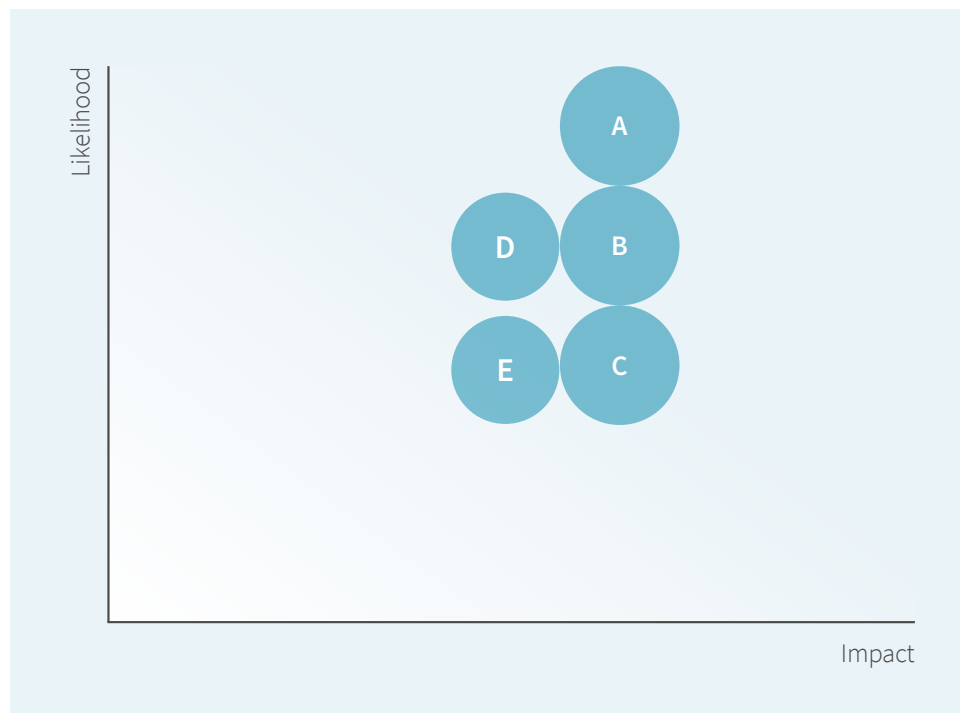
Careful implementation of our plans, adjusted to the impacts of recent challenges listed above will ensure the University maintains the financial headroom required to invest in these major opportunities, making the Edinburgh region a leader in data science expertise and health science innovation.

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.

# Understanding our risks (continued)

## 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.



# Understanding our risks (continued)

## Strategy 2030 focus areas and 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.

Supports Strategic KPI 12: Student experience



### Risk management:

Our student experience risk increased this year, largely as a result of the impact of the ongoing nationwide labour dispute and industrial action. Compounded by the Marking and Assessment Boycott (MAB) and consequent degree awarding and classification issues, we now assess it as almost certain that our measures of student satisfaction will suffer.

We are prioritising student experience in line with the objectives of Strategy 2030, including 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 for the long-term.

Developed during 2022/23, our student experience framework takes these two large strategic programmes, plus work on strategic priorities for recruitment and admissions as the core, underpinned by a set of key continuous improvement areas prioritised to enhance student experience. These areas are working on through task groups comprising staff and students with short and long-term actions for improvement in satisfaction.

We are committed to improving student satisfaction as measured through the National Student Survey (as well as the Postgraduate Taught Experience and Postgraduate Research Experience Surveys). We will also monitor success of our work initially through student feedback via focus groups and pulse surveys, and against our KPI 12, Student experience: Student satisfaction as reported in the NSS and other national student surveys.

## Strategy 2030 focus areas and core functions: People

### Risk description: People

Staff experience impacting morale, productivity, workplace relations and organisational effectiveness, as well as staff recruitment and retention.

Supports Strategic KPI 5: Staff satisfaction



### Risk management:

Development of a specific people strategy was completed and approved by University Executive in October 2022. Work is ongoing on associated operational plans overseen by the Staff Experience Committee, a standing committee of the University Executive.

A grade scale review has been progressed and is being jointly negotiated with our recognised trade unions to ensure pay in the University is rewarding, competitive and fair. Proposed reinstatement of benefits in USS pension scheme would improve benefits from April 2024. The University acknowledges the impact on staff of several strategic change initiatives such as People and Money, and the University's Senior Leadership Team is giving ongoing consideration to how leadership and implementation of strategic change can be better delivered going forwards.

A review of immigration barriers has also led to agreement to support Indefinite Leave to Remain costs for employees and their dependents. This should help address costs of immigration being a barrier to attracting and retaining talent from abroad.

## Strategy 2030 focus areas and core functions: Social and Civic Responsibility

### Risk description: Social responsibility and sustainability

Pursuit of our goals and objectives, associated with energy-dependent City Region Deal and data-driven initiatives. Limits also imposed by city and regional infrastructure will challenge achievement of our carbon reduction targets.

Supports Strategic KPI 16: Net zero



### Risk management:

Climate change mitigation is embedded in our procurement, investments, teaching and research. The University is a global leader in climate change research with several centres of excellence at the cutting-edge of climate action, including the Edinburgh Climate Change Institute, the Institute for Energy Systems, the Centre for Sustainable Landscapes and Forests, and the FloWave Ocean Energy Research Facility. Edinburgh Earth Initiative launched in January 2022, addressing climate and health, and in May 2023, FastBlade became the world's first test facility that uses regenerative hydraulic technology to offer high-quality, low-cost fatigue testing of tidal blades.

The University remains committed to the net zero carbon by 2040 climate goal, but risks to achieving these targets remain, including the scale and design of our existing estate, technical challenges in delivering decarbonised heat at scale to specialised buildings, affordability of carbon reduction initiatives due to external market conditions and inflation, and the ability of regional energy infrastructure to support our move from fossil fuels to electrified heating. Increased public and student expectations alongside rising carbon costs from major capital projects (for example, High Performance Computing facility at Easter Bush) increase the potential impact of missed targets.

To address these risks, we continue to decarbonise the estate and improve metering and usage control of energy, optimising the performance of our laboratories and science activities. We have created a new position of Director of Estates Net Zero and Carbon Leadership to accelerate our decarbonisation of the estate, and an Estates Net Zero Programme Board. We are exploring how to use waste heat from our supercomputing facilities to heat our estate, have accelerated our plans to electrify heat sources and are working to refresh our climate strategy and raise our ambition levels, commensurate to the external challenges we face.

# Understanding our risks (continued)

## Strategy 2030 focus areas and core functions: Research

### Risk description:

#### Collaboration with external partner

exposes the University to security-related loss of reputation, revenue, or to legal liability.

*Supports Strategic KPI 7: Research activity Strategic, KPI 8: Research activity with industry*



### Risk management:

As a global university, we will see our research having a greater impact as a result of partnership, international reach and investment in emergent disciplines.

Internationalisation, however, can expose the University to risks resulting from competing geopolitical interests. Edinburgh Global and Edinburgh Research Office coordinate the University's response to the changing security and risk landscape across international collaboration. The Security and Risks in International Partnerships Group (SRIPG) coordinates implementation of the National Protective Security Authority (NPSA) 'Trusted Research', and Universities UK (UUK) 'Managing Risks in Internationalisation: Security Related Issues in Higher Education' guidance across the University. The group is chaired by the Vice-Principal International and includes all key stakeholders from relevant professional services and senior academic leads.

SRIPG meets quarterly and has raised awareness of responsible global engagement through messaging to key colleagues, and by developing an action plan – shared by colleagues across the University – to address the key areas highlighted in UUK guidance and implement Trusted Research guidance. SRIPG provides regular reporting on these matters to Risk Management Committee, Audit & Risk Committee and to University Court. Work to decrease this risk exposure will concentrate on improvements to better coordinate the security-related controls and oversight provided by our various offices responsible for international collaboration.

## Strategy 2030 focus areas and core functions: Core Functions

### Risk description:

#### Core IT infrastructure

Disruption to basic network services.

*Supports Strategic KPI 4: Efficient systems, but no performance measure exists yet.*



### Risk management:

Information Services Group capital programme continues to fund the rolling replacement of core IT infrastructures. Enterprise Infrastructure, which hosts all on-premises central University digital services, was replaced in the 2022/23 financial year and migrations to this platform are now complete. The Network Replacement Project is ongoing; the central intelligence of the network has been replaced and network replacement in campus buildings is well underway (90% Wi-Fi replacement and approximately 66% wired edge replacement).

Inclusion of core IT infrastructure replacement cycles within the Digital Estate Plan will help ensure ongoing refreshment 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 these supply issues with alternate equipment, pre-ordering, local stock holding and prioritised supply as appropriate, and the remaining campus replacement should be complete in Quarter 1 of 2024.

## Strategy 2030 focus areas and core functions: Core Functions

### Risk description:

#### Info security/data breach

Compromise of University information.

*Supports Strategic KPI 4: Efficient systems, but no performance measure exists yet.*



### Risk management:

The University continues to face a significant level of online risk to our digital services, systems and data that underpin our teaching, research and operational activities. We are aware of the ever-changing scale and nature of this risk and continue to implement improvements to our technology and day-to-day processes, such as roll-out of Multi Factor Authentication (MFA), to counter them. This risk will remain a key area of focus for the foreseeable time.

# Understanding our risks (continued)

## Strategy 2030 focus areas and core functions: Core Functions

### Risk description:

#### Concentration risk

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

*Supports Strategic KPI 2: International student diversity*



### Risk management:

Concentrated reliance on enrolment income from particular domiciles, particularly outside the UK and Europe, has the potential to increase our financial vulnerability due to over-reliance on one region/sector, and creates a potential vulnerability to external influence and risk to academic freedom and freedom of expression as a result of geopolitical issues.

Our professional services work together to scope the level of dependence on particular sources of income and have developed Strategic KPI 2: International student diversity: Ratio of largest international market to 5th and 10th largest overseas markets to measure and track international student diversity. This allows us to identify and focus on areas where there is particular concentration and imbalances, and work to ensure a balanced pool of applicants for selection. Whilst at an aggregate level our reliance on single sources of international student income has been reduced, the balance of international student enrolment, particularly in certain postgraduate taught (PGT) courses, remains an issue, and we have more work ahead towards an integrated, strategic enrolment model.

Student Recruitment and Admissions is leading on our global recruitment to increase enrolments from under-represented international student markets, and their continued development of the Strategic Enrolment Plan will support this goal.

## Strategy 2030 focus areas and 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.

*Does not relate directly to the Strategic Performance Framework, however, Financial Risk Appetite is that our EBITDA should be in the range of 7-9% over our 5 year plan.*



### Risk management:

The last three years have been underpinned by financial uncertainty associated with impact of Covid-19 and the corresponding macro-economic factors, such as supply chain challenges. The impact of these issues are largely surpassed, albeit we continue to see elements of supply chain pressure, particularly within our ongoing construction projects.

However, the micro-economic landscape is now very much driven by the inflationary pressures associated with the continuing Russian aggression in Ukraine, driving the well documented 'cost of living crisis'.

At University level, we have seen our utility costs increase significantly. This highlights the continued requirement for close cost monitoring and forecasting, both in terms of general external pressures, but also in light of more sector specific issues. Student fee-related income continues to be an area we are closely monitoring in relation to post-pandemic travel appetite, 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, Taxation, Depreciation and Amortisation (EBITDA) should be in the range of 7% - 9% to remain sustainable. 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 and core functions: Core Functions

### Risk description: Estate

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

*Essential to the delivery of various Strategic KPIs.*



### 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
- Is agile and able to respond to unforeseen emerging University capital needs

In addition, to strengthen the University response to the climate emergency and commitment to 'Zero by 2040', a newly created post of Director of Estates Net Zero and Carbon Leadership will focus exclusively on the de-carbonisation of the estate.

The Capital Plan will be monitored and reported to Estates Committee, Policy and Resources Committee and Court through the normal governance cycle.

## Strategy 2030 focus areas and core functions: Core Functions

### Risk description: Strategic change

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

*Supports*

*Strategic KPIs:*

*4: Efficient Systems*

*5: Staff engagement*

*10: Curriculum*

*Transformation*

*12: Student experience*

### Risk management:

Implementation of major change initiatives is challenging for any organisation. The University has taken a close interest in this area in the last year. In November 2022, the University endorsed a paper which set out 'Recommendations for future provision of strategic change and continuous improvement support'. The work on this has started and the report following the first phase was presented at the June 2023 Executive meeting.

The Review of Strategic Change and continuous improvement has a steering group chaired by the Vice-Principal of Corporate Services and regularly reports to the University Executive.

Resolving outstanding issues with the People and Money system and processes continues to be a priority for the University. The University Executive has overseen the implementation of the agreed stabilisation plan and work continues on this throughout 2023 while priorities for the next two years are being finalised. University Court instructed an external review and findings from the review were published in December 2023.

Other initiatives such as implementation of the new Student Support Model and Curriculum Transformation continue to progress and lessons learned are being applied to ensure successful delivery.



# 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

### Equality and diversity

Widening participation is primarily about minimising the impact of poverty and inequality through the transformative impact of higher education. We are passionate about social justice and mobility and believe that students from under-represented or disadvantaged backgrounds deserve equitable access to the University, as well as equity of opportunity and experience for those engaged in study and research while at the University.

The University continues to meet the Commission for Widening Access target of 10 per cent of our intake coming from the 20 per cent most deprived areas in Scotland, known as the Scottish Index of Multiple Deprivation 20 (SIMD20). We have achieved a 54.6 per cent increase over the past four years (since 2018/19), with a 21 per cent increase in SIMD20 from 2021/22 to 2022/23. Our intake for 2022/23 represents 13.4 per cent of Scotland domiciled undergraduates, a significant increase from 10.2 per cent at this point last year.

The intake of verified care-experienced undergraduates is 53, compared to 34 for 2021/22 entry.

As a corporate parent, the University has legislative duties that support care-experienced children and young people up until the age of 26. The University has worked closely with our care-experienced and estranged students to create our Corporate Parenting Plan 2022-2027, which outlines our strategy and priorities for the upcoming years. Key areas of work include developing our accommodation offer, financial support, mentoring schemes and resources for student supporters, staff and students.

[Care-experienced students](#)

[Corporate Parenting Plan](#)

We were also inspired and influenced by our external partners from the Hub for Success, Who Cares? Scotland and Stand Alone. Our work is underpinned by The Promise Scotland.

### Humanitarian response

In May 2023, the University celebrated the one-year anniversary of our partnership with Taras Shevchenko National University of Kyiv (KNU), launched as part of a twinning initiative by Universities UK (UUK).

In the past year, the partnership has produced in-person and online seminars and labs, seed funding for research proposals, skills and resource development, and the opportunity for students and staff to visit Edinburgh. Activities continue to evolve and look ahead, and are strengthened by funding of nearly £200,000 from the UUK international grant scheme.

Joint lectures, enhanced learning prospects and placement opportunities have deepened mutually beneficial collaborations between the two institutions. Five students from KNU travelled to Edinburgh in March 2023 to complete research for their Masters theses in chemistry.

In January 2023, the University of Edinburgh hosted the United Nations High Commissioner for Refugees (UNHCR) and Times Higher Education Conference and the Universities of Sanctuary National Conference.

“These conferences have brought together refugees, universities, policy makers, NGOs and academics from all across the UK so that together we can work to improve access to higher education for those forcibly displaced.”

**Alan MacKay**

Deputy Vice-Principal International,  
the University of Edinburgh



## Operational review (continued)



The events brought together individuals and institutions from across the higher education sector to discuss the growing global refugee crisis and develop a response to the need for safety and access to higher education for those seeking sanctuary.

The University also offered support to staff and students affected by the invasion of Ukraine, the earthquakes in Turkey and Syria, as well as tropical cyclone Freddy.

### Revolutionary partnership

#### Mastercard Foundation Scholars

Between 2016 and 2023, the University of Edinburgh was proud to deliver the Mastercard Foundation Scholars Program. Over seven years, the programme provided full scholarships and a leadership programme to 240 scholars from 26 African countries who studied across 13 Schools.

This partnership allowed us to attract the most talented students from across the African continent who had faced barriers to their education. By 2023, we had created a network of scholars who could take the skills to create social transformation and economic growth to their communities and countries across Africa. Alumni have gone on to a wide range of influential roles in fields as diverse as fintech, agribusiness, education, healthcare, policy-making and the arts.

The University is delighted to launch a second phase of the programme, which started in September 2023. It will comprise three key areas: a scholarship programme, a project to support African higher education institutions to develop online degree offerings, and a doctoral training programme.

In response to the climate crisis, the programme will deliver scholarships for sustainability-themed postgraduate taught (PGT) courses.

We will recruit 800 PGT students (266 in-person full-time and 534 online part-time) from across the African continent between 2023 and 2030 who will contribute to sustainability ecosystems across Africa. There will be focus on recruiting women, refugees and displaced young people and scholars with disabilities.

### International student experiences

We have been diversifying opportunities for international student experiences since the UK's departure from the European Union.

In the past year, the University has funded 600 outgoing student mobilities, or experiences abroad. Edinburgh Global's Study and Work Away Service (SWAY) also secured £236,950 from the Development Trust to support virtual, blended, and short-term international experiences for our students, with a focus on widening participation and those from under-represented groups.

**“We want more: we hope further cohorts of Africa’s future leaders will grace Edinburgh and we will continue to contribute to the potential of that magical continent and its talented progeny. Thank you to the Mastercard Foundation. 🙏”**

**Peter Mathieson**

Principal and Vice-Chancellor,  
the University of Edinburgh

## Operational review (continued)

This funding will support students to co-create their own short-term international experience and will enable us to create mobility opportunities for students to engage with European strategic partners and alliances.

The team also successfully bid for £1.28 million of Turing Scheme funding for students on exchanges, work placements or short-term work placements during their degree.

### Commercialisation and industry partnerships

At the University of Edinburgh, we help researchers, students and industry partners make their ideas work for a better world.

Edinburgh Innovations manages the University's commercialisation activities, identifying opportunities and building partnerships, turning ideas into successful projects and thriving businesses that benefit society and the economy.

It has been yet another year of record results for Edinburgh Innovations across several measures: income from industrial awards and translational awards reached £76 million; consultancy income totalled £13.6 million; and student enterprises have brought in a combined investment of £27.8 million.

In 2022/23, Edinburgh Innovations helped to launch 123 companies founded by staff and students, beating its record-breaking achievement of 2021/22.<sup>1</sup>

Significant projects launched this year include MAXBlade, a €10 million project, funded by the European Union and UK Research and Innovation, to deliver a range of innovations to improve the performance of tidal turbines and reduce costs.

MAXBlade is led by TechnipFMC and includes Orbital Marine Power, Marasoft, TECNALIA, the University of Edinburgh, EMEC, Laborelec and the European Composites Industry Association.

The partnership will investigate the full lifecycle of tidal turbine blades, from materials, manufacture and operation, to decommissioning and recyclability.



<sup>1</sup> 116 companies founded by staff and students in 2021/22. Figures quoted include staff spin-outs.



## Operational review (continued)

Old College Capital (OCC) the University's in-house venture investment fund, supports the University's research, staff and students by investing in high-growth, early-stage businesses associated with the University. It follows a co-investment model by partnering with experienced private sector investors. Working closely with founders, investors, and the University representatives, OCC accelerates the journey of startups and spinouts that are looking to make a positive impact on people and our planet. Committed to investing for the long-term, OCC reinvests its returns so that it can support the next generation of early-stage companies.

Successful spinouts that have benefited from OCC support include Invizius, which is developing solutions to improve the treatment and prognosis for dialysis patients. OCC first invested in Invizius in 2019, following its spinout in 2018. Working with a strong syndicate of co-investors, OCC has helped the company navigate technical and regulatory milestones building towards its first clinical trials.

Another innovative start-up company that OCC has supported is MiAlgae, which uses co-products from whisky distillation to grow Omega-3-rich algae for use as a raw material in agricultural food products. It is an exciting circular economy business that's helping to ease the pressure on marine ecosystems while boosting the whisky industry's sustainability credentials.

OCC was one of the first investors in MiAlgae, founded in 2016, by Douglas Martin while he was studying for a Masters degree at the University. In the most recent round of funding, Old College Capital, Equity Gap and Scottish Enterprise all committed to additional funding totalling more than £1 million. This investment will help drive the next stage of MiAlgae's growth journey, which will include the completion of a commercial demonstrator facility near Stirling.

Thanks to innovative projects like these, the University of Edinburgh was ranked fifth in the world for 'industry, innovation and infrastructure' in the Times Higher Education Impact Rankings 2023, which measures universities' delivery of the United Nations' Sustainable Development Goals. The ranking truly is a testament to the University's ongoing commitment to delivering positive change through academic research, education and partnerships.

Our impact was further demonstrated in the Economic and Social Impact Report published by London Economics. The University's start-up and spin-out companies are estimated by the report to be worth a total of £162 million to the British economy, supporting 1,830 jobs. Researchers working with businesses and the public sector to address global challenges in our focus areas of climate, data and health create a further £350 million of innovation impact annually.

## Research

In 2022/23, the University received a total of £456.5 million in research awards. The award total for the year is significantly higher than previous years, with 2021/22 reporting awards of £276.4 million despite the challenging funding environment, particularly post the UK's exit from the European Union, within which the University is operating. There has been an increase in award value from a number of sources, including UK Research and Innovation (UKRI), predominantly the Medical Research Council (MRC) and Biotechnology and Biological Sciences Research Council (BBSRC), industry and charities.

The University's research income in 2022/23 totalled £340 million. This is an increase of £8 million on the previous year and reflects the performance of world-class researchers at the University.

Our application rate remained high in 2022/23 with colleagues submitting 2,499 applications worth £1.39 billion. The University of Edinburgh continues to enjoy a high success rate and expects a strong performance in 2023/24.

**“Edinburgh Innovations has been fantastic - from day one they have supported us. We walked in with the most basic idea and then the business plan came together. Our business adviser supported us through the whole process and helped guide us through the various funding and awards opportunities available. 🗨️**

**Douglas Martin**  
Managing Director,  
MiAlgae



## Operational review (continued)

### Research highlights

Artificial intelligence (AI) has dominated headlines this year due to the introduction of AI-powered language model ChatGPT. However, the University has a long history with AI, first establishing hubs in computer science and AI 60 years ago and continuing to lead in research into these disciplines. Today, we conduct research into all aspects of AI – fundamental research on new AI innovations, research on AI applications to benefit society, and the critical study of the implications of AI and its adoption.

Our AI strategy focuses on two specific themes: Integrated AI for the Future, and AI for Science and Society. Addressing the ethical issues surrounding AI and establishing ourselves as a global leader in responsible and sustainable AI underpins our work. Ultimately, the University engages in AI to be open, sustainable, and inclusive, as well as to achieve research excellence.

Key AI projects at the University this year include:

#### AI initiative gives Gaelic a foothold in the digital age

Linguists and artificial intelligence specialists are embarking on an ambitious programme designed to help Scottish Gaelic flourish in the digital age.

Experts at the Universities of Edinburgh and Glasgow have been awarded £225,000 by the Scottish Government to produce a Gaelic subtitling system suitable for the BBC.

Funding will also enable the team to start working towards production of a large language model – similar to ChatGPT – for Scottish Gaelic speakers. Efforts to create the system are part of a wider initiative to counter the threat of digital extinction, faced by Scottish Gaelic and other minority languages.

The phenomenon occurs when speakers of a language are unable to participate in digital communication because of inadequate language technology.

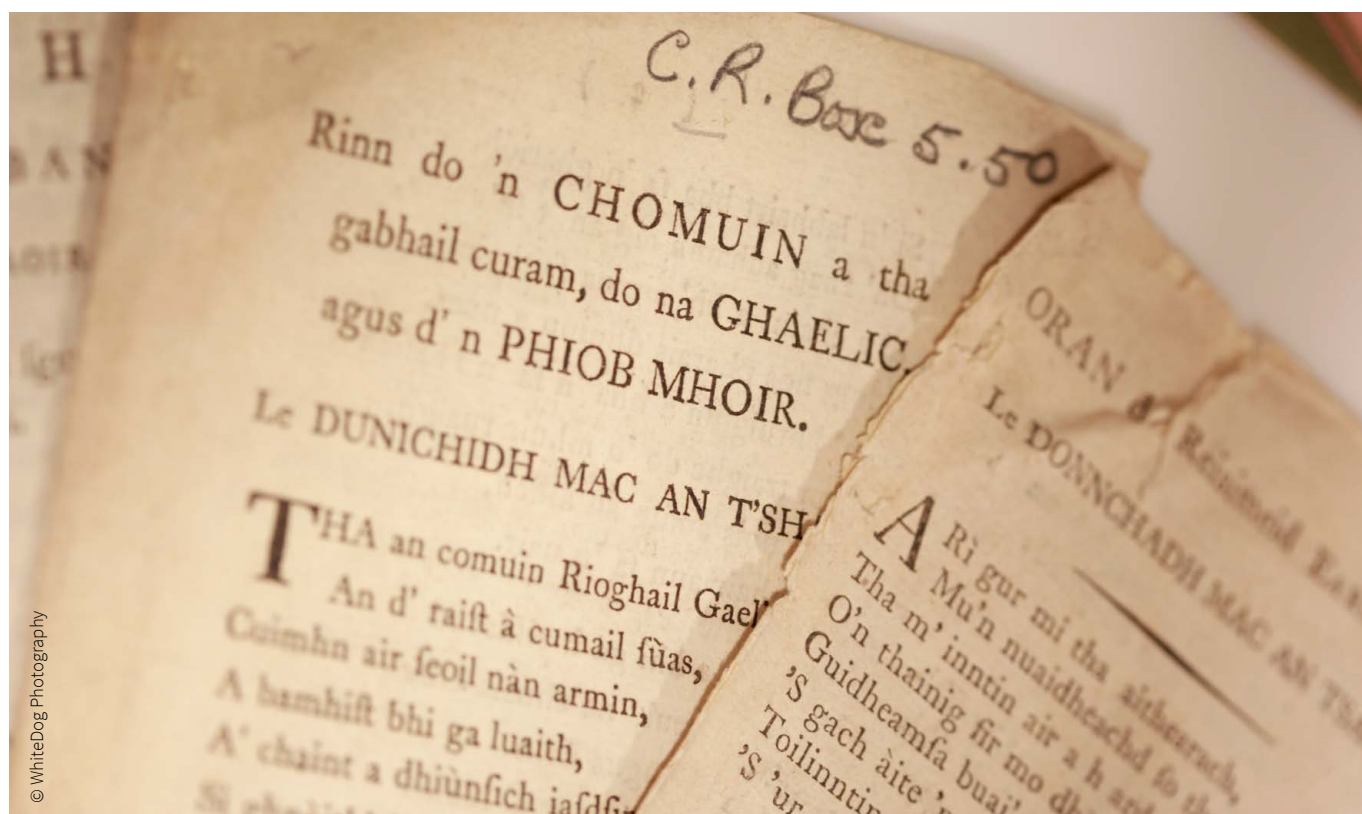
The research team is also helping to develop a speech recognition system for Ojibwe, one of the indigenous languages of Canada.

Read more about the project in [English](#) or [Gaelic](#).

**“The Scottish Government is proud to support this cutting-edge project, which will help Gaelic to thrive in the digital age and safeguard our country’s rich linguistic and cultural heritage.”**

**Jenny Gilruth**

Cabinet Secretary  
for Education and Skills



## Operational review (continued)

### AI algorithms find drugs that could combat ageing

Three drugs that could help stave off the effects of ageing have been discovered using artificial intelligence (AI). A trio of chemicals that target faulty cells linked to a range of age-related conditions were found using the pioneering method, which is hundreds of times cheaper than standard screening methods. Findings suggest the drugs can safely remove defective cells – known as senescent cells – linked to conditions including cancer, Alzheimer's disease and declining eyesight and mobility.

While previous studies have shown early promise, until now, few chemicals that can safely eliminate senescent cells have been identified.

Now, a team led by University researchers has devised a way of discovering senolytic drugs using AI. They developed a machine learning model by training it to recognise the key features of chemicals with senolytic activity, using data from more than 2,500 chemical structures mined from previous studies.

The team then used the models to screen more than 4,000 chemicals, identifying 21 potential drug candidates for experimental testing.

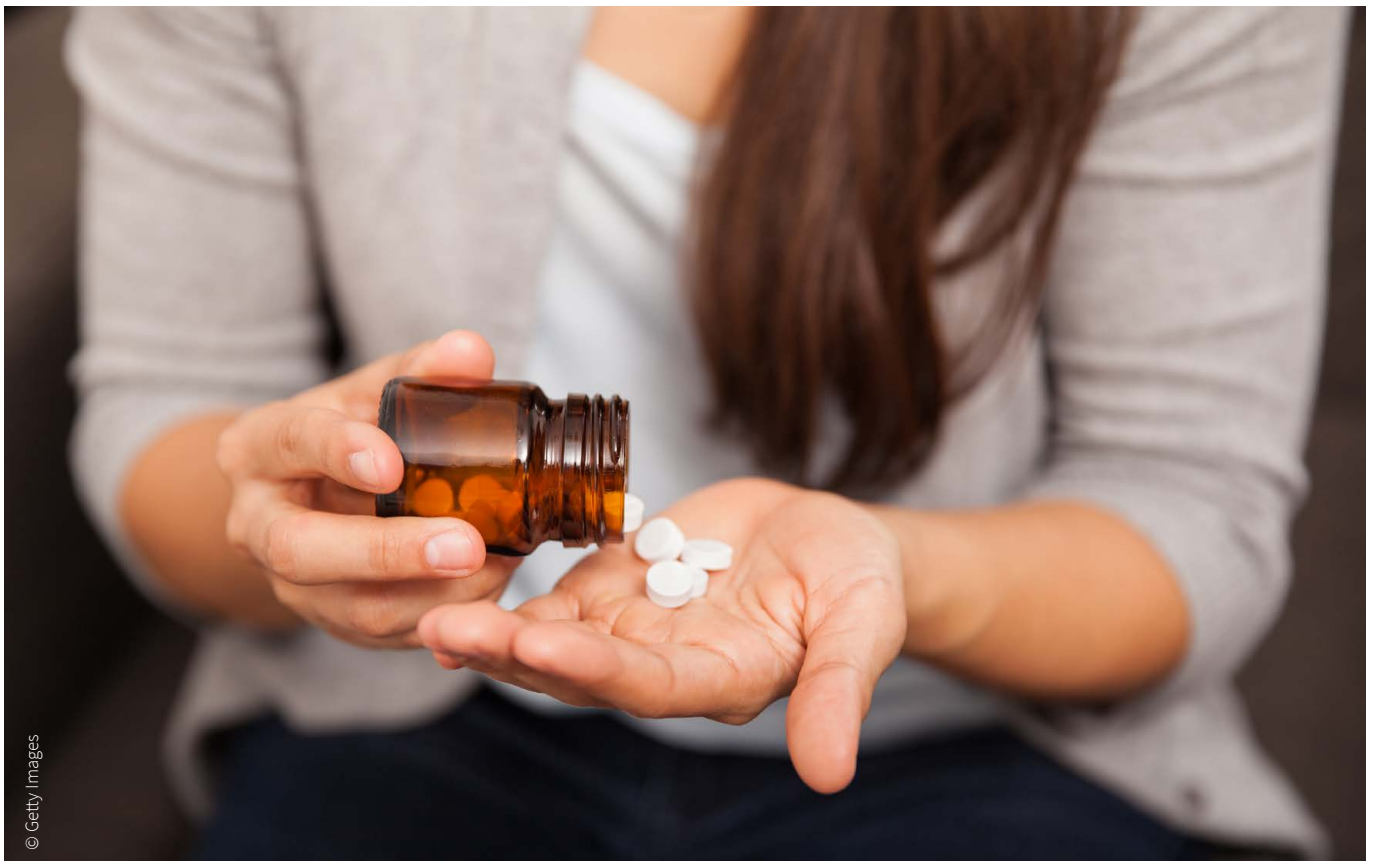
Lab tests in human cells revealed that three of the chemicals – called ginkgetin, periplocin and oleandrin – were able to remove senescent cells without damaging healthy cells.

All three are natural products found in traditional herbal medicines. Oleandrin was found to be more effective than the best-performing known senolytic drug of its kind.

The study, published in the journal *Nature Communications*, was supported by the Medical Research Council, Cancer Research UK, United Kingdom Research and Innovation (UKRI) and the Spanish National Research Council.

It also involved researchers from the University of Cantabria, Spain, and the Alan Turing Institute.

Read more about research into [AI algorithms](#).





## Research



### **£46.3 million funding boost to shine light on dark genome**

Research into how people's genetic code can influence health and disease – including the vast regions of DNA whose function is unclear – has secured major financial investment.

Scientists at the University of Edinburgh will receive £46.3 million from the Medical Research Council (MRC) to support ongoing activity at the MRC Human Genetics Unit.

The five-year funding will include advancing research into the so-called dark genome – the underexplored 98 per cent of people's DNA which may provide new insights into complex genetic diseases, experts say.

Scientists will employ collaborative research and new techniques to explore these understudied areas to further our understanding of human genetic disease, project leaders say.

Since the human genome was first sequenced in 2003, research has mainly focused on parts of DNA that contain instructions for making proteins – the fundamental building blocks of all organisms. However, these account for only two per cent of the three billion letters of the human genome.

The MRC funding, which represents a significant investment in UK genomics research, will enable scientists to focus on the remaining parts of DNA.

Once thought of as 'junk' DNA, experts now believe that the dark genome has a crucial role to play in the development of a number of diseases, including cancer, by controlling how, when and where genes are switched on or off.

The investment will support a full programme of research at the MRC Human Genetics Unit at the University's Institute of Genetics and Cancer, to investigate how our genomes work to control the function of molecules, cells and tissues in people and populations.

The funding will also boost training, encouraging those from a range of scientific backgrounds, including mathematics and computational science, to train in biomedicine, providing different perspectives to encourage innovation.

Read more about [dark genome research](#).



## Operational review (continued)



### Orkney cancer gene link revealed

Research in other disciplines has also been world-leading and life-changing. University research revealed that people with grandparents from Orkney have a variation in a gene that could increase the chances of developing breast and ovarian cancer.

One in 100 women who are descendants of families in Westray, Orkney, have the same change in the BRCA1 gene – one of the commonest genes linked to breast and ovarian cancer, according to the results.

As the gene variant is hereditary, it can affect multiple members of families. Risk-reducing surgery, breast screening with MRI from age 30 and lifestyle advice can all improve health for women with the gene, experts say.

As a result of the research, plans for a pilot trial to widen testing to Westray people with a locally born grandparent, regardless of a family history of cancer, are being put in place by NHS Grampian and local cancer charity Friends of ANCHOR.

If the pilot proves successful, it may be extended to anyone in Scotland with a Westray-born grandparent.

The findings are published in the European Journal of Human Genetics. This research, funded by the Medical Research Council, is part of Viking Genes, which aims to discover the genes and any changes in these that could influence the risk of disease.

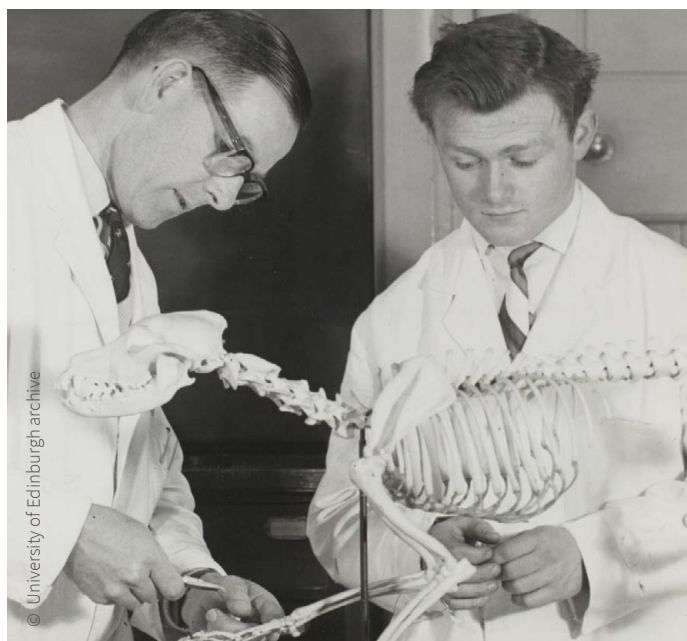
Read more about the [Orkney research](#).

**“It is imperative that Scottish island populations are represented in research, to allow equitable delivery of genomic medicine across the country.”**

**Professor Jim Wilson**

Professor of Human Genetics,  
University of Edinburgh

## Operational review (continued)



### Veterinary bicentenary

The Royal (Dick) School of Veterinary Studies is one of the oldest veterinary schools in the world. Founded by renowned veterinary surgeon William Dick in 1823, the School celebrates its bicentenary in 2023. In the School's first 200 years, it has graduated more than 8,000 veterinary surgeons, some of whom have founded further veterinary schools across the globe.

To celebrate this special anniversary, the School has been holding a range of activities throughout the year, including guided walks through Edinburgh's veterinary history, interactive events aimed at adults and children of all ages, and a series of lectures by speakers, including Doctor Samuel Thevasagayam of the Bill and Melinda Gates Foundation.

Looking to the future, the School continues to build on its longstanding reputation for world-leading teaching, research and clinical practice. The modern, purpose-built Easter Bush Campus, set against the backdrop of the Pentland Hills Regional Park, represents one of Europe's largest concentrations of animal science expertise, with potential for development and innovation in veterinary science, transformative agriculture and one health.

### Learning and teaching

Despite the ongoing cost of living crisis, and the second half of this academic year being impacted by industrial action, students and staff have been involved in a number of improvements to learning and teaching at the University.

Our diverse community of students has continued to drive improvements to the student experience, alongside a robust commitment to their studies. The voice of our students is strong and listened to, which is something to be valued. Students and staff are still adjusting to a post-pandemic return to in-person activities and it has been a priority to make the campuses at Edinburgh feel welcoming to all students.

We continue to prioritise our commitment to the global Sustainable Development Goals as part of the strategic objective to improve student experience. The intersectionality of each goal means that this commitment spans many of the activities undertaken this year, with a particular emphasis on quality education and good health and wellbeing.

We encourage a culture of lifelong learning for our students and graduates and promote skills to enable this for them throughout their journey. Our academic programmes, supported by our Careers Services, enable our students to develop a range of skills and attributes so that they can thrive in the working world.

## Operational review (continued)

Our annual Learning and Teaching Conference took place 27-28 June both in Edinburgh and online. The aim of the event was to encourage good academic practice and the title of the 2023 conference was 'Investigate, inquire, innovate: exploring research-informed teaching practice'. Activities such as keynote talks, panel discussions, workshops and poster pitches all promoted the scholarship of teaching and learning (SoTL). Keynote speakers included the University's Professor Gert Biesta, Professor of Educational Theory and Pedagogy, and Doctor Irma Meijerman, Principal Fellow of the Centre for Academic Teaching and Learning, Utrecht University.

Teaching excellence was also celebrated at the Edinburgh University Students' Association 2023 Teaching Awards. The students' association received over 2,400 nominations, which were shortlisted by a student panel. Doctor Amy Lawton from the University's Law School won the 'Outstanding Course' award for organising the Scottish Tax Clinic, which brings together law students and tax professionals to provide free tax advice for low-income individuals. It was praised for having 'revolutionised legal education' at the University. Another winner was Doctor Katharine Aulton from the Business School. Katharine was awarded the 'Outstanding Innovation in Digital Teaching' for delivering a fusion course at the Edinburgh Futures Institute, using technology to engage students, alongside providing excellent support with their studies.

Elsewhere, our Edinburgh Award gives official recognition to students involved in activities alongside their studies such as volunteering, part-time work, and getting involved in the University community. The Edinburgh Award is currently being reviewed, with the aim of improving the access and the impact of the activities undertaken outside of a student's studies.

The Curriculum Transformation project is ongoing and is moving into developing and implementing the beginnings of the project in practice. This is a core priority for the University, with plans being developed for co-creation between staff and students. It is critical to the continuing success of our students and our institution that the project prepares them for the future and produces graduates who can not only answer big questions but ask even bigger ones.

Our sector-leading new Student Support Model is now rolling out in full across the University. Wellbeing Advisers are now also embedded in each School to work in partnership with existing support services such as Student Counselling and the Disability & Learning Support Service. New academic Cohort Lead roles have been created to develop a sense of belonging within programmes of study, support the orientation and induction of students into academic life at the University and help students as they transition through their studies.

### Student recruitment and admissions

Entry to academic year	2022/23	2021/22	2020/21
<b>Undergraduate enrolments</b>			
Total applications	<b>78,739</b>	72,349	65,263
Total offers	<b>26,548</b>	33,085	32,108
Total enrolments	<b>6,576</b>	7,909	7,320
Applications to enrolments ratio	<b>12.0</b>	9.1	8.9
Matriculate rate (enrolments / offers)	<b>24.8%</b>	23.9%	22.8%
<b>Postgraduate enrolments</b>			
Total applications	<b>100,317</b>	92,184	93,338
Total offers	<b>29,432</b>	29,570	31,309
Total enrolments	<b>9,432</b>	10,182	9,795
Applications to enrolments ratio	<b>10.6</b>	9.1	9.5
Total applications	<b>179,056</b>	164,533	158,601
Total offers	<b>55,980</b>	62,655	63,417
Total enrolments	<b>16,008</b>	18,091	17,115

#### Notes to table

The data in this table highlights an overall increase in applications, contrasted with a drop in offers and enrolments compared to previous years.

Visiting and undergraduate non-graduating students are excluded; PGDE programmes are categorised as undergraduate; Online Learning students are included in the Overseas category. Home/EU and Overseas are split on the basis of fee status.



## Operational review (continued)

More than 120 Student Advisers support taught students across the University and the new model encompasses work on expanding the well-established Peer Assisted Learning and Support schemes (PALS), making sure that peer-to-peer support is a key resource for all taught students.

A continuous service improvement programme has been introduced alongside this to enable sustained enhancement of the student experience. We are committed to large-scale improvements and creating consistency and connections between projects and practices.

While learning and teaching is a key priority for the University, there was disruption for many students due to the University and College Union (UCU) marking and assessment boycott. The national action meant that some students graduated in the summer of 2023 without an award outcome being clear. The University supported national negotiations to bring the boycott to an end and took local action where possible to minimise disruption for students. The boycott ended in early September 2023 and marks were reviewed and finalised at the Boards of Examiners, which took place in October and November, finally providing an award to those students who had been delayed from earlier in the year.

Results from the National Student Survey (NSS) were released in July 2023, an important measure for us and the sector. Almost 65 per cent of final year undergraduate students at our University completed the survey, broadly in line with our peers. Due to changes in the way the survey was conducted, it is difficult to make a direct comparison with previous years. However, most indicators suggest that we continue to have some particular challenges, such as how we communicate support and wellbeing resources and actions on course feedback, but also some areas of strength, including teaching and wider learning resources.

We have continued to see a consistently strong set of results in teaching, where we exceed the averages for the sector. We have also had strong feedback from our students around areas of academic support and learning resources. However, we know we need to improve in areas related to Assessment and Feedback, Student Voice and Organisation and Management, which are below sector average.

We will ensure that we continue the work we have started to drive forward student experience initiatives to ensure that our students know that they are at the heart of the University and their satisfaction with their experience continues to grow.

## Strategic Change

We recognise that there have been challenges as the University delivers strategic change; developing People and Money continues to be a priority. Improvements have been made to the system, used by staff, students, suppliers and partners, and we are listening carefully to feedback. This work will be ongoing and we are committed to keeping key stakeholders informed.



## Operational review (continued)



### Our estate

A key ongoing focus for the University is to become zero carbon by 2040. Our priorities include decarbonisation of the estate, providing expert advice and direction to the University, and the wider community, on the strategic development and operation in relation to Carbon and Energy Operations. A new Energy Masterplan is being developed to support the Climate Strategy to 2040.

The Nucleus Building on the King's Buildings campus fully opened in January. The building provides centrally bookable general teaching space for evolving and future academic disciplines, as well as more than 400 student study spaces in a mix of formal and informal environments.

Also on the King's Buildings campus, enabling works began for a new Engineering building. The building will include research laboratories along with expansion space for staff and students with new teaching facilities in close proximity to a new ground floor cafe. The building is due to open spring 2026.

The Edinburgh Futures Institute partly opened its doors in September at the iconic, category-A listed Old Royal Infirmary of Edinburgh. The building has been transformed into a space for multidisciplinary collaboration, education, research, and partnership. The restored 20,000 metres<sup>2</sup> space includes state-of-the-art teaching facilities, rooms for co-working with industry partners, incubation areas for businesses, labs for innovation and prototyping, and exhibition and performance spaces. The historic site will once again be open to the public and welcoming Edinburgh communities and residents as well as University of Edinburgh staff and students in 2024.

At Bristo Square, work has started on the refurbishment of Teviot Row House, the world's oldest purpose-built students' union. These compliance-driven refurbishment works will ensure Teviot's character and its unique heritage is preserved, while providing modern facilities, improving accessibility and becoming more environmentally efficient and sustainable.

On our BioQuarter campus, work has continued on the Usher Institute. The building will consist of University and partner workspaces, alongside teaching and event spaces. There will be social and reflective areas, too. Occupants are due to move in from early 2024.

At the Western General Campus, works are taking place to extend the Institute of Genetics and Cancer. The new building will house upgraded state-of-the-art facilities for researchers to investigate human disease and conduct leading research in the field of 4D cellular medicine. It will also include upgraded laboratories and other facilities including an improved bicycle store. Works are due to be completed in early 2024.

The University has continued to adapt post-Covid-19, with a programme of remedial works to improve ventilation across the estate completed in 2023. Over 60 projects were delivered and, as many University staff members are now hybrid working, the use of space across the estate continues to be evaluated, with some office spaces seeing the introduction of hot-desking and collaboration areas.

**“The Nucleus building is now a focal point at the heart of King’s Buildings campus, bringing together spaces for teaching, studying, socialising and services. I’m excited by the new possibilities it gives us all to meet and interact together, no matter which part of the University we are in. ”**

**Professor Iain Gordon**

Head of the College of Science and Engineering,  
University of Edinburgh

# Operational review (continued)

## Accommodation

The University provides accommodation for more than 10,000 students, spread over 40 different locations across Edinburgh to give students a range of options to meet their needs and budget. To help with cost of living rises, we have taken measures to ensure we offer rental options at rates among the lowest in the purpose built student housing sector and we have absorbed rises in costs for utilities and food, so these are not passed on to students.

We also provide a guarantee of accommodation for some groups, including all new undergraduates from outside Edinburgh who are studying for the full academic year.

In 2022/23, the University met this commitment for all of those who applied in time, but we are acutely aware that city-wide housing shortages are having an impact on students after their first year. We continue to work with our partners, including the City of Edinburgh Council and other higher and further education providers, to find solutions that benefit all those looking to rent in Edinburgh.

## Protecting our planet

### Combating climate change

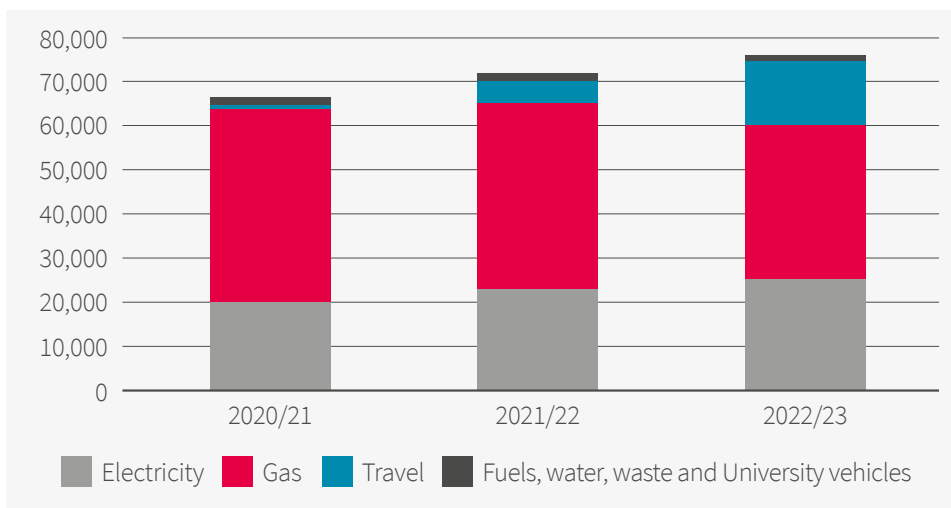
The QS World University Rankings named the University as the top institution for sustainability in the UK and Europe. The University also placed an impressive fourth globally out of 700 higher education institutions listed in the world rankings. This is the first year that the QS World University Rankings, a world-leading league table for the higher education sector, has introduced a standalone framework for environmental and social impact. The ranking offers new insights into the varying degrees of institutional engagement with the environmental and social agenda.

The University is tackling climate change across all its activities as part of its plan to be zero carbon by 2040. This includes initiatives like improving the way we power and heat our buildings; electrifying our vehicle fleet and replacing non-essential travel with alternatives where available. We will sequester the remaining carbon from unavoidable emissions, such as essential flights.

The aim is to deliver more than one million tonnes of CO<sub>2</sub> offsetting over the next 50 years at multiple sites across Scotland. In addition to sequestering carbon, this programme is designed to maximise the co-benefits for biodiversity and local communities whilst generating research, teaching and learning opportunities.

As part of this work, the University has recently purchased space dedicated to carbon sequestration. Drumbrae is a 431-hectare area in the Ochil Hills, near the city of Stirling. As well as sequestering carbon by creating woodland, we aim to improve the variety of habitats on site to increase biodiversity and encourage our students and researchers to visit it.

### Absolute carbon emissions



### Notes to table

Absolute carbon emissions have increased by 11 per cent compared to academic year 2021/22. This has been largely driven by an increase in carbon emissions associated with business travel, which have increased from 4,540 tCO<sub>2</sub>e to 15,237 tCO<sub>2</sub>e. An increase was expected as this was the first full academic year without any pandemic related travel restrictions. Business travel emissions have not returned to pre-pandemic levels experienced in academic year 2018/19. The University has purchased a site for carbon sequestration and is committed to improving the way we power and heat our buildings, electrifying vehicles and implementing alternatives to non-essential travel.

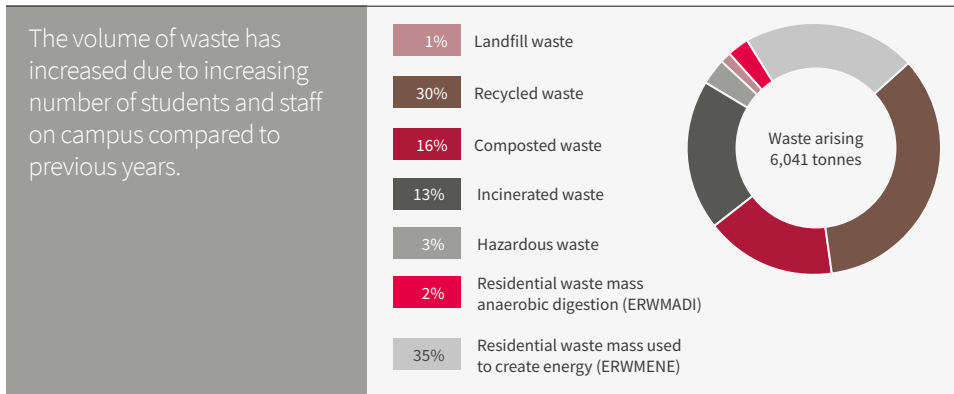


# Operational review (continued)

## Key performance indicators

	2022/23	2021/22	2020/21
Income (tonnes CO2e / £m)	<b>55.8</b>	54.7	55.4
Staff (tonnes CO2e / staff FTE)	<b>6.4</b>	6.3	5.9
Students (tonnes CO2e / student headcount)	<b>1.6</b>	1.5	1.4

## University waste breakdown 2022/23



In Autumn 2022, the University recognised the impact of its alumni working on climate, environment and sustainability, who are making an impact and contributing to positive change. Our Climate 75 list features scientists, journalists, researchers, artists, educators, entrepreneurs and everything in-between. Some are pushing the boundaries of technology, whilst other are working directly with the communities most impacted by our changing climate.

Activities to support academics, students, and industry to drive innovation in response to climate change and related sustainability challenges are vital to Edinburgh Innovation's commitment to deliver positive societal impact through commercialisation. The 'Earth Centred Business Design' tool, which was developed by Edinburgh Innovations as part of the European Institute of Innovation and Technology funded CloudEARTH project, received the Scottish Knowledge Exchange 'Making an Environmental Difference' 2023 Award.

The €11.5 million CirCHive project, funded by Horizon Europe, aims to help organisations make more informed decisions to protect ecosystems, enhance biodiversity, and unlock new opportunities for society and businesses.

As a partner in CirCHive, the University will receive £1.2 million to coordinate case study research and contribute to developing natural capital and biodiversity footprinting methods.

CirCHive's case study partners will bring together the latest scientific methods with organisations looking to develop sustainable business models. Case studies include working with Lacoste to monitor the biodiversity impacts of cotton farming, with Millwood to develop sustainable forestry management practices in Ukraine, and with the City of Edinburgh Council to understand the impacts of new developments on biodiversity and natural capital.

CirCHive will also work with other businesses and cities to develop the BEEHive, a new community open to any organisation interested in learning how to measure and manage their impact on nature. Members of BEEHive will collaborate in the development and testing of CirCHive's outputs and will receive support in developing sustainable management practices.

## Supporting our community

### Contributing locally

In 2023, the Principal signed a Social Impact Pledge, reaffirming the University's commitment to improve its social impact. To increase the positive impact on local communities, the institution has pledged action to renew and further its University of Sanctuary status, provide accessible veterinary support to the pets of homeless people, and offer space to a range of community engagement projects from our new community-facing location on Nicolson Street.

# Operational review (continued)

## Responsible investments

The University's vision is to be recognised as the leading UK university for social enterprise and investments by the academic year 2023/24 and, to date, it has allocated up to £8 million to invest in socially positive activities.

The University of Edinburgh has joined backers of a social impact investment fund developed by Big Issue Invest (BII), UnLtd and Shift. The Growth Impact Fund is aimed at social enterprises and organisations from under-represented backgrounds.

The fund completed on its first close of £8.2 million towards its £25 million target. The potential £25 million fund has been designed and developed with social entrepreneurs of diverse genders, ethnicities, ages, and those with disabilities.

The University of Edinburgh joins other backers, including Big Society Capital, Scope, Trust for London, Joseph Rowntree Foundation and Charities Trust.

The NatWest Group and the University announced a new partnership based on challenge-led research and innovation that will improve how data is used to address societal issues facing the banking sector for the benefit of bank customers, students, researchers, and policy makers. Led by the Edinburgh Futures Institute and Bayes Centre, the Centre for Purpose-Driven Innovation in Banking will draw on expertise from more than 100 academics across the University.

## City Region Deal

The Data-Driven Innovation (DDI) programme is a 15-year, £661 million investment and innovation initiative launched in August 2018, supported by a total of £270 million capital funding from the UK and Scottish Governments as part of the £1.3 billion Edinburgh and South-East Scotland City Region Deal. It is built upon a foundation of six decades of world-leading AI and Informatics research at the University, and the strong digital business ecosystem that has evolved in the Edinburgh city region over the past 20 years.

At the end of the 2022/23 financial year, DDI reached its halfway milestone. Except for some delays caused by the pandemic, DDI has made excellent progress, with a focus on finalising the business cases for capital funding, securing first large-scale anchor projects in 10 industry sectors and building, and equipping, DDI Innovation Hubs across two universities.

Two of the six DDI Hubs were opened in 2022/23. In June 2022, the Edinburgh International Data Facility (EIDF) launched the data science service available online via virtual desktop, connected to the first Cerebras supercomputer in Europe.

**“Addressing social inequality and providing opportunities for all is at the heart of the University of Edinburgh as an institution.”**

**Dave Gorman**

Director of Social Responsibility and Sustainability



## Operational review (continued)

DDI Hubs were also actively involved in efforts to mitigate the impact of the Covid-19 pandemic. In the Usher Institute, the team led by Professor Aziz Sheikh's EAVE II project used large datasets to demonstrate world-first results of the effectiveness of vaccines, and the lesser severity of the Omicron variant.

In addition, the National Robotarium, a collaborative hub between the University of Edinburgh and Heriot Watt University with laboratories in ocean systems, human-robotic interaction, and assisted living, was opened in September 2022. The Robotarium offers an ecosystem for industry collaboration where humans and robots work in partnership.

The first phase of the DDI programme will come to an end in the 2023/24 financial year when the last two DDI Hubs will be completed. Located in the iconic Royal Infirmary Hospital from the late 19th century, the Edinburgh Futures Institute is the largest of the hubs.

EFI is the home base for five of the ten DDI industry sectors with the broadest educational programme of the hubs, bringing people, data, and diverse disciplines together in an open, 'what-if' environment.

In the next phase of the DDI Programme, the six hubs will join forces as an externally facing innovation platform, housing expertise and facilities to help researchers, companies and public sector partners join forces and innovate using data. The focus is shifting towards solidifying integrated ways of working, external engagement for economic growth, and delivering benefits and impact.

As a large regional employer and a driving force for research and innovation in the city region, the University is in a key position to drive regional competitiveness and prosperity. In 2022, building upon the successful relationships nurtured through the delivery of the City Region Deal, the DDI Programme Office supported the regional partners to develop the Regional Prosperity Framework (RPF). This is Edinburgh's first integrated regional economic development strategy since the 1990s and provides a blueprint for the economic development of South-East Scotland and a framework of collaboration with Scottish and UK government programmes for the next decade.

## Annual Procurement Report

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 and 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 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.



## Revolutionary partnership

4

QUALITY  
EDUCATION



17

PARTNERSHIPS  
FOR THE GOALS



### African Partnership Fund

During a visit to Ghana by a delegation from the University in March 2023, the Principal and

Vice-Chancellor Peter Mathieson announced Edinburgh would undertake a multi-year commitment to explore educational opportunities for African students and build research partnerships across the African continent. The Principal's African Partnership Fund will initially commit £250,000 to support this endeavour.

University representatives met with the African Academy of Sciences at the University of Ghana, Ashesi University, Kwame Nkrumah University of Science and Technology, the University of Cape Coast and the Mastercard Foundation.

The Principal's African Partnership Fund will focus on supporting Africa's youth, providing educational opportunities and developing high-quality research and knowledge exchange with African partners.

“It is important that our engagement is rooted in listening, learning and commitment. We can learn from Ghana and we can learn from our African colleagues. By listening and observing we can form a deeper understanding of the role we can play as an institution when working with partners across the African continent.”

**Peter Mathieson**

Principal and Vice-Chancellor,  
the University of Edinburgh



# Financial review

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## Director of Finance's foreword



### Lee Hamill

Director of Finance

The University of Edinburgh has met significant challenges in an uncertain economic environment and delivered another strong financial performance in 2022/23. We have continued to demonstrate that we are capable of delivering our objectives in a financially sustainable way that provides us with a solid platform to achieve our Strategy 2030 objectives.

We have grown our revenues and managed our underlying costs, despite the challenges presented by high inflation, allowing us to continue the recent trajectory in generating significant positive cash flows for reinvestment in University activities. The Financial Review on pages 44 to 49 covers all the main areas of our financial performance in greater detail.

### Financial headlines

During the year we saw our total income grow to a record £1.4 billion (including capital grants) driven by the high demand for places at Edinburgh, as well as our continued reputation for excellence in world-leading research, innovation and knowledge exchange. We have also seen a further upturn in our commercial activities, with our accommodation, catering and events operations contributing significant revenues in the period, reinforcing the importance of this additional revenue stream as we look forward.

Like all organisations in the UK, we have faced very significant increases to our utility costs, as well as inflation-driven increases to the vast array of goods and services that are required to run a university of our size and complexity. This has at times been challenging and although we are starting to see signs of inflation abating, we will continue to work hard to ensure that cost growth does not outstrip income growth.

I outlined in my foreword last year that we now use Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) to measure our underlying financial performance. 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 important investment in equipment, our digital infrastructure and our physical estate. Like many of our peer institutions, we use the British Universities Finance Directors Group definition of EBITDA which starts with surplus/(deficit) before other gains and losses and makes adjustments thereafter to account for the funding models in operation across the higher education sector.

Our EBITDA for 2022/23 was £148 million, or 10.7 per cent of income (2022: £168 million, 12.9 per cent of income). This means that we are covering all of the annual operating costs of the University as well as generating additional cash for reinvestment into the projects and initiatives that will help us deliver on our strategy. The table below shows the reconciliation from surplus/(deficit) before other gains and losses through to EBITDA, and we highlight the large non-cash movement in pension provisions that is further explained in the financial statements.

### 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.

	2023 £m	2022 £m
Surplus/(deficit) before other gains and losses	157	(92)
Movement in pension provisions	(53)	234
<b>Adjusted surplus before other gains and losses</b>	<b>104</b>	142
Interest and other finance costs	27	22
Depreciation and impairment	86	70
Capital grant income	(69)	(66)
<b>EBITDA</b>	<b>148</b>	168



## Director of Finance's foreword (continued)

### Capital investment

With more than 500 buildings across our five campuses, it is essential that we commit sufficient investment each year to maintain and develop our physical estate, equipment portfolio and our digital estate. Over the past two years, we have seen significant increases to the cost of labour and materials as well as supply chain issues and general inflation causing disruption across the construction sector in the UK. Despite these challenges, all of our committed capital projects have progressed over the last 12 months. It was particularly pleasing to see the progress made on our largest ever individual capital project with the Edinburgh Futures Institute beginning to open its doors in the autumn of 2023.

Total capital expenditure for 2022/23 was £165 million (2022: £158 million) of which £103 million was spent on improving our physical estate (2022: £114 million). We remain committed to our 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

The triennial valuation of our largest pension scheme, the Universities Superannuation Scheme (USS), began in March 2023. This is a formal process that must be carried out every three years in consultation with scheme employers and members to establish whether or not there is a gap between scheme assets and liabilities. USS is the largest private pension scheme in the UK in terms of assets under management, and the principal pension scheme for universities and Higher Education institutions. The scheme has more than half a million active and retired members as well as more than 340 participating employer organisations.

The 2023 valuation has shown that the scheme's assets have exceeded the level of its liabilities, resulting in a surplus position. The scheme trustees are working towards agreement on a number of changes from early 2024 that will deliver improvement to benefits for members as well as a reduction in contributions for both members and employer organisations. The long-term financial sustainability of the scheme remains a priority for us and we will continue to work constructively with everyone involved in 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. Over the past several years we have seen large swings in the valuation for our provision of the University's share of the USS deficit recovery plan as well as the deficit in the University of Edinburgh Staff Benefits Scheme (SBS). It is important to note that both of these large positive movements in 2022/23 are not a reflection of the University's actual financial performance and are non-cash in nature – no money has come in or out of 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

Our endowment fund recorded an increase in valuation at the end of the 2022/23 financial year with the fund valued at £560 million (2022: £541 million). The increase was driven by new endowments received during the year, which offset a reduction in the unit price of the fund. This increase follows the reduction we reported in 2022 after what was another challenging year. This year's recovery is welcomed and we are reminded that the endowment fund is invested for the long-term with success measured in decades rather than over a single year.

### Conclusion

The University has continued to deliver strong financial performance over what has been, for a variety of reasons, a challenging three-year period. We have done this by adapting quickly to mitigate our risks and make the most of our opportunities. This year provides us with a sound financial base to look forward and deliver on our strategic objectives for the benefit of our students, our staff and our local and global communities.

“We remain committed to our capital plan which will see us invest in new student facilities, student accommodation and equipment.”



“To have Edinburgh University on board from early on acted as leverage for significant funding from several different supporters and we are extremely grateful for the University’s early adoption of this project. ”

Edinburgh Women’s Aid

## Supporting our community



11 SUSTAINABLE CITIES AND COMMUNITIES

Since launching a community grant scheme in 2017, the University of Edinburgh has invested more than £600,000 in more than 210 community projects in south-east Scotland. The scheme has created or strengthened relationships between the University and more than 170 local community organisations. In this academic year, £102,000 was shared out through grants to 24 community projects. The grants of up to £5,000 have, based on a conservative estimate, had direct benefit for more than 26,000 local people.



# Financial review

## The University delivered an EBITDA of 10.7 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 2022/23 was £148 million. This is £20 million down on the EBITDA reported last year (2022: £168 million) – driven by the impact of rising inflation across the University's cost base. EBITDA in 2022/23 equates to 10.7 per cent of total income (2022: 12.9 per cent). The balance sheet remains strong with total net assets amounting to £2.7 billion (2022: £2.5 billion).

This year has again been one of great unpredictability and our income and expenditure has been put under pressure. 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 2022/23 accounts direction and with Financial Reporting Standard (FRS) 102.

### Financial performance

Commentary on financial performance in 2022/23 excludes the impact of a non-cash credit to staff costs of £53 million, relating to movement on the USS pension provision in the year (in 2021/22 this was a non-cash charge of £234 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 £182 million (2022: £37 million).

Summary I&E	2023 £m	2022 £m
Total income excluding capital grants	1,316	1,231
Total expenditure <b>(1)</b>	(1,168)	(1,063)
<b>EBITDA</b>	<b>148</b>	<b>168</b>
Exceptional USS provision movement (non-cash)	53	(234)
Depreciation, amortisation and impairment	(86)	(70)
Interest and other finance costs	(27)	(22)
Capital grants	69	66
<b>Surplus/(deficit) before other gains and losses</b>	<b>157</b>	<b>(92)</b>
Loss on investments (non-cash) <b>(2)</b>	(5)	(8)
<b>Surplus/(deficit) for the year</b>	<b>152</b>	<b>(100)</b>
Actuarial gain in respect of pension schemes (non-cash) <b>(3)</b>	30	137
<b>Total comprehensive income for the year</b>	<b>182</b>	<b>37</b>

### Notes to table

1. Expenditure and EBITDA excludes exceptional staff costs (non-cash) relating to the movement on our USS pension provision in each year.
2. An unrealised loss which is subject to the volatility of investment movements.
3. Non-cash movement - this is the difference, year-on-year, of revisions to the estimated value of the pension scheme assets and liabilities (excluding USS).



## Financial review (continued)

### Income

Total income in 2022/23 was £1,385 million (2022: £1,298 million). This represents an increase of 7 per cent from last year, which has been driven by higher investment income received as a result of rising interest rates and the receipt of £40 million of endowment funding that will be used to fund Phase Two of the Mastercard Foundation Scholars Program.

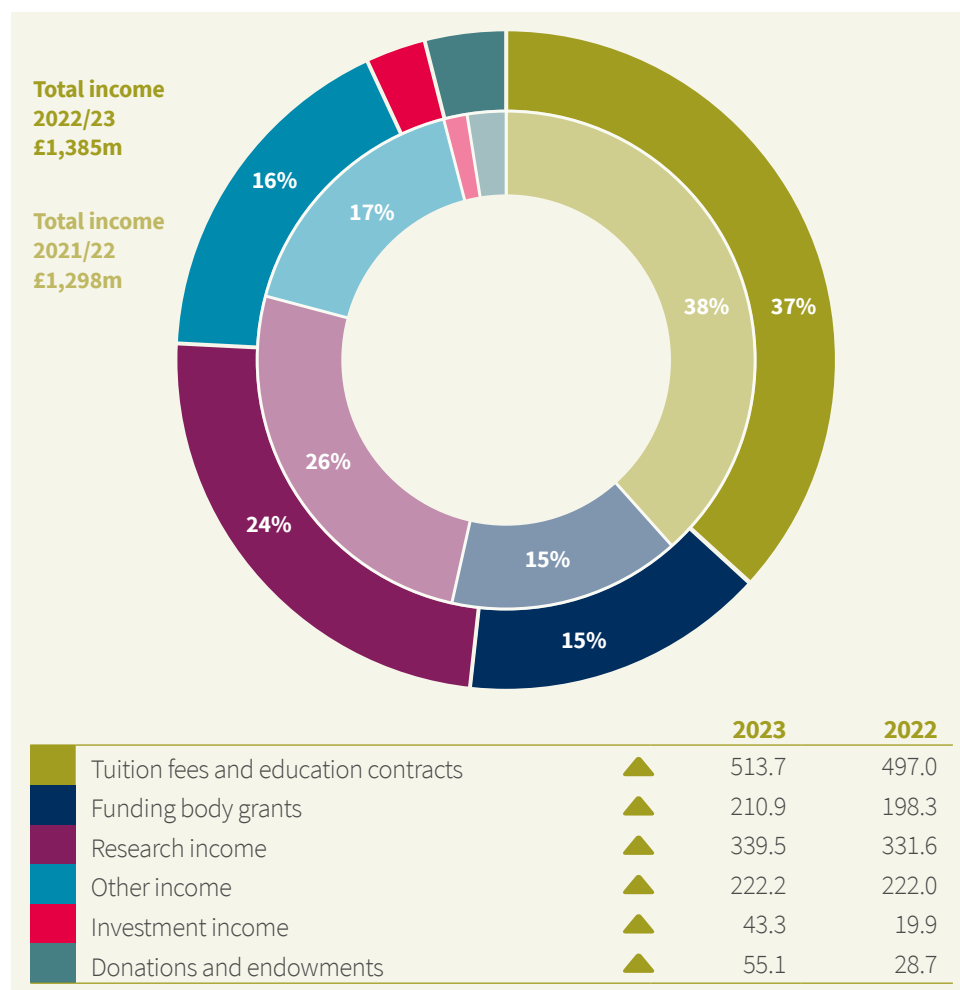
Tuition fees income grew in the year to £514 million (2022: £497 million), representing an increase of £17 million (three per cent). This year shows a one per cent growth in student number headcount to 49,740 (2022: 49,065). Driving the fees income increase was a rise in overseas students.

The funding mix for the University is similar to last year, with tuition fees accounting for 37 per cent (2022: 38 per cent) of the University's total income. This reflects our student recruitment being on target this year.

Funding body grants increased by six per cent in 2022/23 to £211 million (2022: £198 million). 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 have seen an increase in our REG funding in 2022/23.

Research income grew by two per cent on the previous year to £340 million (2022: £332 million). UK based charities now account for 19 per cent (2022: 22 per cent) of total research funding, and income from other overseas sponsors has decreased to £25 million this year (2022: £32 million). The University reported a record year for new research awards in 2022/23 and these will filter through as research income throughout the awards' lifetime.

### Sources of income



### Notes to table

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

## Financial review (continued)

Outwith teaching and research, the University's other income in 2022/23 has remained flat at £222 million (2022: £222 million). We have seen improvements in our commercial operations with income from our accommodation and catering business increasing to £93 million in 2022/23 (2022: £74 million) and income from other services, like consultancy, increasing to £59 million in 2022/23 (2022: £52 million). These increases have been offset by reductions in non-Scottish Funding Council related grant income.

Capital funding received from the Edinburgh and South-East Scotland City Region Deal was £30 million in the year.

### Expenditure

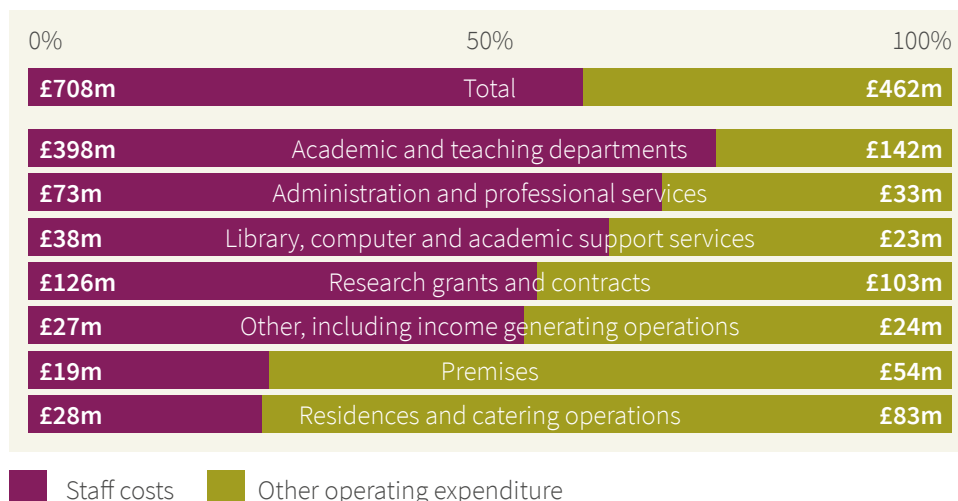
Total expenditure in 2022/23 was £1,280 million (2022: £1,155 million), a 11 per cent increase on last year. This excludes the impact of non-cash staff costs relating to movement on the USS pension provision. Staff costs represented 55 per cent of the total expenditure (2022: 56 per cent) with the proportional decrease driven by the increases seen in our other operating expenses.

Other operating expenses include expenditure on student accommodation, scholarships and bursaries, library services, utilities and premises maintenance costs, and administration costs. Other operating expenses for the year were £462 million (2022: £416 million), a 11 per cent increase on last year. The increase in operating expenses is driven by the challenging macro-economic environment we have been working in throughout the last year with increases seen in our utilities, insurance premiums and student support payments.

The University offers generous assistance to students studying at Edinburgh. In 2022/23 we provided £15 million in centrally administered financial support to students (including scholarships and assistance with fees).

The University's depreciation charge increased by 39 per cent to £85 million (2022: £61 million). The increased depreciation charges for 2022/23 are a result of our higher capital expenditure and a lowering of the threshold at which we capitalise spend on equipment. There was no impairment made to fixed assets in 2022/23 (2022: £8.4 million).

### How we allocate our resources



### Notes to table

The chart shows our staff costs and other operating expenditure, and the corresponding proportions, across different types of activity in 2022/23.

# Financial review (continued)

## Impact of pension deficit

The University has recorded an actuarial gain on its funded pension schemes of £30 million in the year. This follows on from the previous year when we recorded an actuarial gain of £137 million. The actuarial gain is a non-cash movement and is not a measure of the University's operational financial performance. 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' challenging - we remove the impact of these entries to allow comparison.

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 actuarial gain of £30 million is broken down as per the table below (see note 33 for further details on the pension schemes).

### Actuarial Gain/(Loss)

	£m
University of Edinburgh Staff Benefits Scheme (EUSBS)	16
Lothian Pension Fund	(1)
Strathclyde Pension Fund	15
<b>Total gain</b>	<b>30</b>

The actuarial gain or loss can vary greatly from year-to-year depending on the remeasurements 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 2023 was £20 million, having decreased from a £39 million deficit as at 31 July 2022. The deficit on the EUSBS is reported on the balance sheet under pension provisions.

### EUSBS Actuarial Gain

	£m
Demographic assumptions gain <b>(1)</b>	10
Financial assumptions gain <b>(2)</b>	109
Asset return loss <b>(3)</b>	(103)
<b>EUSBS gain</b>	<b>16</b>

### Update on Pensions

Pension schemes in the UK are required to undertake a formal valuation every three years to establish 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 the amounts expected to be paid out to pensioners over time. Following the delayed conclusion of the 2020 triennial valuation of the Universities Superannuation Scheme (USS) the scheme has struck its latest valuation at 31st March 2023. The next planned valuation for our in-house Edinburgh University Staff Benefit Scheme (EUSBS) is 31st March 2024.

#### Notes to table

1. Demographic assumptions gain relates 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. The asset return loss 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 over 340 member organisations, and over half a million individual members who account for over a fifth of the people in the UK who are still actively paying into private defined benefit schemes. The 2023 valuation result shows a stark contrast to the outcome of the 2020 exercise. The USS has moved from a position of significant deficit (leading to changes to both benefits and contribution rates – implemented from April 2022) to a surplus. This result was not forecast but is essentially the consequence of the macro-economic landscape and specifically the value of gilts in a higher interest rate environment.

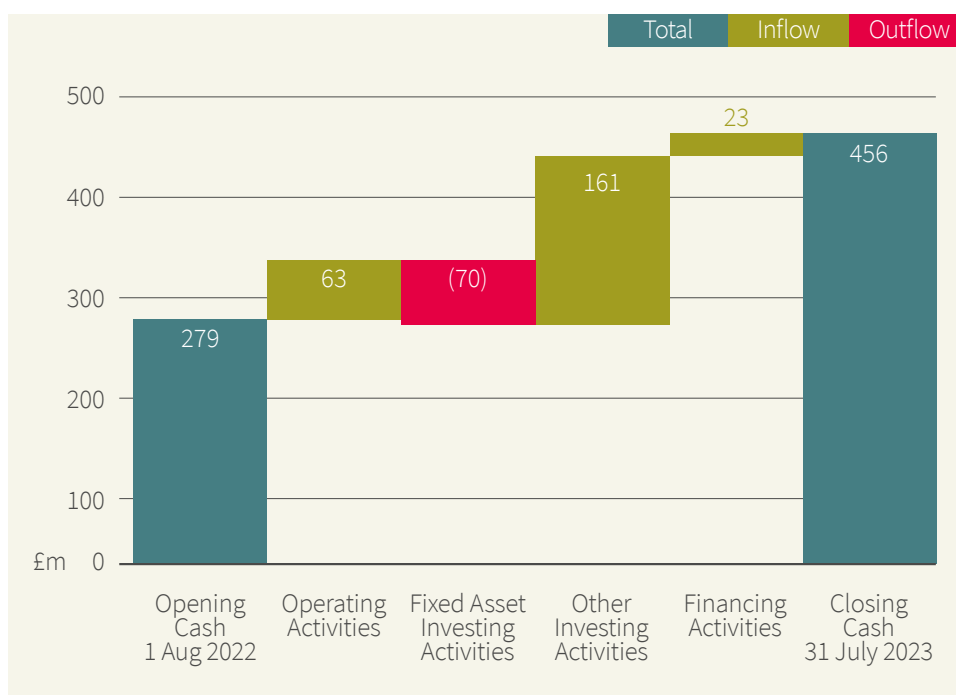
The scheme trustees are working towards the agreement of a number of changes from early 2024 that will deliver improvement to benefits for members as well as a reduction in contributions for both members and employers. The long-term financial sustainability of the scheme is a priority for the University and we will continue to work constructively with all parties involved.

The EUSBS will not complete a formal valuation until 2024 but the scheme actuary has indicated that the scheme has already seen a funding improvement from 92 per cent (at the last valuation) to 100 per cent as at 31st March 2023. The 2024 valuation will consider both the benefit structure and associated contribution rates by the Trustee and the University.

### Cash flow and Financing

The University cash and cash equivalents balance at 31 July 2023 was £456 million (2022: £279 million). The increase has been driven by the sale of non-current term investments and their conversion to cash and cash equivalents on our balance sheet. 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 and are not included in our cash and cash equivalents balance.

### Cash flow statement



### Notes to table

1. Inflow on operating activities substantially reflects EBITDA generated in the year excluding new endowment cash received and the interest received on our treasury investments.
2. Fixed asset investing activities is payments made to acquire fixed assets, net of capital grant receipts and disposals.
3. Inflow on other investing activities relates to the sale of non-current investments and the interest received on our treasury investments.
4. Inflow on financing activities relates to the new endowment cash we received and the payments made to service our debt.

# Financial review (continued)

## Net Assets

Total Net Assets are £2.7 billion (2022: £2.5 billion) having increased by 7 per cent, principally driven by the increase in the net book value of our fixed assets. The net book value of fixed assets increased by £80 million to £2.1 billion (2022: £2.0 billion). This is a reflection of the University's programme of estates development and equipment procurement.

## Endowments

In the year to 31 July 2023, the Endowment and Investment fund unit price fell to £48.80, (31 July 2022: £49.50) representing a decrease of 1.4 per cent. However, £46 million of new endowments received during the year means the value of the Endowment and Investment fund grew to £560 million. 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).

[Responsible Investment Policy](#)

## 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 are able to 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 a positive EBITDA during a challenging year and we are confident that the institution has the reserves and appropriate approach to managing both its risks 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 European Union 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  
20 December 2023

“This opportunity has given us a chance to temporarily escape from the troubles we are experiencing... being in Edinburgh has provided me with a small sense of joy.”

**Nadiia Hriadchenko**

Masters student, Taras Shevchenko National University of Kyiv (KNU)

## People



Nadiia Hriadchenko, 21, had just moved to Odesa from Kyiv, Ukraine, to work in a lab for the first time after the Covid-19

pandemic. Two months later, the war derailed those plans.

“My life completely changed,” said Nadiia. “All of my classes had to continue taking place online as it was too dangerous to attend the University. Shortly after this announcement, part of KNU was bombed.”

When Nadiia found out about the twinning initiative and the potential placement opportunity, she knew that it was something she had to do.

“The University of Edinburgh’s School of Chemistry is one of the best science faculties in the world, with a host of advanced technology and automated devices on hand – something that we are not used to in Ukraine.”

In Kyiv, Nadiia studied analytical chemistry and did research and analysis of agricultural objects as part of her chemistry degree. Upon moving to Scotland, she decided to write her thesis – which she would be writing in English – on whisky.

Nadiia explained: “We don’t produce whisky in Ukraine so I thought that Scotland would be the best place to study something so unique – where better than the home of whisky? Nuclear Magnetic Resonance (NMR) is a type of research method that isn’t commonly used because it can be so expensive, so I thought it would be a great experience for me to trial it given the high-spec resources available in Edinburgh.

“This opportunity has given us a chance to temporarily escape from the troubles we are experiencing. Even though my head and heart are still very much with my hometown, being in Edinburgh has provided me with a small sense of joy.”

Read more about the [twinning initiative](#).



# 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 all the principles and provisions of the [Scottish Code of Good Higher Education Governance \(2017 edition\)](#) throughout 2022/23. Court will seek assurance around compliance with the Revised Code (2023 edition) from 2023/24.

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## 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 2022/23, the University Court had 22 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 Senior Lay Member's term of office concluded on 31 July 2023 and was renewable by Court on the recommendation of the Nominations Committee for a further period of three years subject to satisfactory performance, without recourse to a further election. This is provided for in the relevant legislation and in the Court-approved role description and election and appointment regulations. In line with the Scottish Code of Good Higher Education Governance, the Intermediary Member of Court is responsible for leading the appraisal of the Senior Lay Member. On 19 July 2021, the Exception Committee on behalf of Court agreed that co-opted Court member Frank Armstrong be appointed as Intermediary Member for a two year term of office from 1 August 2021 and at its meeting on 19 June 2023 Court approved his re-appointment for a further two years.

In summer 2023 Frank Armstrong led appraisal of the Senior Lay Member's performance, seeking confidential feedback from all Court members prior to this. Following a formal review meeting and informal engagement the Intermediary Member of Court reported that the Senior Lay Member had provided accomplished leadership in a difficult environment and navigated the governance system well. On the recommendation of the Nominations Committee, Court approved a three year extension of term to 31 July 2026. 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 six members appointed by the University Court.

### Membership of University Court

The terms of office of the two student representatives ceased at the end of the academic year 2022/23 and they were succeeded by two new members. The Trades Union Professional Services Staff Assessor retired from the University on 30 September 2023 and as a result stepped down from Court. Her successor was nominated to Court by the Joint Unions Liaison Committee and joined Court on 1 October 2023. One co-opted Court member resigned with effect from 8 September 2022 and the term of office of one co-opted Court member ceased at the end of July 2023. Successors were appointed through a robust, transparent, open advertisement and interview process managed by the Nominations Committee, which includes staff and student members, taking into consideration skills, experience and diversity.

## Corporate governance statement (continued)

The University participates 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 2022/23. A [Skills Register](#) is maintained for all Court members.

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.

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 2023](#).

The University provides a report to the Scottish Government in April each year in accordance with the requirements of the Gender Representation on Public Boards (Scotland) Act 2018. At April 2023 the gender diversity of Court stood at 50 per cent male, 50 per cent female. Training and development opportunities are made available as appropriate for all Court members throughout the year and an informal mentoring scheme for new Court members is also in operation.

**...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...**





# Corporate governance statement (continued)

Court is committed to ensuring ethical standards in public life. On joining Court, members are required to sign a statement confirming that they will comply with the University's Code of Conduct, which includes the nine Principles of Public Life in Scotland. Court maintains a Register of Interests of its members and senior University officers.

## Register of interests

Court met on five occasions during 2022/23, all of these meetings were in person. 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 2022 and in February 2023 on:

- The University's Senior Leadership Team
- Roles and Responsibilities of Court Members
- Insights into the University's Sports Offering
- Climate and Sustainability
- Managing Risks in International Partnerships

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 and Court is actively engaged in monitoring progress of its delivery. At its meeting on 5 December 2022, Court reviewed the 2021/22 year end report on the agreed Strategy 2030 Performance Measures and at its meeting on 17 April 2023 Court considered a mid-year update on the Performance Measures for 2022/23.

## Strategy 2030

During 2022/23, as well as the more routine items, Court considered the following:

- Continued oversight of the People and Money System implementation, including commissioning an external review to inform future decision-making and oversight for major change projects and system procurement and implementation.
- Approval for a new Engineering Hub at King's Building Campus to unlock new opportunities by creating a location for research in renewable energy and future electronics, integrating facilities for experiential learning, and introducing innovation space to support local and global impacts.
- Continued support for the Edinburgh College of Art masterplan to create an expanded single site campus, including approval to progress with capital works paused as a result of the Covid-19 pandemic.
- Approval of a revised Residential Strategy 2023 - 2030 to provide an integrated approach to the provision of Residential Accommodation, considering size and shape, carbon zero pathways, transport, equality and inclusion.
- Regular updates on the student experience and review of the Curriculum Transformation programme, a major long term project to review the shape, design, and delivery of the curriculum to ensure it develops with the needs of future students.
- Consideration of the staff experience and industrial relations, including the UCU Marking and Assessment Boycott.
- Discussion of Academic Freedom and Freedom of Expression noting the establishment of a Working Group to identify how the University can best support academic freedom and freedom of expression across its staff and student community.

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.

# Corporate governance statement (continued)

## Performance evaluation

At its 5 December 2022 meeting, Court considered an internal review of Court's effectiveness for the 2021/22 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 individual discussions with the Senior Lay Member and University Secretary over the course of summer 2022 with most Court members who had a year or more of experience on Court.

An external effectiveness review is due for the 2023/24 academic year and proposals to undertake this will be considered by the Nominations Committee (which includes staff and student members) in the first instance prior to Court approval.

## Senate's effectiveness

Senate conducted a review of its effectiveness in 2021/22 through a short questionnaire to Senate members and a separate short questionnaire to Senate Standing Committee members with their responses collated and the feedback, analysis and proposed actions presented to Senate on 12 October 2022 and subsequently to Court on 5 December 2022. The internal effectiveness review was light touch, taking account of the forthcoming external effectiveness review to take place in 2022/23.

Advance HE was commissioned to undertake the externally facilitated review of Senate. The review was led by Professor Ella Ritchie, former Deputy Vice-Chancellor of Newcastle University and supported by Professor David Langley and Hillary Gyebi-Ababio (former Vice-President (Higher Education) at the National Union of Students). The reviewers provided a summary of findings and recommendations for discussion at the Senate meeting on 24 May 2023, with the final report expected to be considered at the Senate meeting on 11 October 2023.

## 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.

[Senate](#)

...its core function is to regulate and superintend the teaching and discipline of the University and to promote research...



## Learning and teaching

4 QUALITY EDUCATION



A high-profile project this year was the successful introduction of the new Student Support Model in 13 Schools and Deaneries. The expansion of our student support teams, with a new Student Adviser professional role for undergraduate and postgraduate taught students, has given students access to staff dedicated to, and skilled in support with academic, wellbeing and practical matters.

As the main point of contact for support with studies, Student Advisers can help individuals identify and access the most appropriate support in the University, such as counselling, funding and wellbeing services.



# Corporate governance statement (continued)

Committee structure	Standing committees
<p><b>University Court</b> University Court, the University's governing body, is a body corporate, with perpetual succession and a common seal. The present powers of the Court are defined in the Universities (Scotland) Act (1966) and include the amendment of the composition, powers and functions of bodies in the University and the creation of new bodies, the administration and management of the whole revenue and property of the University, internal arrangements of the University, staff appointments and, on the recommendation of Senate, the regulation of degrees, admission and discipline of students. It is responsible for ensuring that the Senate has in place effective arrangements for academic quality assurance and enhancement.</p>	<p><b>Audit and Risk Committee</b> <b>Convener:</b> David Law, Lay Member of Court (to 8 September 2022) Douglas Millican, Lay Member of Court (from 9 September 2022) The Audit and Risk Committee's purpose is to review the effectiveness of the University's corporate governance arrangements, financial systems, internal control environment and risk management arrangements and provide appropriate assurances to Court on these areas.</p>
	<p><b>Exception Committee</b> <b>Convener:</b> Janet Legrand, Senior Lay Member The Exception Committee's purpose is, under delegated authority, to make decisions which would otherwise require Court approval between meetings of Court subject to defined principles and on the understanding that any matter so referred can be referred to the full Court should this be the wish of the Exception Committee.</p>
	<p><b>Nominations Committee</b> <b>Convener:</b> Janet Legrand, Senior Lay Member The Nominations Committee's purpose is to make recommendations to Court on the appointment of co-opted members of Court, the Court's nominations of Curators of Patronage and the filling of vacancies as these arise in the Standing Committees of Court.</p>
	<p><b>Policy and Resources Committee</b> <b>Convener:</b> Janet Legrand, Senior Lay Member The Policy and Resources Committee's purpose is to provide strategic oversight of the University's financial, investment, estates and people affairs and to advise Court on any other business of particular importance or complexity.</p>
	<p><b>Remuneration Committee</b> <b>Convener:</b> Hugh Mitchell, Lay Member of Court The Remuneration Committee advises Court and oversees the preparation of policies and procedures in respect of salaries, emoluments and conditions of service including severance arrangements for the University's senior management including the Principal and those at professorial or equivalent level and to keep these under review. Details of the operation of the Remuneration Committee and the policy adopted for senior pay, including that of the Principal are set out in the <a href="#">Remuneration Committee Framework</a>.</p>
	<p style="text-align: center;">↓</p> <p><b>Joint Committee of Senate and Court</b></p>
<p style="text-align: center;">↑</p> <p><b>The Senate</b> The Senate is the academic authority of the University and draws its membership from the academic staff and students of the University. Its role is to superintend and regulate the teaching and discipline of the University and to promote research. The Principal presides at meetings of the Senate.</p>	<p><b>Education Committee</b> <b>Convener:</b> Vice-Principal Students Professor Colm Harmon The Education Committee is responsible, on behalf of Senate, for taught and research student matters, particularly strategy and policy concerning learning, teaching and the development of curriculum.</p>
<td data-bbox="456 1666 1481 1928"> <p><b>Academic Policy and Regulations Committee</b> <b>Convener:</b> Dr Paul Norris, Dean of Quality Assurance and Curriculum Approval, CAHSS (to 31 July 2023) Professor Patrick Hadoke, Director of Postgraduate Research and Early Career Research Experience (CMVM) (from 1 August 2023) 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> </td>	<p><b>Academic Policy and Regulations Committee</b> <b>Convener:</b> Dr Paul Norris, Dean of Quality Assurance and Curriculum Approval, CAHSS (to 31 July 2023) Professor Patrick Hadoke, Director of Postgraduate Research and Early Career Research Experience (CMVM) (from 1 August 2023) 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>
<td data-bbox="456 1928 1481 2060"> <p><b>Quality Assurance Committee</b> <b>Convener:</b> Deputy Vice-Principal Students (Enhancement) Professor Tina Harrison The Quality Assurance Committee is responsible, on behalf of Senate, for the framework which assures standards and enhances the quality of the student learning experience.</p> </td>	<p><b>Quality Assurance Committee</b> <b>Convener:</b> Deputy Vice-Principal Students (Enhancement) Professor Tina Harrison The Quality Assurance Committee is responsible, on behalf of Senate, for the framework which assures standards and enhances the quality of the student learning experience.</p>



# Corporate governance statement (continued)

Standing Committees	Thematic committees
<b>Audit and Risk Committee</b>	<p><b>Risk Management Committee</b>  <b>Convener:</b> Catherine Martin, Vice-Principal Corporate Services</p> <p>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.</p>
<b>Policy and Resources Committee</b>	<p><b>Estates Committee</b>  <b>Convener:</b> Frank Armstrong, Lay Member of Court</p> <p>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, the Estate Committee's remit was expanded to include the digital estate.</p>
	<p><b>Investment Committee</b>  <b>Convener:</b> Richard Davidson, External Member</p> <p>The role of the Investment Committee is to consider the corporate governance and other related implications of the University's investments.</p>

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 wellbeing and prosperity of the University and to be consulted on Ordinances and Resolutions. The aim is to ensure that graduates of the University have a continuing voice in the management of its affairs. There are three General Council Assessors on Court, appointed following an open advertisement and recruitment process overseen by a joint Court-General Council Selection Panel. It is also responsible for election of the Chancellor.

[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 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 2022 there was a joint workshop for members of the Audit and Risk Committee and Risk Management Committee on managing risk in international partnerships and the Edinburgh Parallel Computing Centre and our Data Safe Havens.

Strategic direction for Risk Management is set by University Court, and is detailed in the University of Edinburgh Risk Management Policy & Appetite Statement.

## Risk management information

By its 4 December 2023 meeting, Court had received the Audit and Risk Committee Report for the year ended 31 July 2023 and information from the Risk Management Committee; it also had taken account of relevant events since 31 July 2023. During 2022/23 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 2023. 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 also receives 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).

# Corporate governance statement (continued)

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 2022/23 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 2022/23 presented to the Audit and Risk Committee regarding its operation;
- The Audit and Risk Committee's annual report to Court providing information on the University's ongoing and annual activities for providing assurance over the system of internal control;
- 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 2022/23 financial year. The University Court considers that the University meets the 'Charity Test' set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and it will take such actions as are necessary to ensure continued full compliance with the legislation, and retention of charitable status.

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

Income derived from philanthropic donations and benefactions arising from the University's Development activities are disbursed by a Trust with separate charitable status, The University of Edinburgh Development Trust. The Board of Trustees includes members of the University Court. All disbursements are applied for the specific purposes of the relevant donations and benefactions, or in the case of general donations and benefactions, for the University's general purposes. All of those purposes are charitable for the purposes of the legislation.

## 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 2023, income and expenditure, assets, liquidity and cash flows are set out in more detail in the Notes to the Financial Statements.

The University has adequate financial resources and its current forecasts and projections show it to be well placed to manage its activities successfully having taken account of risks and uncertainties highlighted in the Annual Report and Accounts. Court considers that the University has adequate resources to continue in operation for a period of at least 12 months from the date of approval of the Annual Report and Accounts for this reason the going concern basis continues to be adopted when preparing the Accounts.

...well placed  
to manage  
its activities  
successfully  
having taken  
account of  
risks and  
uncertainties...

# Corporate governance statement (continued)

## Responsibilities of Court

On 12 May 2014, Court adopted a Statement of Primary Responsibilities published on the University website. This was in operation throughout 2022/23.

[Statement of the Court's Primary Responsibilities](#)

## 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, Financial Reporting Standard (FRS) 102, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the Court of the University of Edinburgh, the University Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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



**Janet Legrand**

Senior Lay Member



# Corporate governance statement (continued)

Membership of the University Court 2022/23		Court meetings attended	Committee memberships 2022/23	Committee memberships 2023/24
Rector	Debora Kayembe	4/5		
Principal and Vice-Chancellor	Professor Peter Mathieson	5/5	PRC EXC NC	PRC EXC NC
Senior Lay Member	Janet Legrand	5/5	PRC EXC NC RC	PRC EXC NC RC
<b>Chancellor's Assessor</b>				
Nominated by Chancellor	Sheriff Principal Alastair Dunlop KC	5/5	ARC	ARC
<b>General Council Assessors</b>				
Three Assessors who are members of the General Council, appointed by a joint Court/General Council selection panel for terms of office of four years	Douglas Alexander	4/5	PRC	PRC
	Jock Millican	3/5	PRC EXC IC	PRC EXC IC
	Sarah Wolffe	5/5	NC	NC
<b>Senatus Academicus Assessors</b>				
Two Assessors elected by the Senate for terms of office of four years	Dr Shereen Benjamin	5/5	KSC	KSC
	Professor Richard Blythe	5/5	KSC	KSC
<b>Academic Staff Member</b>				
Elected by academic staff for a period of four years	Professor Tobias Kelly	5/5	RC	RC
<b>Professional Services Staff Member</b>				
Elected by professional services staff for a period of four years	Sarah McAllister	4/5	KSC NC	KSC NC
<b>Trades Union Members</b>				
One academic and one professional services staff member nominated by a trade union for a period of four years	Joyce Anderson	4/5	KSC	
	Dr Kathryn Nash	5/5	PRC EXC	PRC EXC
<b>City of Edinburgh Council Assessor</b>				
One Assessor nominated by City of Edinburgh Council	The Rt Hon Robert Aldridge	3/5		
<b>Co-Opted Members</b>				
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 (to 31 July 2023)	5/5	ARC	
	Douglas Millican	5/5	ARC EXC	ARC EXC NC RC
	Hugh Mitchell	5/5	PRC EXC NC RC	PRC EXC NC RC
	Ruth Girardet	5/5	PRC	PRC
	Alistair Smith	3/5	EC	EC
	David Law (to 8 September 2022)	0/0	PRC EXC NC RC	
<b>Student Members</b>				
Annually nominated by the Students' Association from among sabbatical officers	Niamh Roberts (to 11 June 2023)	4/4	PRC EXC NC RC	
	Isi Williams (to 11 June 2023)	4/4		
	Sharan Atwal (from 12 June 2023)	1/1		PRC EXC NC RC
	Lauren Byrne (from 12 June 2023)	1/1		

Further information and biographies of Members of the University Court 2023/24 can be found on the [University's website](#).

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 2022/23

Audit and Risk Committee		Meetings attended
Lay Members of Court	David Law (Convener to 8 September 2022)	1/1
	Douglas Millican (Convener from 9 September 2022)	4/4
	Perdita Fraser	4/4
	Alastair Dunlop	4/4
External Members		
Appointed through an open advertisement and interview process	Ross Millar	3/4
	Grant Macrae	4/4

Nominations Committee		Meetings attended
The Principal	Professor Peter Mathieson	3/3
Senior Lay Member	Janet Legrand (Convener)	3/3
University Secretary	Leigh Chalmers	3/3
Staff Member of Court	Sarah McAllister	3/3
General Council Assessor	Sarah Wolffe	3/3
Lay Member of Court	Hugh Mitchell	3/3
Student Member of Court	Niamh Roberts	3/3

Policy and Resources Committee		Meetings attended
Senior Lay Member	Janet Legrand (Convener)	5/5
The Principal	Professor Peter Mathieson	5/5
University Secretary	Leigh Chalmers	4/5
Staff Member of Court	Kathryn Nash	5/5
Provost	Professor Kim Graham	5/5
General Council Assessor	Jock Millican	5/5
Lay Members of Court	Frank Armstrong	5/5
	Douglas Alexander	4/5
	Ruth Girardet	5/5
	Hugh Mitchell	5/5
Student Member of Court	Niamh Roberts	5/5

Knowledge Strategy Committee		Meetings attended
Chief Information Officer	Gavin McLachlan	4/4
Students' Association Representative	Sam Maccallum	4/4
Members of Court	Joyce Anderson	3/4
	Dr Shereen Benjamin	1/4
	Sarah McAllister	4/4
	Professor Richard Blythe	3/4
Members of Senate	Professor Colm Harmon (interim Convener)	3/4
	Professor Tina Harrison	4/4
	Dr Paul Norris	4/4
	Professor Siân Bayne (on research leave in 2022/23)	0/4
	Melissa Highton	3/4
External Member	Sue Currie	4/4

Remuneration Committee		Meetings attended
Senior Lay Member	Janet Legrand	3/3
Lay Members of Court	Hugh Mitchell (Convener)	3/3
	Frank Armstrong	3/3
Students' Association Representative	Niamh Roberts	2/3
Staff Member of Court	Tobias Kelly	3/3

Exception Committee		Meetings attended
Meets by email circulation		
The Principal	Professor Peter Mathieson	
University Secretary	Leigh Chalmers	
Senior Lay Member	Janet Legrand (Convener)	
Convener of Audit and Risk Committee	Douglas Millican	
Convener of Remuneration Committee	Hugh Mitchell	
General Council Assessor	Jock Millican	
Staff Member of Court	Kathryn Nash	
Student Member of Court	Niamh Roberts	

Full details of terms of reference and Committee membership are published on the [University's website](#).

# 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, 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 2023 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 2023; 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 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 61, 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 risks were 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  
21 December 2023

# Financial statements

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# Consolidated and Institution statement of comprehensive income and expenditure

For the year ended 31 July 2023

	Note(s)	2023		2022	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Income</b>					
Tuition fees and education contracts	3	513.7	513.7	497.0	497.0
Funding body grants	4	210.9	210.9	198.3	198.3
Research income	5	339.5	339.5	331.6	331.6
Other income	6	222.2	178.6	222.0	188.9
Investment income	7	43.3	42.2	19.9	17.7
Donations and endowments	8	55.1	55.7	28.7	28.9
<b>Total income</b>		<b>1,384.7</b>	<b>1,340.6</b>	1,297.5	1,262.4
<b>Expenditure</b>					
Staff costs excl USS movement in provision	9	705.8	678.3	647.4	626.7
Exceptional item:USS change in provision <b>(1)</b>		<b>(52.8)</b>	<b>(52.8)</b>	234.2	234.2
Other operating expenses	10	461.7	443.6	416.1	405.8
Depreciation and amortisation	13 & 14	85.4	84.4	61.2	60.3
Impairment of fixed assets	14	-	-	8.4	8.4
Interest and other finance costs	11	27.4	27.4	21.7	21.7
<b>Total expenditure</b>		<b>1,227.5</b>	<b>1,180.9</b>	1,389.0	1,357.1
<b>Surplus/(deficit) before other gains and losses</b>		<b>157.2</b>	<b>159.7</b>	(91.5)	(94.7)
Gain on disposal of fixed assets		0.1	0.1	-	-
Loss on investments <b>(2)</b>	16	<b>(5.8)</b>	<b>(13.2)</b>	(8.6)	(9.5)
<b>Surplus/(deficit) before tax</b>		<b>151.5</b>	<b>146.6</b>	(100.1)	(104.2)
Taxation	12	-	-	-	-
<b>Surplus/(deficit) for the year</b>		<b>151.5</b>	<b>146.6</b>	(100.1)	(104.2)
Unrealised surplus on revaluation of heritage assets	14	-	-	-	-
Actuarial gain in respect of pension schemes <b>(3)</b>	21	30.2	30.2	136.6	136.6
<b>Total comprehensive income for the year</b>		<b>181.7</b>	<b>176.8</b>	36.5	32.4
<b>Represented by:</b>					
Unrestricted comprehensive income for the year		167.3	159.6	43.3	43.7
Endowment comprehensive income/(expenditure) for the year	22	18.8	18.8	(24.2)	(24.2)
Restricted comprehensive (expenditure)/income for the year	23	<b>(4.4)</b>	<b>(1.6)</b>	17.4	12.9
Revaluation reserve comprehensive income for the year	24	-	-	-	-
		<b>181.7</b>	<b>176.8</b>	36.5	32.4

## 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 in 2021/22 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 2023

## Consolidated

	Income and expenditure account			Revaluation reserve £m	Research £m	<b>Total £m</b>
	Endowment £m	Restricted £m	Unrestricted £m			
<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 income/(expenditure) for the year</b>	<b>(24.2)</b>	<b>17.4</b>	<b>43.3</b>	-	-	<b>36.5</b>
<b>Balance at 1 August 2022</b>	541.0	67.5	1,660.2	208.4	-	<b>2,477.1</b>
Surplus/(deficit) from the income and expenditure statement	45.6	(4.4)	123.4	-	-	<b>164.6</b>
Other comprehensive income/(expenditure)	(26.8)	-	43.9	-	-	<b>17.1</b>
Release of restricted capital funds spent in year	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>18.8</b>	<b>(4.4)</b>	<b>167.3</b>	-	-	<b>181.7</b>
<b>Balance at 31 July 2023</b>	559.8	63.1	1,827.5	208.4	-	<b>2,658.8</b>

## Institution

	Income and expenditure account			Revaluation reserve £m	Research £m	<b>Total £m</b>
	Endowment £m	Restricted £m	Unrestricted £m			
<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 income/(expenditure) for the year</b>	<b>(24.2)</b>	<b>12.9</b>	<b>43.7</b>	-	-	<b>32.4</b>
<b>Balance at 1 August 2022</b>	541.0	42.3	1,646.9	208.4	-	<b>2,438.6</b>
Surplus/(deficit) from the income and expenditure statement	45.6	(1.6)	115.7	-	-	<b>159.7</b>
Other comprehensive income/(expenditure)	(26.8)	-	43.9	-	-	<b>17.1</b>
Release of restricted capital funds spent in year	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>18.8</b>	<b>(1.6)</b>	<b>159.6</b>	-	-	<b>176.8</b>
<b>Balance at 31 July 2023</b>	559.8	40.7	1,806.5	208.4	-	<b>2,615.4</b>

# Consolidated and Institution statement of financial position

As at 31 July 2023

	Note(s)	2023		2022	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Non-current assets</b>					
Intangible assets	13	28.6	28.5	30.9	30.9
Fixed assets	14	2,055.1	2,046.6	1,974.9	1,968.5
Heritage assets	14 & 15	216.8	216.8	215.8	215.8
Investments	16	676.8	678.9	728.5	725.9
		<b>2,977.3</b>	<b>2,970.8</b>	2,950.1	2,941.1
<b>Current assets</b>					
Stock		4.6	3.6	4.3	3.4
Trade and other receivables	17	251.4	264.3	232.6	233.3
Investments	18	289.3	289.3	384.1	384.1
Cash and cash equivalents	25	455.7	434.9	279.3	259.3
		<b>1,001.0</b>	<b>992.1</b>	900.3	880.1
Creditors: amounts falling due within one year	19	(430.1)	(458.1)	(398.3)	(407.6)
<b>Net current assets</b>		<b>570.9</b>	<b>534.0</b>	502.0	472.5
<b>Total assets less current liabilities</b>					
		<b>3,548.2</b>	<b>3,504.8</b>	3,452.1	3,413.6
Creditors: amounts falling due after more than one year	20	(536.0)	(536.0)	(546.9)	(546.9)
Pension provisions	21	(352.8)	(352.8)	(427.5)	(427.5)
Other provisions	21	(0.6)	(0.6)	(0.6)	(0.6)
<b>Total net assets</b>		<b>2,658.8</b>	<b>2,615.4</b>	2,477.1	2,438.6
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserves	22	559.8	559.8	541.0	541.0
Income and expenditure reserve - restricted reserves	23	63.1	40.7	67.5	42.3
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted reserves		1,827.5	1,806.5	1,660.2	1,646.9
Revaluation reserve	24	208.4	208.4	208.4	208.4
<b>Total reserves</b>		<b>2,658.8</b>	<b>2,615.4</b>	2,477.1	2,438.6

The financial statements on pages 68 to 110 were adopted by Court on 20 December 2023 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 2023

	Note(s)	2023 £m	2023 £m	2022 £m
<b>Cash flow from operating activities</b>				
Surplus/(deficit) for the year before tax			151.5	(100.1)
<b>Adjustments for non-cash items</b>				
Depreciation	14	82.2		60.8
Amortisation of intangibles	13	3.2		0.4
Gain on investments	16	17.6		47.1
Donated assets	15	-		-
Impairment	14	-		8.4
(Decrease)/increase in pension and other provisions	21	(56.1)		241.7
Increase in stock		(0.3)		(0.5)
Increase in debtors	17	(11.9)		(66.6)
Increase in creditors and accruals	19 & 20	7.1		11.5
			41.8	302.8
<b>Adjustments for investing or financing activities</b>				
Investment income	7	(43.3)		(19.9)
Interest payable	11	27.2		19.4
New endowments received	22	(45.8)		(15.3)
Gain on the sale of fixed assets		(0.1)		-
Capital grant income		(68.9)		(66.4)
			(130.9)	(82.2)
<b>Cash flows from operating activities</b>				
Taxation			62.4	120.5
			-	-
<b>Net cash inflow from operating activities</b>				
			62.4	120.5
<b>Cash flows from investing activities</b>				
Proceeds from sales of tangible assets		0.8		2.7
Capital grant receipts		68.9		66.4
Non-current investment disposal	16	216.9		3.2
Investment income	7	33.6		19.5
Payments made to acquire intangible assets	13	(0.9)		(13.8)
Payments made to acquire tangible assets		(138.7)		(151.6)
Non-current investment acquisitions	16	(177.0)		(62.6)
Advance to subsidiary		(5.8)		-
Decrease/(increase) in cash on deposit	18	94.8		(148.3)
Lump sum pension contribution to EUSBS	21	(1.5)		(3.4)
<b>Net cash inflow/(outflow) from investing activities</b>				
			91.1	(287.9)
<b>Cash flows from financing activities</b>				
Interest paid	11	(14.1)		(15.6)
Interest element of finance lease payments	11	-		-
New endowment cash received	8	44.8		4.0
Repayments of amounts borrowed	20	(7.6)		(40.3)
Capital element of finance lease payments		(0.2)		(0.1)
<b>Net cash inflow/(outflow) from financing activities</b>				
			22.9	(52.0)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>				
			176.4	(219.4)
Cash and cash equivalents at beginning of the year	25		279.3	498.7
Cash and cash equivalents at end of the year	25		455.7	279.3

# 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 2023. 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.

Costs are amortised over their useful economic life, being between four 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

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.

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.

# Notes to the financial statements (continued)

## 1. Statement of principal accounting policies (continued)

### 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.

#### Information for suppliers

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.

#### Scottish Business Pledge: 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 receivables 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 paragraph 11.13 requires financial instruments, ie 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.

It is therefore a charity within the meaning of paragraph 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 (VAT).

The University's subsidiary companies, except those with charitable status, are not exempt from taxation.

# Notes to the financial statements (continued)

## 1. Statement of principal accounting policies (continued)

### Taxation status (continued)

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.

### 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.

### 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



# Notes to the financial statements (continued)

## 2. Estimates and judgements (continued)

### Multi-employer pension schemes (continued)

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 33: Pension Schemes.

The cost of the USS deficit recovery plan has been estimated based on a model devised by USS and the British Universities Finance Directors Group (BUFDG) based on the USS 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	
	2023 £m	2022 £m
Home domicile fees	27.5	26.9
Rest of UK domicile fees	86.0	89.5
EU domicile fees	17.9	17.8
Non-EU fees	355.0	333.1
Research training support grants	21.7	23.0
Short course and other fees and support grants (non-credit bearing)	5.6	6.7
	<b>513.7</b>	497.0

### Tuition fees and education contracts

Student numbers grew by 1.4 per cent in the year to 49,740, but fee income growth was greater at 3.3 per cent due to change in student mix. Undergraduate (UG) numbers increased by 3.5 per cent, driven by growth (13.3 per cent) in Non-EU Overseas students. Postgraduate Taught (PGT) numbers decreased by 3.1 per cent with falls across all domiciles apart from Home. Postgraduate Research (PGR) numbers grew by 1.6 per cent, growth in Non-EU Overseas students offsetting falls across all other domiciles.

## 4. Funding body grants

	Consolidated and institution	
	2023 £m	2022 £m
Recurrent grants		
Teaching	74.5	72.2
Research and knowledge exchange	104.9	90.9
Specific grants		
Strategic funding: including UK Research Partnership Investment Fund (UKRPIF)	14.1	17.1
Capital grants received in the year	16.1	14.5
Capital maintenance grants	1.3	1.7
Other grants	-	1.9
	<b>210.9</b>	198.3

### Funding body grants

Funding from recurrent grants increased by £16.3 million, with the rise largely in research funding as a positive outcome from University success in Research Excellence Framework (REF) 2021. Funding on specific grants was broadly similar to last year, the small reduction in the year largely due to a £3 million reduction in Strategic funding.

## 5. Research income

	Consolidated and institution			2022 Total £m
	2023		Total £m	
	Capital £m	Revenue £m		
<b>Research grants and contracts</b>				
Research councils	16.7	122.4	139.1	132.8
UK based charities	1.8	63.4	65.2	74.6
UK central government bodies, local and health authorities	30.1	31.2	61.3	46.9
UK industry, commerce and public corporations	-	6.0	6.0	9.0
EU government bodies	0.2	20.9	21.1	28.4
EU other	-	6.0	6.0	4.5
Other overseas	0.1	25.0	25.1	31.9
Other sources	0.2	15.5	15.7	3.5
	49.1	290.4	339.5	331.6

### Research income

The figures for research income include the University's share of the research activity of the Scottish Universities Environmental Research Centre (SUERC) of £2.6 million. SUERC is a jointly controlled entity with the University of Glasgow. £30 million of research capital funding relates to the City Region Deal.

Included within our research income is £200.4 million (2022: £179.7 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

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Residences and catering	93.3	73.9	73.8	66.7
Other revenue grants	14.8	15.8	35.9	35.9
Other services	59.3	34.1	52.4	31.6
Health authorities	11.7	11.7	14.2	14.2
Other income	43.1	43.1	45.7	40.5
	<b>222.2</b>	<b>178.6</b>	222.0	188.9

### Other income

Residences and catering income is mainly from student accommodation rental.

Other grants are those that are not from the Scottish Funding Council.

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	2023		2022	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
Investment income on endowments	22	16.5	16.5	12.0	12.0
Investment income on restricted reserves		-	-	0.2	0.2
Other interest receivable		26.8	25.7	7.7	5.5
		<b>43.3</b>	<b>42.2</b>	19.9	17.7

### Investment income

Income from the Endowment and Investment Fund (EIF) was £16.5 million. Other interest received was £26.8 million reflecting the higher rate of interest earned on cash and short-term investments. Note 16 provides further comment on EIF performance in the year.

## 8. Donations and endowments

	Note	2023		2022	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
New endowments	22	45.8	45.8	15.3	15.3
Donations with restrictions		8.4	8.4	12.3	12.3
Unrestricted donations		0.9	1.5	1.1	1.3
		<b>55.1</b>	<b>55.7</b>	28.7	28.9

### Donations and endowments

Most donations are restricted and are mainly for scholarships.

Income in the year includes £39.9 million funding for Phase Two of the Mastercard Foundation Scholars Program.



# Notes to the financial statements (continued)

## 9. Staff costs

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Salaries	498.9	475.5	455.4	438.5
Social security costs	53.8	51.9	50.3	48.0
Pension costs (note 33)	144.9	142.7	140.2	138.7
Other unfunded pension costs	(0.1)	(0.1)	(0.1)	(0.1)
Severance costs	8.3	8.3	1.6	1.6
<b>Staff costs excl USS increase in provision</b>	<b>705.8</b>	<b>678.3</b>	647.4	626.7
Exceptional item: Movement on USS pension provision	(52.8)	(52.8)	234.2	234.2
	<b>653.0</b>	<b>625.5</b>	881.6	860.9
<b>Analysis of the above costs by activity:</b>				
Academic/teaching departments	397.7	397.7	355.1	355.1
Research grants and contracts	126.2	126.2	130.1	130.1
Library, computer and other academic support services	38.1	38.1	34.3	34.3
Administration and central services	72.5	72.5	63.7	63.7
Premises	28.1	28.1	23.9	23.9
Other, including income- generating operations	18.7	-	14.7	-
Residences and catering operations	19.1	10.3	15.8	9.8
Unfunded pensions	(0.1)	(0.1)	(0.1)	(0.1)
Severance costs	8.3	8.3	1.6	1.6
Pension service costs in excess of scheme contributions payable and USS provision movement (note 33)	(55.6)	(55.6)	242.5	242.5
	<b>653.0</b>	<b>625.5</b>	881.6	860.9

### Staff costs

Staff costs<sup>1</sup> grew by 9 per cent, made up of a volume increase of 7 per cent during the year and pay inflation of 4 per cent. The volume increase equates to 787 full time equivalents with the majority of the increase being seen in our academic/teaching departments. The pay inflation was mainly due to 3 per cent annual pay award from the beginning of the financial year and a further 2 per cent from February 2023.

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

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

	2023		2022	
	Consolidated Number	Institution Number	Consolidated Number	Institution Number
Academic/teaching departments	6,252	6,252	5,705	5,705
Research grants and contracts	2,189	2,189	2,229	2,229
Library, computer and other academic support services	730	730	698	698
Administration and central services	1,376	1,376	1,241	1,241
Premises	734	734	701	701
Other, including income- generating operations	329	-	312	-
Residences and catering operations	534	534	471	471
	<b>12,144</b>	<b>11,815</b>	11,357	11,045
Staff on open-ended contracts	8,851	8,553	8,162	7,920
Staff on fixed-term contracts	2,902	2,871	2,872	2,803
Staff on guaranteed hours contracts	391	391	323	322
	<b>12,144</b>	<b>11,815</b>	11,357	11,045

# Notes to the financial statements (continued)

## 9. Staff costs (continued)

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

	2023		2022	
	Consolidated Number	Institution Number	Consolidated Number	Institution Number
Staff on open-ended contracts	<b>10,642</b>	<b>10,327</b>	9,780	9,524
Staff on fixed-term contracts	<b>3,507</b>	<b>3,466</b>	3,278	3,203
Staff on guaranteed hours contracts	<b>3,751</b>	<b>3,751</b>	3,399	3,398
	<b>17,900</b>	<b>17,544</b>	16,457	16,125
Percentage of staff on fixed-term contracts	<b>19.59%</b>	<b>19.76%</b>	19.92%	19.86%

### Emoluments of the Principal - Professor Mathieson

	2023 £'000	2022 £'000
Remuneration	<b>348</b>	342
Payment in lieu of employer's pension contribution	<b>37</b>	39
Sub-total excluding pension contributions and life cover	<b>385</b>	381
Employer's life cover	<b>22</b>	19
Benefits in kind	<b>11</b>	6
	<b>418</b>	406

### Median pay

	2023 £	2022 £
Principal's remuneration	<b>385,234</b>	380,904
Median total remuneration	<b>40,745</b>	38,788
Ratio	<b>9.45</b>	9.82

### Emoluments of the Principal

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

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

The Principal's non-taxable benefits in kind consisted of 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

	2023 £m	2022 £m
Key management personnel compensation	2.4	2.3

	2023 Number	2022 Number
Number of posts (expressed as full time equivalents during the year) included in key management personnel	11.0	10.2

### Senior post holders

	2023			2022
	Clinical number	Non-clinical number	Total	Total
£100,000–£109,999	17	60	77	58
£110,000–£119,999	10	29	39	42
£120,000–£129,999	19	29	48	38
£130,000–£139,999	10	17	27	42
£140,000–£149,999	11	17	28	21
£150,000–£159,999	13	18	31	26
£160,000–£169,999	11	4	15	21
£170,000–£179,999	13	7	20	12
£180,000–£189,999	9	7	16	14
£190,000–£199,999	8	3	11	9
£200,000–£209,999	6	2	8	7
£210,000–£219,999	7	2	9	4
£220,000–£229,999	1	-	1	5
£230,000–£239,999	3	-	3	4
£240,000–£249,999	2	-	2	2
£250,000–£259,999	3	-	3	1
£260,000–£269,999	2	-	2	1
£270,000–£279,999	-	-	-	1
£280,000–£289,999	-	-	-	-
£290,000–£299,999	-	-	-	-
£300,000–£309,999	-	-	-	2
£310,000–£319,999	-	-	-	1
£320,000–£329,999	1	-	1	-
£330,000–£339,999	1	-	1	-
£340,000–£349,999	-	-	-	-
£350,000–£359,999	-	-	-	-
£360,000–£369,999	-	-	-	-
£370,000–£379,999	-	-	-	-
£380,000–£389,999	-	1	1	1
£390,000–£399,999	-	-	-	-
	147	196	343	312

### 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:

- Vice-Principal and Chief Information Officer and Librarian
- Vice-Principal of Corporate Services
- Director of Finance
- Principal and Vice-Chancellor
- Vice-Principal Students
- Vice-Principal and University Secretary (from 1st Sept 2022)
- 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
- Vice-Principal Strategic Change & Governance, and University Secretary (Until 31st Aug 2022)
- Vice-Principal Research & Enterprise
- Provost

The key management personnel are comprised of the members of the Senior Leadership Team.

### Senior Leadership Team

### Senior postholders

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

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

43 per cent (2022: 44 per cent) of senior postholders are clinical academics.



# Notes to the financial statements (continued)

## 9. Staff costs (continued)

### Compensation for loss of office

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Compensation payable to senior post holders	<b>61</b>	-
Other compensation paid in excess of £100,000	-	-
	<b>61</b>	-

## 10. Other Operating Expenses

	<b>2023</b>		2022	
	<b>Consolidated</b>	<b>Institution</b>	Consolidated	Institution
	<b>£m</b>	<b>£m</b>	£m	£m
Academic and related expenditure	<b>94.4</b>	<b>94.4</b>	79.1	79.4
Scholarships and stipends	<b>48.2</b>	<b>48.2</b>	45.4	45.4
Research grants and contracts	<b>102.8</b>	<b>102.8</b>	108.1	108.1
Library, computer and other academic support services	<b>22.6</b>	<b>22.6</b>	19.4	19.3
Administration and central services	<b>33.4</b>	<b>32.6</b>	29.5	26.6
Refurbishment and maintenance	<b>31.2</b>	<b>30.7</b>	28.4	28.0
Utilities costs	<b>31.5</b>	<b>32.3</b>	22.7	25.9
Other premises costs	<b>20.0</b>	<b>20.0</b>	14.2	14.2
Other including income generating operations	<b>23.6</b>	<b>18.0</b>	24.3	19.3
Residences and catering operations	<b>54.0</b>	<b>42.0</b>	45.0	39.6
	<b>461.7</b>	<b>443.6</b>	416.1	405.8
<b>Other operating expenses include:</b>				
Agency staff costs	<b>13.5</b>	<b>12.9</b>	9.5	9.3
Operating lease rentals:				
Land and buildings	<b>27.6</b>	<b>29.5</b>	28.5	30.3
Other	<b>0.1</b>	<b>0.1</b>	0.1	-
Fees charged by external auditors:				
In respect of audit services	<b>0.6</b>	<b>0.5</b>	0.4	0.3
In respect of non-audit services**	<b>0.1</b>	<b>0.1</b>	-	-
Fees charged by internal auditors*:				
In respect of audit services	-	-	-	-
In respect of non-audit services	-	-	-	-

\*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 2022/23 are £594,870 (2022: £350,000) and the non-audit services fees are £60,000 (2022: £16,000) which is in line with our non-audit services policy.

### Compensation for loss of office

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

There was no compensation paid to key management personnel for the year (2022: nil).

There was £61,000 paid to one senior post holders during the year (2022: nil).

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

# Notes to the financial statements (continued)

## 11. Interest and other finance costs

Note	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Loan interest	14.1	14.1	15.6	15.6
Net charge on pension scheme	33 13.3	13.3	3.8	3.8
<b>Interest and other finance costs excl loan break costs</b>	<b>27.4</b>	<b>27.4</b>	19.4	19.4
Exceptional item: Loan break costs	-	-	2.3	2.3
	<b>27.4</b>	<b>27.4</b>	21.7	21.7

## 12. Taxation

	2023		2022	
	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	-	-	-	-
	-	-	-	-

## 13. Intangible assets

Software	Consolidated £m	Institution £m
<b>Cost or valuation</b>		
As at 1 August 2022	35.1	35.1
Additions in the year	0.9	0.8
Disposals in year	-	-
As at 31 July 2023	36.0	35.9
<b>Accumulated amortisation</b>		
As at 1 August 2022	4.2	4.2
Charge for the year	3.2	3.2
Disposals in year	-	-
As at 31 July 2023	7.4	7.4
<b>Net book value</b>		
As at 31 July 2023	28.6	28.5
As at 31 July 2022	30.9	30.9

## Interest and other finance costs

Interest costs have decreased to £14.1 million for 2022/23 (2021/22: £15.6 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 (1.25 per cent at 1 August 2022 to 5.00 per cent at 31st July 2023) 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.

## 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 is 19 per cent for profits under £50,000 and 25 per cent for profits over £250,000, with marginal relief between those sums. (2022: 19 per cent for all amounts).

## Intangible assets

Consolidated

At 31 July 2023, intangible assets included £0.1 million (2022: £28.3 million) in respect of assets under construction.

# 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 2022	2,174.6	292.3	<b>2,466.9</b>	215.8	<b>2,682.7</b>
Additions	102.5	60.6	<b>163.1</b>	1.0	<b>164.1</b>
Impairment	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposals	(0.7)	(0.3)	<b>(1.0)</b>	-	<b>(1.0)</b>
As at 31 July 2023	2,276.4	352.6	<b>2,629.0</b>	216.8	<b>2,845.8</b>
<b>Accumulated depreciation</b>					
As at 1 August 2022	263.8	228.2	<b>492.0</b>	-	<b>492.0</b>
Charge for the year	42.6	39.6	<b>82.2</b>	-	<b>82.2</b>
Disposals	-	(0.3)	<b>(0.3)</b>	-	<b>(0.3)</b>
Impairment	-	-	-	-	-
As at 31 July 2023	306.4	267.5	<b>573.9</b>	-	<b>573.9</b>
<b>Net book value</b>					
As at 31 July 2023	1,970.0	85.1	<b>2,055.1</b>	216.8	<b>2,271.9</b>
As at 31 July 2022	1,910.8	64.1	<b>1,974.9</b>	215.8	<b>2,190.7</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 2022	2,165.8	276.8	<b>2,442.6</b>	215.8	<b>2,658.4</b>
Additions	101.4	58.5	<b>159.9</b>	1.0	<b>160.9</b>
Impairment	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposals	(0.7)	(0.3)	<b>(1.0)</b>	-	<b>(1.0)</b>
As at 31 July 2023	2,266.5	335.0	<b>2,601.5</b>	216.8	<b>2,818.3</b>
<b>Accumulated depreciation</b>					
As at 1 August 2022	259.0	215.0	<b>474.0</b>	-	<b>474.0</b>
Charge for the year	42.6	38.6	<b>81.2</b>	-	<b>81.2</b>
Disposals	-	(0.3)	<b>(0.3)</b>	-	<b>(0.3)</b>
Impairment	-	-	-	-	-
As at 31 July 2023	301.6	253.3	<b>554.9</b>	-	<b>554.9</b>
<b>Net book value</b>					
As at 31 July 2023	1,964.9	81.7	<b>2,046.6</b>	216.8	<b>2,263.4</b>
As at 31 July 2022	1,906.8	61.8	<b>1,968.6</b>	215.8	<b>2,184.4</b>

### Tangible assets

#### Consolidated

At 31 July 2023, freehold land and buildings included £108.6 million (2022: £105.3 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 ££171,000 (2022: £51,000).

Certain land and buildings have been partly financed from Exchequer funds. Funding body grants of £17.4 million (2022: £16.2 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 2023, freehold land and buildings included £108.4 million (2022: £105.1 million) in respect of freehold land and is not depreciated.

At 31 July 2023, land and buildings included £263.1 million (2022: £365.8 million) in respect of buildings under construction.

The net book value of tangible fixed assets includes an amount of £2.4 million (2022: £2.6 million) of buildings, fixtures and equipment held under finance leases. The depreciation charge on these assets for the year was £187,000 (2022: £185,000).



# Notes to the financial statements (continued)

## 15. Heritage assets

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

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:

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Acquisitions purchased with specific donations	-	0.5	0.4	1.0	0.1
Acquisitions purchased with University funds	1.0	-	-	0.2	0.2
Total cost of acquisitions purchased	1.0	0.5	0.4	1.2	0.3
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised	1.0	0.5	0.4	1.2	0.3

### Main collections

The University holds and conserves collections of heritage assets which are capitalised.

#### Heritage collections

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

#### Collections Management Policy

### 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.

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	<b>Total £m</b>
<b>As at 1 August 2022</b>	512.3	216.2	<b>728.5</b>
Additions	176.8	6.0	<b>182.8</b>
Disposals	(164.4)	(52.5)	<b>(216.9)</b>
Fair value gain/(loss)	(26.8)	9.2	<b>(17.6)</b>
<b>As at 31 July 2023</b>	497.9	178.9	<b>676.8</b>
<b>Non-current investments consist of:</b>			
The University of Edinburgh Endowment and Investment fund	497.9	-	<b>497.9</b>
Other	-	166.5	<b>166.5</b>
Unlisted investments	-	12.4	<b>12.4</b>
	497.9	178.9	<b>676.8</b>

### Institution

	Institution of Edinburgh Endowment and Investment fund £m	Other fixed asset investments £m	<b>Total £m</b>
<b>As at 1 August 2022</b>	8.7	204.9	<b>725.9</b>
Additions	5.8	4.9	<b>187.5</b>
Disposals	-	(52.5)	<b>(216.9)</b>
Fair value gain/(loss)	-	9.2	<b>(17.6)</b>
<b>As at 31 July 2023</b>	14.5	166.5	<b>678.9</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 1.4 per cent from £49.50 to £48.80 giving a fair value loss of £26.8 million.

Other fixed asset investment disposals 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	<b>Total £m</b>
<b>Non-current investments consist of:</b>				
<b>The University of Edinburgh Endowment and Investment fund</b>				
Equities	-	212.6	-	<b>212.6</b>
Fixed interest stocks	-	21.7	-	<b>21.7</b>
Property	-	91.0	-	<b>91.0</b>
Multi asset type	-	145.5	-	<b>145.5</b>
Venture capital	-	23.2	-	<b>23.2</b>
Bank deposits held at fund managers	-	0.8	-	<b>0.8</b>
Capital cash balances owed to the Institution	-	3.1	-	<b>3.1</b>
<b>Other investments</b>				
<b>Treasury investments</b>				
Aegon Asset Management	-	-	105.0	<b>105.0</b>
MI TwentyFour Asset Management	-	-	43.9	<b>43.9</b>
Old College Capital LLP	-	-	0.8	<b>0.8</b>
<b>Social investments</b>				
BlackRock	-	-	1.5	<b>1.5</b>
Big Issue	-	-	1.5	<b>1.5</b>
Prosper Social Investment	-	-	0.1	<b>0.1</b>
Social Investment Scotland	-	-	0.6	<b>0.6</b>
Social and Sustainable Housing LP	-	-	0.9	<b>0.9</b>
Giant Ventures	-	-	0.1	<b>0.1</b>
ADA Ventures	-	-	0.2	<b>0.2</b>
Lloyds Green Deposit Sustainability	-	-	3.1	<b>3.1</b>
Waterwhelm	-	-	0.1	<b>0.1</b>
Growth Impact LP	-	-	0.1	<b>0.1</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>
Sofant Technologies	-	-	0.7	<b>0.7</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>
Rhizocore	-	-	0.8	<b>0.8</b>
Roslin Technologies Ltd	-	-	0.7	<b>0.7</b>
Invizius	-	-	0.5	<b>0.5</b>
Other investments	-	-	2.5	<b>2.5</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	10.2	-	-	<b>10.2</b>
Old College Capital LLP	4.0	-	-	<b>4.0</b>
	<b>14.5</b>	<b>497.9</b>	<b>166.5</b>	<b>678.9</b>



# Notes to the financial statements (continued)

## 17. Trade and other receivables

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Amounts falling due within one year:</b>				
Research grants receivables	165.5	165.5	138.1	138.1
Other trade receivables	43.7	10.9	50.6	15.9
Prepayments and accrued income	41.6	39.0	43.4	41.7
Amounts due from subsidiary companies	-	18.5	-	8.3
	<b>250.8</b>	<b>233.9</b>	232.1	204.0
<b>Amounts falling due after one year:</b>				
Amounts held by lawyer for SEPA	0.6	0.6	0.5	0.5
Endowments receivable	-	29.8	-	28.8
	<b>0.6</b>	<b>30.4</b>	0.5	29.3
	<b>251.4</b>	<b>264.3</b>	232.6	233.3

### Trade and other receivables

Research grants receivables are shown net of allowance for doubtful debts of £4.9 million (2022: £4.9 million).

Other trade receivables are shown net of allowance for doubtful debts of £4.8 million (2022: £6.5 million).

## 18. Current Investments

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Short-term deposits	289.3	289.3	384.1	384.1

### 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 2023 the short-term deposits had interest rates ranging from 4.15 per cent to 5.11 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 2023.

# Notes to the financial statements (continued)

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

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Unsecured loans	8.8	8.8	7.6	7.6
Obligations under finance leases	0.1	0.1	0.1	0.1
Trade payables	40.6	33.0	15.0	2.2
Social security and other taxation payable	13.0	12.9	14.9	14.2
Other creditors	11.9	12.0	10.3	10.3
Concessionary loans	1.7	1.7	1.7	1.7
Accruals and deferred income (see below)	354.0	341.4	348.5	343.5
Agency Funds	-	-	0.2	0.2
Amounts due to subsidiary companies	-	48.2	-	27.8
	<b>430.1</b>	<b>458.1</b>	398.3	407.6

## Accruals and deferred income

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Accruals	100.6	100.6	76.4	76.4
Donations and other restricted income deferred	55.6	55.6	34.6	34.6
Research grants received on account	174.1	174.1	186.9	186.9
Estates capital grants deferred	(1.9)	(1.9)	3.8	3.8
Other income deferred	25.6	13.0	46.8	41.8
	<b>354.0</b>	<b>341.4</b>	348.5	343.5

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

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Obligations under finance leases	0.2	0.2	0.3	0.3
Unsecured loans	530.1	530.1	538.9	538.9
Concessionary loans	5.7	5.7	7.7	7.7
Other creditors	-	-	-	-
	<b>536.0</b>	<b>536.0</b>	546.9	546.9

### Trade payables

The ratio of trade payables to operational expenses is 8.8 per cent (2022: 3.6 per cent).

### Accruals and deferred income

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

### Unsecured loans

Outstanding unsecured loans have decreased to £538.9 million as at 31 July 2023. The decrease can be attributed to the ongoing capital repayment of loans held with the Royal Bank of Scotland and the European Investment Bank. All three tranches of the European Investment Bank loan have entered repayment during the financial year.

No new unsecured loans have been agreed during the financial year.

# Notes to the financial statements (continued)

## 20. Creditors: Amounts falling due after more than one year (continued)

### Borrowings

	Note	2023		2022	
		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	0.1
Due between two and five years		0.2	0.2	0.3	0.3
Due in five years or more		-	-	0.1	0.1
		<b>0.3</b>	<b>0.3</b>	0.5	0.5

	Note	2023		2022	
		Consolidated £m	Institution £m	Consolidated £m	Institution £m
<b>Unsecured bank loans are repayable as follows:</b>					
Due within one year	19	8.8	8.8	7.6	7.6
Due between two and five years		33.4	33.4	34.1	34.1
Due in five years or more		496.7	496.7	504.8	504.8
		<b>538.9</b>	<b>538.9</b>	546.5	546.5

### Unsecured bank loans outstanding at 31 July 2023 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	60.3
European Investment Bank	2.19	2022-2047	University	63.0
European Investment Bank	2.27	2023-2048	University	64.7
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	1.7
FRS 102 amortisation adjustment				(0.8)
				538.9

### 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 repayment term of seven years and is interest free. Loan repayments have occurred via annual clawbacks, with repayments due until July 2026.

In 2019 the University received a £9.1 million loan from the Scottish Funding Council. The loan will be used to support Phase 1 of the Student Centre project. The loan has a repayment term of ten years and an interest rate of 0.25 per cent. Loan repayments have occurred via annual clawbacks, with repayments due until March 2029.

For budgetary profiling reasons, the Scottish Funding Council have changed the repayment schedule on both loans from annual to quarterly clawback, commencing from April 2023.

### Loans outstanding

The University has £538.9 million of unsecured bank loans as at 31 July 2023. 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 2.11 per cent and 5.2 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 2022</b>	384.5	3.9	0.5	38.6	<b>427.5</b>
Utilised in year	(24.6)	(0.5)	(0.1)	(14.1)	<b>(39.3)</b>
(Releases)/additions in year	(28.2)	-	-	11.2	<b>(17.0)</b>
Additional contributions paid by the Institution	-	-	-	(1.5)	<b>(1.5)</b>
Interest in year	12.8	0.2	-	0.3	<b>13.3</b>
Actuarial (gain)/loss in respect of pension schemes	-	(0.1)	0.1	(30.2)	<b>(30.2)</b>
<b>As at 31 July 2023</b>	344.5	3.5	0.5	4.3	<b>352.8</b>

### Other provisions

	Decommissioning provision £m	Total £m
<b>As at 1 August 2022</b>	0.6	<b>0.6</b>
Additions in year	-	-
Utilised in year	-	-
<b>As at 31 July 2023</b>	0.6	<b>0.6</b>
<b>Total provisions</b>		<b>353.4</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 deficit recovery plan was agreed of which more detail is given in note 33. This 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 surplus/deficit on the Staff Benefit Scheme, Strathclyde Pension Fund and Lothian Pension Fund assessed under FRS 102. Note 33 provides further detail.

# Notes to the financial statements (continued)

## 22. Endowment reserves

### Consolidated and institution

	Permanent unrestricted endowments £m	Permanent restricted endowments £m	Expendable restricted endowments £m	<b>2023 Total £m</b>	2022 Total £m
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
<b>As at 1 August</b>	7.6	161.2	372.2	<b>541.0</b>	565.2
New endowments	-	-	45.8	<b>45.8</b>	15.3
Investment income	0.2	4.3	12.1	<b>16.6</b>	12.0
Expenditure	-	(2.6)	(14.2)	<b>(16.8)</b>	(10.3)
Decrease in market value of investments	(0.4)	(7.5)	(18.9)	<b>(26.8)</b>	(40.8)
	(0.2)	(5.8)	24.8	<b>18.8</b>	(23.8)
Transfers	-	-	-	-	(0.4)
<b>As at 31 July</b>	7.4	155.4	397.0	<b>559.8</b>	541.0
<b>Represented by:</b>					
Capital	7.2	137.9	345.0	<b>490.1</b>	467.2
Accumulated income	0.2	17.5	52.0	<b>69.7</b>	73.8
	7.4	155.4	397.0	<b>559.8</b>	541.0
<b>Analysis by type of purpose:</b>					
Chairs and lectureships	-	13.4	55.3	<b>68.7</b>	72.5
Prizes and scholarships	-	31.9	62.7	<b>94.6</b>	115.8
Other	7.4	110.1	279.0	<b>396.5</b>	352.7
	7.4	155.4	397.0	<b>559.8</b>	541.0
<b>Non-current asset investments:</b>					
Equities	3.1	66.3	143.2	<b>212.6</b>	261.4
Fixed interest stocks	0.3	6.8	14.6	<b>21.7</b>	25.0
Property	1.3	28.4	61.3	<b>91.0</b>	114.7
Multi asset	2.1	45.4	98.0	<b>145.5</b>	90.1
Venture capital	0.4	7.2	15.6	<b>23.2</b>	20.9
Creditor	-	-	-	-	(0.1)
Bank deposits held at fund managers	-	0.2	0.5	<b>0.7</b>	1.5
Capital cash balances owed to the Institution	-	1.1	2.1	<b>3.2</b>	(1.2)
Non-current asset investments	7.2	155.4	335.3	<b>497.9</b>	512.3
Fixed term deposit	-	-	35.6	<b>35.6</b>	-
Capital debtor	-	-	29.8	<b>29.8</b>	28.8
Cash balances owed to Institution	-	1.5	3.5	<b>5.0</b>	(1.9)
Current asset - working capital	0.2	(1.5)	(7.2)	<b>(8.5)</b>	1.8
Total endowment assets	7.4	155.4	397.0	<b>559.8</b>	541.0

### 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	2023 Total £m	2022 Total £m
<b>Balance at 1 August</b>	8.3	59.2	<b>67.5</b>	50.1
New donations and grants receivable	19.6	65.9	<b>85.5</b>	66.7
Capital grants utilised	(19.2)	-	<b>(19.2)</b>	(4.3)
Expenditure	-	(70.7)	<b>(70.7)</b>	(45.1)
<b>Total restricted comprehensive (expenditure)/income for the year</b>	0.4	(4.8)	<b>(4.4)</b>	17.3
Transfer to unrestricted reserves	-	-	-	0.1
<b>Balance at 31 July</b>	8.7	54.4	<b>63.1</b>	67.5
<b>Closing reserves comprise the following funds:</b>				
Donations			<b>35.2</b>	38.8
Capital grants			<b>8.7</b>	8.3
Other grants			<b>4.7</b>	3.2
Funds held at Institution of Edinburgh Development Trust			<b>14.5</b>	17.2
			<b>63.1</b>	67.5

### Institution

	Capital grants £m	Donations and revenue grants £m	2023 Total £m	2022 Total £m
<b>Balance at 1 August</b>	0.4	41.9	<b>42.3</b>	29.4
New donations and grants receivable	19.6	44.2	<b>63.8</b>	23.4
Capital grants utilised	(19.2)	-	<b>(19.2)</b>	(1.0)
Expenditure	-	(46.2)	<b>(46.2)</b>	(9.6)
<b>Total restricted comprehensive (expenditure)/income for the year</b>	0.4	(2.0)	<b>(1.6)</b>	12.8
Transfer to unrestricted reserves	-	-	-	0.1
<b>Balance at 31 July</b>	0.8	39.9	<b>40.7</b>	42.3



# Notes to the financial statements (continued)

## 24. Revaluation reserve

Consolidated and institution	Heritage assets £m	<b>2023 Total £m</b>	2022 Total £m
<b>Balance at 1 August</b>	208.4	<b>208.4</b>	208.4
Revaluation in year	-	-	-
<b>Total restricted comprehensive income for the year</b>	-	-	-
<b>Balance at 31 July</b>	208.4	<b>208.4</b>	208.4

## 25. Cash and cash equivalents

Consolidated	<b>2023 £m</b>	2022 £m
<b>Balance at 1 August</b>	<b>279.3</b>	498.7
Net change in cash and cash equivalent balances	<b>176.4</b>	(219.4)
<b>Balance at 31 July</b>	<b>455.7</b>	279.3

Institution	<b>2023 £m</b>	2022 £m
<b>Balance at 1 August</b>	<b>259.3</b>	481.6
Net change in cash and cash equivalent balances	<b>175.6</b>	(222.3)
<b>Balance at 31 July</b>	<b>434.9</b>	259.3

# Notes to the financial statements (continued)

## 26. Consolidated reconciliation of net debt

	Net debt 1 August 2022 £m	Cash flows £m	New loans £m	Repayment of loans £m	Repayment of finance leases £m	Changes in market value and exchange rates £m	Other non-cash changes £m	Net debt 31 July 2023 £m
Cash and cash equivalents	279.3	177.1	-	-	-	-	-	<b>456.4</b>
Unsecured loans falling due within one year	(7.5)	-	-	7.6	-	-	(8.9)	<b>(8.8)</b>
Unsecured loans falling due after more than one year	(538.9)	-	-	-	-	-	8.9	<b>(530.0)</b>
Concessionary loans falling due within one year	(1.7)	-	-	-	-	-	-	<b>(1.7)</b>
Concessionary loans falling due after more than one year	(7.7)	-	-	-	-	-	1.9	<b>(5.8)</b>
Other	-	-	-	-	-	-	-	<b>-</b>
Finance lease obligations due within one year	(0.1)	-	-	-	-	-	-	<b>(0.1)</b>
Finance lease obligations due after more than one year	(0.3)	-	-	-	0.1	-	-	<b>(0.2)</b>
Loans and lease obligations	(556.2)	-	-	7.6	0.1	-	1.9	<b>(546.6)</b>
<b>Total</b>	<b>(276.9)</b>	<b>177.1</b>	<b>-</b>	<b>7.6</b>	<b>0.1</b>	<b>-</b>	<b>1.9</b>	<b>(90.2)</b>

## 27. Capital and other commitments

	2023		2022	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Commitments contracted for at 31 July	<b>66.2</b>	<b>66.2</b>	73.1	73.1

## 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:

	2023		2022	
	Land and buildings £m	Other leases £m	Total £m	Total £m
<b>Payable during the year</b>	29.5	0.1	<b>29.6</b>	28.6
<b>Future minimum lease payments due:</b>				
Due within one year	16.3	-	<b>16.3</b>	14.7
Due between two and five years	61.8	0.1	<b>61.9</b>	54.3
Due in five years or more	129.8	-	<b>129.8</b>	100.7
<b>Total lease payments due</b>	207.9	0.1	<b>208.0</b>	169.7

## 30. Events after the reporting period

In respect of the Universities Superannuation Scheme (USS) (note 33), the scheme Trustees are in the process of concluding the 2023 valuation process with a proposal that, subject to agreement, will deliver improvement to benefits for members as well as a reduction in contributions for both members and employers from early 2024.

Any impact in the provision held at 31 July 2023 (£344.4 million) is uncertain and will only be confirmed when scheme changes are approved and inputs to the provision calculation are known.



# Notes to the financial statements (continued)

## 31. Subsidiary undertakings

Subsidiary undertakings comprise companies, charities and partnerships registered in Scotland as follows:

Subsidiary	% holding	Principal activities and other organisational information
Edinburgh Innovations Limited	100%	Commercialisation of the world-class research and academic expertise at the University of Edinburgh to potential funders, collaborators, licensees or investors.
Edinburgh Technology Fund Limited	100%	Management of investment funds providing seed corn venture capital for early stage high-technology developments and the management of its portfolio of investments made using its funds.
UoE Accommodation Limited	100%	Non-student lettings and the provision of nursery childcare services for the University of Edinburgh.
UoE HPCX Limited	100%	Provision of high-performance computing services.
UoE Estates Services Company Limited	100%	Provision of utility services to the University.
Old College Capital LP, SI and GP	100%	Old College Capital GP Limited acts as a general partner in two Scottish Limited Partnerships. The first is Old College Capital LP which makes early and mid-stage investments into selected companies that emerge from the University and the second is Old College Capital SI LP, which invests in Epidarex, a venture capital fund. In addition, for both these Limited Partnerships, the University is the limited partner.
Research into Results Limited	100%	The company is currently dormant. 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 fundraiser 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:

<b>Associated Undertaking</b>	<b>Principal activities and other organisational information</b>
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 biosciences.
EBQ3 Limited	This is a dormant company. Its primary purpose is a governance mechanism to support the development of the BioQuarter partnership.

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 £500,000 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)	25.3	22.8	(25.9)	-	<b>22.2</b>
Edinburgh University Press Limited (Scottish Charity No. SC035813)	2.5	4.7	(4.5)	-	<b>2.7</b>
The Andrew Grant Bequest (Scottish Charity No. SC001097)	6.2	0.2	(0.1)	(0.3)	<b>6.0</b>
	<b>34.0</b>	<b>27.7</b>	<b>(30.5)</b>	<b>(0.3)</b>	<b>30.9</b>

### Not consolidated

	Total net assets opening balance £m	Income £m	Expenditure £m	Change in market value £m	Total net assets closing balance £m
Edinburgh University Students' Association* (Scottish Charity No. SC015800)	(2.7)	10.6	(10.4)	-	<b>(2.5)</b>
Edinburgh University Sports Union (Scottish Charity No. SC009248)	0.2	1.0	(1.0)	-	<b>0.2</b>
	<b>(2.5)</b>	<b>11.6</b>	<b>(11.4)</b>	<b>-</b>	<b>(2.3)</b>

### Connected charitable institutions

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

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

\*Note the Edinburgh University Students' Association figures are at 31 March 2023, 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 2023	Employee contribution rate at 31 July 2023	Active members at 31 July 2023 Number	Pension costs year to 31 July 2023 £'000	Active members at 31 July 2022 Number	Pension costs year to 31 July 2022 £'000
<b>Defined contribution plan</b>						
USS	21.60%(1)	9.8%	9,845	124,961	9,201	115,604
STSS	23.00%	7.2% to 11.9%	48	515	51	352
MRCPS	16.90%	5.25% to 6.5%	28	250	32	231
NEST	3%	5%	2,213	3,040	2,053	1,648
GPP	14%	4.5%	3	55	4	48
Other: NHS and subsidiaries	20.90%	5.2% to 14.7%	111	3,600	114	2,406
Sub-total: members and costs			12,248	132,421	11,455	120,289
<b>Defined benefit plan</b>						
EUSBS	25.80%	9.1%	1,638	12,200	1,651	19,500
SPF	43.70%	5.5% to 11.2%	17	100	18	271
LPF	41.6%(2)	5.5% to 11.2%	12	179	12	153
Sub-total: members and service cost per FRS 102 disclosures below			1,667	12,479	1,681	19,924
Total: members and cost			13,915	144,900	13,136	140,213

1. Included a deficit recovery plan contribution of 6.2 per cent to 31 March 2023 and 6.3 per cent thereafter.
2. An additional LPF employer's contribution of £656,000 (2023 £656,000) is payable for the 12 months ending 31 March 2024.

# Notes to the financial statements (continued)

## 33. Pension schemes (continued)

### Key actuarial assumptions

	Discount rate	Salary increase rate	Pensions increase rate	Current pensioners mortality rate(1)		Non-pensioners mortality rate	
				Males	Females	Males	Females
<b>Valuations under FRS 102 at 31 July 2023</b>							
EUSBS	5.10%	3.65% (2)	2.65%(3)	20.6	23.4	21.8	25.1
LPF	5.10%	3.55%	3.05%	19.8	22.7	21.0	24.5
SPF	5.10%	3.75%	3.05%	19.1	22.0	20.3	23.9

1. Mortality rates are based on assumed life expectancy at the retirement age. These are fund wide levels, however entity specific levels have been used to determine actual life expectancy.
2. Salary increases are assumed to be 3.65 per cent based on CPI plus 1 per cent.
3. Benefits after 31 December 2016.

### The Universities Superannuation Scheme (USS)

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

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

The total cost charged to the Consolidated Statement is £125.0 million (2022: £115.6 million) as shown in the overall scheme participation and pension costs table.

Deficit recovery contributions due within one year for the institution are £26.9 million (2022: £20.1 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

	2023	2022
Males currently aged 65 (years)	<b>24.0</b>	23.9
Females currently aged 65 (years)	<b>25.6</b>	25.5
Males currently aged 45 (years)	<b>26.0</b>	25.9
Females currently aged 45 (years)	<b>27.4</b>	27.3

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 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	<b>5.52%</b>	3.33%
Pensionable salary growth	<b>4.25%</b>	4.15%

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 valuation was carried out as at 31 March 2020.

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. The last valuation was carried out using data up to 31 March 2020. The next valuation will be based on data up to 31 March 2024.

### 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 £3.9 million (2022: £4.4 million). This comprises:

- Moray House School of Education and Edinburgh College of Art: £3.3 million (2022: £3.8 million)
- University of Edinburgh: £0.6 million (2022: £0.5 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 2023 £m	Value at 31 July 2022 £m	Value at 31 July 2021 £m
Market value of assets:			
Equities	96.1	151.3	175.2
Property	40.2	42.1	36.4
Liability driven investments	136.2	92.8	131.5
Private equity and diversified growth funds	120.9	190.4	195.1
Cash	2.0	7.7	13.5
Total market value of assets	395.4	484.3	551.7
Present value of scheme liabilities	(415.6)	(522.8)	(717.0)
Deficit in the scheme - net pension liability	(20.2)	(38.5)	(165.3)

### Lothian Pension Fund (LPF)

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

	Value at 31 July 2023 £m	Value at 31 July 2022 £m	Value at 31 July 2021 £m
Market value of assets:			
Equities	8.1	9.1	9.3
Bonds	12.1	12.9	14.4
Property	0.9	0.8	0.8
Cash	1.3	2.5	1.3
Total market value of assets	22.4	25.3	25.8
Present value of scheme liabilities			
Funded	(17.6)	(20.7)	(27.6)
Unfunded	(0.1)	(0.1)	(0.2)
Surplus/(deficit) in the scheme - net pension asset/liability	4.7	4.5	(2.0)
Effect of asset cap on surplus (1)	(4.7)	(4.5)	-
Deficit in the scheme - net pension liability	-	-	(2.0)

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

### 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 2023, the value of the assets in the scheme was £395.4 million (2022: £484.3 million) and the present value of the funded and unfunded benefits accrued was £415.6 million (2022: £522.8 million), leaving a shortfall of £20.2 million (2022: £38.5 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 £1.5 million to be paid in April 2024. From April 2025 until April 2029 the amount payable will be equal £1.1m increasing each year with CPI.

[EUSBS scheme details](#)

### 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 2023, the value of the University's assets in the LPF scheme was £22.4 million (2022: £25.3 million) and the present value of the funded and unfunded benefits accrued was £17.7 million (2022: £20.8 million), leaving a shortfall (surplus) of £4.7 million (2022: £4.5 million) included in the University pension liability. A cessation valuation for the scheme is not available so we have determined that an asset cap is appropriate for the LPF and reduced the net pension asset to zero.

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

# Notes to the financial statements (continued)

## 33. Pension schemes (continued)

### Strathclyde Pension Fund (SPF)

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

	<b>Value at 31 July 2023 £m</b>	Value at 31 July 2022 £m	Value at 31 July 2021 £m
Market value of assets:			
Equities	<b>25.7</b>	25.5	28.5
Bonds	<b>11.4</b>	11.5	10.4
Property	<b>4.2</b>	4.7	3.9
Cash	<b>0.8</b>	0.9	0.4
Total market value of assets	<b>42.1</b>	42.6	43.2
Present value of scheme liabilities:			
Funded	<b>(21.8)</b>	(25.3)	(33.0)
Unfunded	<b>(0.2)</b>	(0.3)	(0.4)
Surplus in the scheme - net pension asset	<b>20.1</b>	17.0	9.8
Effect of asset cap on surplus <b>(1)</b>	<b>(4.1)</b>	(17.0)	(9.8)
Surplus in the scheme - net pension asset	<b>16.0</b>	-	-

1. An asset cap is applied to the scheme surplus to reduce the accounting surplus to the cessation valuation.

### 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 2023, the value of the University's assets in the SPF scheme was £42.1 million (2022: £42.6 million) and the value of the funded and unfunded benefits accrued was £22 million (2022: £25.6 million), leaving a surplus of £20.1 million (2022: £17.0 million surplus). A cessation valuation for the scheme was £16 million as at 31 March 2023. We have recognised this amount as an actuarial gain in the year and determined that an asset cap of £4.1 million is appropriate for SPF and the variance between accounting surplus presented and cessation valuation.

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.

	2023 £m	2022 £m
<b>Analysis of the amount shown in the balance sheet for EUSBS, LPF and SPF pensions:</b>		
Scheme assets	435.2	530.7
Scheme liabilities	439.4	569.2
Deficit in the schemes – net pension liability recorded within pension provisions (Note 21)	4.2	38.5
Unfunded <i>ex gratia</i> pension liability	4.0	4.4
<b>Total provision for net liability</b>	<b>8.2</b>	42.9
Current service cost	11.2	19.9
Administration costs	1.3	1.5
Past service costs	-	-
<b>Total operating charge</b>	<b>12.5</b>	21.4
<b>Analysis of the amount charged to interest payable</b>		
Interest cost	19.5	12.2
Expected return on assets	(19.2)	(9.8)
<b>Net charge to other interest and other finance costs</b>	<b>0.3</b>	2.4
<b>Analysis of other comprehensive income:</b>		
Gain on assets	110.5	86.2
Actuarial remeasurement gain due to experience	2.7	0.1
Actuarial remeasurement loss due to changes in assumptions	(143.5)	(222.3)
<b>Total loss to other comprehensive income before deduction for tax</b>	<b>(30.3)</b>	(136.0)

### Analysis of movement in deficit

	2023 £m	2022 £m
<b>Deficit at beginning of year</b>	<b>38.5</b>	167.3
Contributions or benefits paid by the institution	(15.4)	(13.2)
Additional contributions paid by institution*	(1.5)	(3.4)
Current service cost	11.2	19.9
Past service cost	-	-
Other finance charge	0.3	2.4
Administration costs	1.4	1.5
Loss recognised in other comprehensive income	(30.3)	(136.0)
<b>Deficit at end of year</b>	<b>4.2</b>	38.5

# Notes to the financial statements (continued)

## 33. Pension schemes (continued)

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

	2023 £m	2022 £m
<b>Present value of liabilities at the start of the year</b>	<b>569.2</b>	778.2
Current service cost	<b>11.2</b>	19.9
Administration costs	<b>1.3</b>	1.5
Interest cost	<b>19.6</b>	12.2
Past service cost recorded within other comprehensive income	-	-
Actual member contributions	<b>0.3</b>	0.2
Actuarial gain	<b>(140.8)</b>	(222.2)
Actual benefit payments	<b>(21.4)</b>	(20.6)
<b>Present value of liabilities at the end of the year</b>	<b>439.4</b>	569.2

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

	2023 £m	2022 £m
<b>Fair value of assets at the start of the year</b>	<b>530.7</b>	610.9
Expected return on assets	<b>19.2</b>	9.8
Actuarial loss on assets	<b>(110.5)</b>	(86.2)
Actual scheme contributions paid by institution*	<b>15.4</b>	13.2
Additional contributions paid by institution**	<b>1.5</b>	3.4
Actual member contributions	<b>0.3</b>	0.2
Actual benefit payments	<b>(21.4)</b>	(20.6)
<b>Fair value of scheme assets at the end of the year</b>	<b>435.2</b>	530.7

\*Actual contributions in the financial year are £15.4 million (2022: £13.2 million) based on the same member take up in the Salary Sacrifice arrangement.

\*\*An additional £1.5 million (2022: £3.4 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

	2023 £m	2022 £m
Expected return on scheme assets	<b>19.2</b>	9.8
Asset loss	<b>(110.5)</b>	(86.2)
	<b>(91.3)</b>	(76.4)

### History of experience gains and losses

	2023	2022	2021	2020	2019
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	<b>(110.5)</b>	(86.2)	75.9	6.2	25.2
% of assets at end of year	<b>-25.4%</b>	-16.2%	12.4%	1.2%	4.9%
<b>Experience (losses)/gains on scheme liabilities:</b>					
Amount (£m)	<b>140.8</b>	222.2	(54.2)	(59.9)	(94.6)
% of liabilities at end of year	<b>32.0%</b>	39.0%	-7.0%	-8.4%	-14.7%



# Notes to the financial statements (continued)

## 34. Financial instruments

Note(s)	2023		2022		
	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>662.3</b>	<b>664.4</b>	719.8	717.2
<i>Measured at amortised cost</i>					
Non-current investments	16	<b>14.5</b>	<b>14.5</b>	8.7	8.7
Trade and other receivables	17	<b>235.1</b>	<b>232.1</b>	220.1	213.2
Investments in short term deposits	18	<b>289.3</b>	<b>289.3</b>	384.1	384.1
Amounts due from subsidiary companies	17	-	<b>18.5</b>	-	8.3
		<b>1,201.2</b>	<b>1,218.8</b>	1,332.7	1,331.5
<b>Financial liabilities</b>					
<i>Measured at amortised cost</i>					
Unsecured and concessionary loans	19 & 20	<b>546.3</b>	<b>546.3</b>	555.9	555.9
Trade payables	19	<b>40.6</b>	<b>33.0</b>	15.0	2.2
Accruals	19	<b>100.6</b>	<b>100.6</b>	76.4	76.4
Other creditors	19	<b>11.9</b>	<b>12.0</b>	10.3	10.3
Other long-term creditors	20	<b>13.0</b>	<b>12.9</b>	-	-
Finance lease liabilities	19 & 20	<b>0.3</b>	<b>0.3</b>	0.4	0.4
Amounts due to subsidiary companies	19	-	<b>48.2</b>	-	27.8
		<b>712.7</b>	<b>753.3</b>	658.0	673.0

## 35. Student support payments

	HE childcare £'000	HE discretionary undergraduate £'000	HE discretionary postgraduate £'000	Covid £'000	HE other £'000	<b>2023 Total £'000</b>	2022 Total £'000
<b>Balance at 1 August</b>	-	-	1	59	-	<b>60</b>	220
Allocation received in year	225	771	178	-	110	<b>1,284</b>	2,783
Funds returned	-	-	(1)	(59)	-	<b>(60)</b>	(220)
Expenditure	(234)	(803)	(212)	-	(24)	<b>(1,273)</b>	(2,726)
Interest received	-	1	-	-	-	<b>1</b>	3
Virements	9	31	34	-	(74)	<b>-</b>	-
<b>Balance at 31 July</b>	-	-	-	-	12	<b>12</b>	60

## Financial instruments

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

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

## Student support payments

Funding from Scottish Government reduced this year following previous three 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	2023 Total £'000	Balance due at 31 July 2023 £'000
ADVANCE HE	-	(236)	<b>(236)</b>	(15)
Edinburgh International Conference Centre Ltd	-	(523)	<b>(523)</b>	-
Edinburgh International Festival Society	-	(26)	<b>(26)</b>	-
Edinburgh University Students Association	717	(3,701)	<b>(2,984)</b>	104
EUSACO Ltd	-	(56)	<b>(56)</b>	(9)
Scottish Government	5,010	(101)	<b>4,909</b>	114
University Of Dundee	242	(965)	<b>(723)</b>	(87)
Biocaptiva Limited	10	-	<b>10</b>	3
ECO Animal Health	230	-	<b>230</b>	-
George Watsons College	8	-	<b>8</b>	-
Scottish Funding Council	47	-	<b>47</b>	-
	6,264	(5,608)	<b>656</b>	110

### 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 (2022: 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 £15,398 (2022: £12,587), 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)

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

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	131.4	131.8	135.1	123.7	124.5
Non-EU fees	355.0	335.5	272.5	244.8	198.5
Education grants	27.3	29.7	27.4	22.1	23.8
<b>Total tuition fees</b>	<b>513.7</b>	497.0	435.0	390.6	346.8
<b>Funding body grants</b>					
Recurrent teaching grant	74.5	72.2	68.5	66.4	64.5
Recurrent research grant	104.9	90.9	89.7	87.8	90.2
Specific grants	31.5	35.2	78.1	36.6	41.1
<b>Total funding body grants</b>	<b>210.9</b>	198.3	236.3	190.8	195.8
<b>Research grants and contracts</b>					
Research councils	139.1	132.8	124.4	113.2	113.9
UK based charities	65.2	74.6	66.1	62.6	65.5
UK central government bodies, local and health authorities	61.3	46.9	64.4	52.0	30.2
UK industry, commerce and public corporations	6.0	9.0	7.6	6.9	8.8
EU government bodies	21.1	28.4	31.3	35.0	36.4
EU other	6.0	4.5	3.9	3.8	3.9
Other overseas	25.1	31.9	23.7	20.8	20.8
Other sources	15.7	3.5	2.6	1.8	6.2
<b>Total research grants and contracts (excluding RDEC)</b>	<b>339.5</b>	331.6	324.0	296.1	285.7
<b>Other income</b>					
Residences, catering and conferences	93.3	73.8	44.7	68.2	79.2
Specific grants, donations and other designated income	85.8	102.5	86.7	86.9	120.5
General income	43.1	45.7	31.7	37.3	34.4
<b>Total other income</b>	<b>222.2</b>	222.0	163.1	192.4	234.1
<b>Investment income</b>					
Endowments and other investment income	16.5	12.2	9.8	11.5	12.4
Other interest receivable	26.8	7.7	3.4	6.1	5.0
<b>Total investment income</b>	<b>43.3</b>	19.9	13.2	17.6	17.4
<b>Total income before endowments and donations</b>	<b>1,329.6</b>	1,268.8	1,171.6	1,087.5	1,079.8
<b>Donations and endowments</b>					
New endowments	45.8	15.3	1.5	18.1	8.1
Donations with restrictions	8.4	12.3	12.7	17.6	11.5
Unrestricted donations	0.9	1.1	1.6	2.1	2.2
<b>Total donations and endowments</b>	<b>55.1</b>	28.7	15.8	37.8	21.8
<b>Total income</b>	<b>1,384.7</b>	1,297.5	1,187.4	1,125.3	1,101.6

# Five-year summary (unaudited) (continued)

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

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
<b>Expenditure</b>					
<b>Staff costs</b>					
Salaries	498.9	455.4	451.0	434.1	409.8
Social security costs	53.8	50.3	46.4	45.3	43.3
Pension costs	144.9	140.2	133.6	126.9	103.8
Movement on USS provision	(52.8)	234.2	(14.5)	(144.0)	195.2
Other unfunded pension costs	(0.1)	(0.1)	0.1	0.1	0.1
Severance costs	8.3	1.6	0.7	6.6	4.0
<b>Total staff costs</b>	<b>653.0</b>	881.6	617.3	469.0	756.2
<b>Other operating expenses</b>					
Academic and related expenditure	94.4	79.1	61.0	73.4	84.4
Scholarships and stipends	48.2	45.4	44.2	41.8	38.3
Research grants and contracts	102.8	108.1	94.8	97.6	107.3
Library, computer and other academic support services	22.6	19.4	14.7	14.3	14.7
Administration and central services	33.4	29.5	20.1	23.7	25.4
Refurbishment and maintenance	31.2	28.4	21.5	28.2	23.8
Utilities costs	31.5	22.7	17.2	17.6	18.1
Other premises costs	20.0	14.2	21.3	13.9	12.0
Other including income generating operations	23.6	24.3	22.6	11.5	14.2
Residences and catering operations	54.0	45.0	38.7	40.6	44.9
<b>Total other operating expenses</b>	<b>461.7</b>	416.1	356.1	362.6	383.1
Depreciation and amortisation	85.4	61.2	63.0	60.9	63.8
Impairment of fixed assets	-	8.4	4.2	17.8	-
Interest and other finance costs	27.4	21.7	19.4	23.4	33.0
<b>Total expenditure</b>	<b>1,227.5</b>	1,389.0	1,060.0	933.7	1,236.1
Surplus/(Deficit) before other gains and losses	157.2	(91.5)	127.4	191.6	(134.5)
Tax and minority interest	-	-	(0.5)	(0.4)	0.1
Gain on disposal of fixed assets	0.1	-	7.0	0.5	4.6
Loss/(gain) on investments	(5.8)	(8.6)	80.6	11.5	36.8
<b>Surplus/(deficit) for the year</b>	<b>151.5</b>	(100.1)	214.5	203.2	(93.0)
Unrealised surplus/(deficit) on revaluation of heritage assets	-	-	0.2	(0.4)	0.8
Actuarial gain/(loss) in respect of pension schemes	30.2	136.6	21.6	(53.1)	(70.0)
<b>Total comprehensive income/(expenditure) for the year</b>	<b>181.7</b>	36.5	236.3	149.7	(162.2)



# Five-year summary (unaudited) (continued)

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY</b>	<b>2023 £m</b>	2022 £m	2021 £m	2020 £m	2019 £m
Fixed assets	<b>2,083.7</b>	2,005.8	1,920.8	1,849.7	1,818.5
Heritage assets	<b>216.8</b>	215.8	215.3	214.7	213.9
	<b>2,300.5</b>	2,221.6	2,136.1	2,064.4	2,032.4
Investments	<b>676.8</b>	728.5	716.2	565.6	817.7
Current assets	<b>1,001.0</b>	900.3	892.6	877.6	587.8
Total assets	<b>3,978.3</b>	3,850.4	3,744.9	3,507.6	3,437.9
Less current liabilities	<b>(430.1)</b>	(398.3)	(392.3)	(353.6)	(345.3)
Total assets less current liabilities	<b>3,548.2</b>	3,452.1	3,352.6	3,154.0	3,092.6
Non-current liabilities	<b>(536.0)</b>	(546.9)	(589.4)	(598.2)	(605.0)
Pension provisions	<b>(352.8)</b>	(427.5)	(321.8)	(350.4)	(432.4)
Other provisions	<b>(0.6)</b>	(0.6)	(0.8)	(1.1)	(0.6)
<b>TOTAL NET ASSETS</b>	<b>2,658.8</b>	2,477.1	2,440.6	2,204.3	2,054.6
<b>Represented by:</b>					
Restricted reserves	<b>622.9</b>	608.5	615.3	542.5	505.4
Unrestricted reserves	<b>2,035.9</b>	1,868.6	1,825.3	1,661.8	1,549.2
<b>TOTAL FUNDS</b>	<b>2,658.8</b>	2,477.1	2,440.6	2,204.3	2,054.6

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

		2023	2022	2021	2020	2019
<b>Liquidity measures</b>						
Liquidity ratio ([current assets - stock] / current liabilities)	x	<b>2.3</b>	2.2	2.3	2.5	1.7
<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>238</b>	182	269	291	139
<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>6.7</b>	(3.2)	7.8	9.9	(3.1)
<i>Measures the ability to pay interest on outstanding debt</i>						
Interest cover (operating cash flow / interest payable)	x	<b>2.5</b>	6.2	8.2	1.8	1.9
<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>22%</b>	25%	27%	31%	34%
<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>11.4%</b>	(7.1%)	10.7%	17.0%	(12.2)%
<i>Measures the ability to deliver surpluses</i>						
ROCE (EBITDA/[total assets - pension provisions])	%	<b>4.9%</b>	5.8%	3.7%	3.0%	2.4%
<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>148</b>	168	102	77	68
<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)

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

	2023 % total	2022 % total	2021 % total	2020 % total	2019 % total
<b>Income</b>					
<b>Tuition fees and education contracts</b>					
Home and EU higher education students	9.5%	10.2%	11.4%	11.0%	11.3%
Non-EU fees	25.6%	25.8%	22.9%	21.9%	18.0%
Education grants	2.0%	2.3%	2.3%	1.9%	2.2%
<b>Tuition fees as % of total income</b>	<b>37.1%</b>	38.3%	36.6%	34.8%	31.5%
<b>Funding body grants</b>					
Recurrent teaching grant	5.4%	5.6%	5.8%	5.9%	5.9%
Recurrent research grant	7.5%	7.0%	7.6%	7.8%	8.2%
Specific grants	2.3%	2.7%	6.6%	3.3%	3.7%
<b>Funding body grants as % of total income</b>	<b>15.2%</b>	15.3%	19.9%	17.0%	17.8%
<b>Research grants and contracts</b>					
Research councils	10.1%	10.2%	10.5%	10.1%	10.3%
UK based charities	4.8%	5.7%	5.6%	5.6%	5.9%
UK central government bodies, local and health authorities	4.4%	3.6%	5.4%	4.6%	2.7%
UK industry, commerce and public corporations	0.4%	0.7%	0.6%	0.6%	0.8%
EU government bodies	1.5%	2.2%	2.6%	3.1%	3.3%
EU other	0.4%	0.3%	0.3%	0.3%	0.4%
Other overseas	1.8%	2.4%	2.0%	1.8%	1.9%
Other sources	1.1%	0.3%	0.2%	0.2%	0.6%
<b>Research grants and contracts as % of total income</b>	<b>24.5%</b>	25.6%	27.3%	26.3%	25.9%
<b>Other income</b>					
Residences, catering and conferences	6.7%	5.7%	3.8%	6.1%	7.2%
Specific grants, donations and other designated income	6.2%	7.9%	7.3%	7.7%	11.0%
General income	3.1%	3.5%	2.7%	3.2%	3.1%
<b>Other income as % of total income</b>	<b>16.0%</b>	17.1%	13.7%	17.0%	21.3%
<b>Investment income</b>					
Endowments and other investment income	1.2%	0.9%	0.8%	1.1%	1.2%
Other interest receivable	1.9%	0.6%	0.3%	0.5%	0.4%
<b>Total investment income as % of total income</b>	<b>3.1%</b>	1.5%	1.1%	1.6%	1.6%
<b>Total income before endowments and donations as % of total income</b>	<b>96.0%</b>	97.8%	98.7%	96.7%	98.1%
<b>Donations and endowments</b>					
New endowments	3.3%	1.2%	0.1%	1.5%	0.7%
Donations with restrictions	0.6%	0.9%	1.1%	1.6%	1.0%
Unrestricted donations	0.1%	0.1%	0.1%	0.2%	0.2%
<b>Total donations and endowments as % of total income</b>	<b>4.0%</b>	2.2%	1.3%	3.3%	1.9%
<b>Total income £m</b>	<b>1,384.7</b>	1,297.5	1,187.4	1,125.3	1,101.6

# Five-year summary (unaudited) (continued)

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

	2023 % total	2022 % total	2021 % total	2020 % total	2019 % total
<b>Expenditure (1)</b>					
<b>Staff costs</b>					
Salaries	40.6%	32.8%	42.6%	46.5%	33.2%
Social security costs	4.4%	3.6%	4.4%	4.9%	3.5%
Pension costs	11.8%	10.1%	12.6%	13.6%	8.4%
Movement on USS provision	(4.3%)	16.9%	(1.4%)	(15.4%)	15.8%
Other unfunded pension costs	-	-	-	-	-
Severance costs	0.7%	0.1%	0.1%	0.7%	0.3%
<b>Staff costs as % of total expenditure</b>	<b>53.2%</b>	63.5%	58.2%	50.3%	61.2%
<b>Other operating expenses</b>					
Academic and related expenditure	7.7%	5.7%	5.7%	7.9%	6.7%
Scholarships and stipends	3.9%	3.3%	4.2%	4.5%	3.1%
Research grants and contracts	8.5%	7.8%	8.9%	10.5%	8.7%
Library, computer and other academic support services	1.8%	1.4%	1.4%	1.5%	1.2%
Administration and central services	2.7%	2.1%	1.9%	2.5%	2.1%
Refurbishment and maintenance	2.5%	2.0%	2.0%	3.0%	1.9%
Utilities costs	2.6%	1.6%	1.6%	1.9%	1.5%
Other premises costs	1.6%	1.0%	2.0%	1.5%	1.0%
Other including income generating operations	1.9%	1.8%	2.1%	1.2%	1.1%
Residences and catering operations	4.4%	3.3%	3.7%	4.3%	3.6%
<b>Other operating expenses as % of total expenditure</b>	<b>37.6%</b>	30.0%	33.6%	38.8%	30.9%
Depreciation as % of total expenditure	7.0%	4.4%	6.0%	6.5%	5.2%
Impairment of fixed assets as % of total expenditure	-	0.6%	0.4%	1.9%	-
Interest payable as % of total expenditure	2.2%	1.6%	1.8%	2.5%	2.7%
<b>Total expenditure £m</b>	<b>1,227.5</b>	1,389.0	1,060.0	933.7	1,236.1
<b>Expenditure as % of total income</b>	<b>88.6%</b>	107.1%	89.3%	83.0%	112.2%

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



# Notes

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